

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES
EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED OCTOBER 31, 1999

OR TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES
EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____ .

Commission File Number 1-8929
ABM INDUSTRIES INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or
organization)

94-1369354
(IRS Employer Identification Number)

160 PACIFIC AVENUE, SUITE 222, SAN FRANCISCO, CALIFORNIA 94111
(Address and zip code of principal executive offices)

TELEPHONE: 415/733-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---------------------------------|---|
| COMMON STOCK, \$.01 PAR VALUE | NEW YORK STOCK EXCHANGE |
| PREFERRED STOCK PURCHASE RIGHTS | NEW YORK STOCK EXCHANGE |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes X No _

As of December 31, 1999, nonaffiliates of the registrant beneficially owned 16,859,393 shares of the registrant's common stock with an aggregate market value of \$343,510,132.

As of December 31, 1999, there were 22,148,348 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement to be used by the Company in connection with its 2000 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

ABM INDUSTRIES INCORPORATED
 FORM 10-K
 FOR THE FISCAL YEAR ENDED OCTOBER 31, 1999
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PART I

ITEM 1. BUSINESS.

ABM Industries Incorporated ("ABM") is the largest facility services contractor listed on the New York Stock Exchange. With annual revenues exceeding \$1.6 billion and more than 57,000 employees, ABM and its subsidiaries (the "Company") provide air conditioning, elevator, engineering, janitorial, lighting, parking and security services to thousands of commercial, industrial and institutional customers who outsource these services in hundreds of cities across North America.

ABM was reincorporated in Delaware on March 19, 1985, as the successor to a business founded in California in 1909. The Corporate Headquarters of the Company are located at 160 Pacific Avenue, Suite 222, San Francisco, California 94111, and its telephone number is 415/733-4000.

INDUSTRY SEGMENT INFORMATION

The Company's operations are grouped into nine industry segments or divisions (comprised of one or more subsidiaries of the Company). Referred to as "ABM Industries Incorporated Family of Services", they are listed below by their respective division name:

- - ABM Engineering Services
- - ABM Facility Services
- - ABM Janitorial Services
- - American Commercial Security
- - Ampco System Parking
- Amtech Elevator Services
- Amtech Lighting Services
- CommAir Mechanical Services
- Easterday Janitorial Supply Company

Additional information relating to the Company's industry segments appears in Note 14 of Notes to Consolidated Financial Statements contained in Item 8, Financial Statements and Financial Statement Schedule. The business activities of the Company's industry segments, as they existed at October 31, 1999, are more fully described below.

M ABM ENGINEERING SERVICES provides building owners and managers with on-site engineers to operate, maintain and repair electrical, energy management, mechanical, and plumbing systems utilizing computerized maintenance management systems (CMMS). This service is primarily for high-rise office buildings, but customers also include schools, warehouses, factories, shopping malls and universities. ABM Engineering Services operates in 25 states through seven regional offices, two of which are in California and one each in Chicago, Illinois; Denver, Colorado; Philadelphia, Pennsylvania; New York, New York; and Phoenix, Arizona. In 1999, this Division earned ISO 9002 Certification, the first national engineering services provider of on-site operating engineers to earn this exclusive designation. ISO is a quality standard comprised of a rigorous set of guidelines and good business practices against which companies are rated through a comprehensive independent audit process that can take several years.

M ABM FACILITY SERVICES provides customers with streamlined, centralized control and coordination of multiple facility service needs. This process is consistent with the greater competitive demands on corporate organizations to become more efficient in the business market today. By leveraging the core competencies of the Company's other affiliated divisions, this Division attempts to reduce overhead, such as redundant personnel, for its customers by providing multiple services under a single contract, with one contact and one invoice. Its National Service Center provides centralized dispatching, emergency services, accounting and related reports to financial institutions, high-tech companies, and other customers regardless of industry or size. ABM Facility Services is headquartered in San Francisco, where it also maintains its National Service Center.

M ABM JANITORIAL SERVICES (also known as "American Building Maintenance") provides a wide range of basic janitorial services for a variety of structures and organizations, including office buildings, industrial plants, banks, department stores, theaters, warehouses, educational and health institutions and airport terminals. Services provided include floor cleaning and finishing, wall and window washing, furniture polishing, rug cleaning, dusting, as well as other building cleaning services. ABM Janitorial Services maintains 106 offices in 35 states, the District of Columbia and one Canadian province, and operates under thousands of individually negotiated building maintenance contracts, the majority of which are obtained by competitive bidding. Generally, profit margins on maintenance contracts tend to be inversely proportional to the size of the contract. Although many of this Division's maintenance contracts are fixed-price agreements, others contain clauses under which the customer agrees to reimburse the full amount of wages, payroll taxes, insurance charges and

other expenses plus a profit percentage. The majority of ABM Janitorial Services contracts are for one-year periods, contain automatic renewal clauses and are subject to termination by either party upon 30 to 90 days written notice.

M AMERICAN COMMERCIAL SECURITY (also known as "ACS" and "ABM Security Services") provides security guards, electric monitoring of fire, life, safety, and access control devices, and security consulting services to a wide range of businesses in the major metropolitan areas of Phoenix, Arizona; San Francisco, San Diego and Los Angeles, California; Chicago, Illinois; New Orleans, Louisiana; Minneapolis, Minnesota; Portland, Oregon; Houston, Dallas, Fort Worth, Austin and San Antonio, Texas; Seattle, Washington; and Salt Lake City, Utah. Much like ABM Janitorial Services, the majority of this Division's contracts are for one-year periods, contain automatic renewal clauses and are subject to termination by either party upon 30 to 90 days written notice.

M AMPCO SYSTEM PARKING (also known as "Ampco System Airport Parking" and "Ampco Express Airport Parking") operates approximately 1,500 parking lots and garages, which are either leased from or operated for third parties. The lease terms generally range from 5 to 20 years and usually contain provisions for renewal options. Leases which expire may continue on a month-to-month basis or are replaced by similar leases. Many leases contain provisions for contingent rentals based on revenues. Ampco System Parking currently operates in 24 states, including five of the 20 busiest international airports in the U.S.: Denver, Honolulu, Newark, Phoenix, and San Francisco. In conjunction with its on-airport parking services, this Division also operates off-airport parking facilities in Philadelphia, Houston, and Los Angeles, and parking shuttle bus service at thirteen locations.

M AMTECH ELEVATOR SERVICES maintains, modernizes and repairs elevators and escalators in major metropolitan areas of California; Houston, Texas; Cincinnati, Ohio; Detroit, Michigan; Upper Marlboro, Maryland; Las Vegas, Nevada; Pennsauken, New Jersey; Atlanta, Georgia; Philadelphia, Pennsylvania; Phoenix, Arizona; Denver, Colorado; Chicago, Illinois; and Washington, D.C. Amtech Elevator Services maintains 17 offices and several parts warehouses, and operates a fleet of radio-equipped service vehicles.

M AMTECH LIGHTING SERVICES (also known as "Sica Lighting & Electrical Services") provides relamping, fixture cleaning and periodic maintenance service to its customers. Amtech Lighting Services also repairs, services, designs and installs outdoor signage. This Division maintains 24 offices, eight of which are located in California; four of which are in Texas; and one office in each of the following states: Arizona, Florida, Georgia, Illinois, Maryland, Minnesota, Nevada, New Jersey, New Mexico, New York, Louisiana, and Oklahoma.

M COMMAIR MECHANICAL SERVICES (also known as "CommAir Preferred Mechanical Services") installs, maintains, and repairs heating, ventilation and air conditioning equipment, performs chemical water treatment, and provides energy conservation services for commercial, industrial and institutional facilities. CommAir Mechanical Services maintains ten offices, nine of which are located in California, and one in Phoenix, Arizona.

M EASTERDAY JANITORIAL SUPPLY markets janitorial supplies and equipment through six sales offices located in San Francisco, Los Angeles and Sacramento, California; Portland, Oregon; Reno, Nevada; and Houston, Texas. Easterday has also approved over 30 sub-distributors to serve ABM Janitorial Services and any customer in 26 other states and the District of Columbia. Aside from sales to ABM Janitorial Services, which, in 1999, accounted for approximately 29% of Easterday Janitorial Supply's total revenues, the principal customers for this Division are industrial plants, schools, commercial buildings, industrial organizations, transportation terminals, theaters, hotels, retail stores, restaurants, military establishments and janitorial service companies. Among the products sold are cleaning equipment, disinfectants, floor cleaners, floor finishes, glass cleaners, paper products and polishes. The products sold include many nationally advertised brands, which, in large part, are manufactured by others. This Division blends certain cleaning agents and floor finishes, which it sells under the Easterday trade name, and provides sanitation services to the food industry.

TRADEMARKS

The Company believes that it owns or is licensed to use all corporate names, trade names, trademarks, service marks, copyrights, patents and trade secrets which are material to the Company's operations.

COMPETITION

The Company believes that each aspect of its business is highly competitive, and that such competition is based primarily on price and quality of service. Many contracts are obtained through competitive bidding. The Company's competitors include a large number of regional and local companies located in major cities throughout the United States and Canada. While the majority of the Company's competitors operate in a limited geographic area, the operating divisions of a few large, diversified facility service companies compete with the Company on a national basis.

SALES AND MARKETING

The Company's sales and marketing efforts are conducted by its corporate, division, region, branch and district offices. Sales, marketing, management and operations personnel in each of these offices participate directly in selling and servicing customers. The broad geographic scope of these offices enables the Company to provide a full range of facility services through intercompany sales referrals, multi-service "bundled" sales and national account sales. The Company also has designated a nationwide group of "ABM Family of Services" executives to market all of the Company's facility services capabilities.

The Company has a broad customer base including airports, apartment complexes, city centers, colleges and universities, financial institutions, industrial plants, office buildings, retail stores, shopping centers and theme parks. No customer accounted for more than 5% of its revenues during the fiscal year ended October 31, 1999.

EMPLOYEES

The Company employs over 57,000 persons, of whom the vast majority are service employees who perform air conditioning, elevator, engineering, janitorial, lighting, parking and security services. Approximately 24,400 of these employees are covered under collective bargaining agreements. There are about 3,300 employees with executive, managerial, supervisory, administrative, professional, sales, marketing, clerical and other office assignments.

ENVIRONMENTAL MATTERS

The discussion of the Company's environmental matters can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company as of December 31, 1999 are as follows:

| NAME | AGE | PRINCIPAL OCCUPATIONS AND BUSINESS EXPERIENCE DURING PAST FIVE YEARS |
|------------------------|-----|--|
| William W. Steele | 63 | President & Chief Executive Officer since November 1994 |
| Martinn H. Mandles | 59 | Chairman of the Board since December 1997; Chief Administrative Officer since November 1991; Executive Vice President from November 1991 to December 1997 |
| Jess E. Benton, III | 59 | Executive Vice President of the Company since November 1999; Senior Vice President of the Company from July 1994 through October 1999 |
| Henrik C. Slipsager | 44 | Executive Vice President of the Company, and President of ABM Janitorial Services Division, since November 1999; Senior Vice President of the Company from March 1998 through October 1999; Executive Vice President of the ABM Janitorial Services Division from January 1997 through October 1999; President & Chief Executive Officer, ISS International Service System, Inc. prior to January 1997 |
| Donna M. Dell | 51 | Senior Vice President since November 1999; Vice President & Chief Employment Counsel since April 1997; Vice President & Director of Human Resources from July 1994 through October 1999 |
| David H. Hebble | 64 | Senior Vice President since November 1999; Chief Financial Officer since November 1979; Vice President from November 1979 through October 1999 |
| Harry H. Kahn | 56 | Senior Vice President since November 1999; General Counsel & Corporate Secretary since November 1991; Vice President from November 1991 through October 1999 |
| Sherrill F. Sipes, Jr. | 64 | Senior Vice President since July 1994 |
| John F. Egan | 63 | Vice President since March 1984; Special Assistant to the President since November 1999; President of the Company's ABM Janitorial Services Division from 1984 through October 1999 |
| Douglas B. Bowlus | 55 | Vice President since November 1999; Corporate Treasurer since March 1996; Treasurer from February 1984 through February 1996. |
| Anthony D. Lackey | 36 | Vice President since November 1999; Director of Electronic Services & Chief Technology Officer since 1996; Assistant Vice President from July 1996 through October 1999; various positions of increasing responsibility in the Company's Electronic Services Department from November 1987 through June 1996 |
| Terry D. McNeil | 52 | Vice President since November 1999; Director of Insurance Services since October 1988; Assistant Vice President from July 1996 through October 1999 |
| Vernon E. Skelton | 55 | Vice President since November 1999; Controller & Chief Accounting Officer since April 1997; Assistant Vice President from July 1996 through October 1999; Director of Accounting from November 1991 through March 1997 |
| Eleonora C. Walsh | 59 | Vice President since November 1999; Director of Administrative Services since November 1991; Assistant Vice President from July 1996 through October 1999 |

ITEM 2. PROPERTIES.

The Company has corporate, division, regional, branch, or district offices in over 250 locations throughout the United States, and Canada. Twelve of these facilities are owned by the Company and the remainder are leased. At October 31, 1999, the real estate owned by the Company had an aggregate net book value of \$3.2 million and was located in: Phoenix, Arizona; Fresno, California; Jacksonville and Tampa, Florida; Elko, Nevada; Portland, Oregon; Houston and San Antonio, Texas; and Kennewick, Seattle, Spokane and Tacoma, Washington.

Rental payments under long and short-term lease agreements amounted to \$96.4 million for the fiscal year ended October 31, 1999. Of this amount, \$72.0 million in rental expense was attributable to public parking lots and garages that Ampco System Parking leases and operates. The remaining expense was for the rental or lease of office space, computers, operating equipment and motor vehicles.

ITEM 3. LEGAL PROCEEDINGS.

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

MARKET INFORMATION AND DIVIDENDS

The Company's common stock is listed on the New York Stock Exchange. The Company's credit agreement places certain limitations on dividend payments based on net income (see Note 5 of Notes to Consolidated Financial Statements contained in Item 8). The following table sets forth the high and low prices of the Company's common stock and quarterly cash dividends on common shares for the periods indicated:

| | FISCAL QUARTER | | | | YEAR |
|------------------------------|----------------|---------|---------|---------|---------|
| | FIRST | SECOND | THIRD | FOURTH | |
| ----- | | | | | |
| 1998 | | | | | |
| Price range of common stock: | | | | | |
| High | \$31.50 | \$37.00 | \$32.06 | \$31.25 | \$37.00 |
| Low | \$25.94 | \$28.13 | \$25.31 | \$25.00 | \$25.00 |
| Dividends per share | \$ 0.12 | \$ 0.12 | \$ 0.12 | \$ 0.12 | \$ 0.48 |
| 1999 | | | | | |
| Price range of common stock: | | | | | |
| High | \$35.06 | \$33.13 | \$30.75 | \$28.75 | \$35.06 |
| Low | \$27.88 | \$25.75 | \$25.19 | \$21.88 | \$21.88 |
| Dividends per share | \$ 0.14 | \$ 0.14 | \$ 0.14 | \$ 0.14 | \$ 0.56 |
| ----- | | | | | |

At December 31, 1999, there were approximately 7,292 registered holders of the Company's common stock, in addition to stockholders in street name.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

The selected consolidated financial data presented below is derived from the Company's consolidated financial statements for each of the years in the five-year period ended October 31, 1999:

| (in thousands, except per share amounts and ratios) | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|-----------|-------------|-------------|-------------|-------------|
| OPERATIONS | | | | | |
| Revenues and other income | \$965,381 | \$1,086,925 | \$1,252,472 | \$1,501,827 | \$1,629,716 |
| Expenses | | | | | |
| Operating expenses and cost of goods sold | 830,749 | 940,296 | 1,076,078 | 1,298,423 | 1,413,541 |
| Selling, general and administrative | 100,481 | 105,943 | 126,755 | 142,431 | 146,984 |
| Interest | 2,739 | 2,581 | 2,675 | 3,465 | 1,959 |
| | 933,969 | 1,048,820 | 1,205,508 | 1,444,319 | 1,562,484 |
| Income before income taxes | 31,412 | 38,105 | 46,964 | 57,508 | 67,232 |
| Income taxes | 13,193 | 16,385 | 19,725 | 23,578 | 27,565 |
| Net income | \$ 18,219 | \$ 21,720 | \$ 27,239 | \$ 33,930 | \$ 39,667 |
| Net income per common share | | | | | |
| Basic | \$ 0.96 | \$ 1.11 | \$ 1.33 | \$ 1.58 | \$ 1.77 |
| Diluted | \$ 0.92 | \$ 1.05 | \$ 1.22 | \$ 1.44 | \$ 1.65 |
| Common and common equivalent shares | | | | | |
| Basic | 18,415 | 19,123 | 20,143 | 21,110 | 22,067 |
| Diluted | 19,179 | 20,241 | 21,872 | 23,161 | 23,748 |
| FINANCIAL STATISTICS | | | | | |
| Dividends per common share | \$ 0.30 | \$ 0.35 | \$ 0.40 | \$ 0.48 | \$ 0.56 |
| Stockholders' equity per common share | \$ 7.55 | \$ 8.41 | \$ 9.64 | \$ 10.96 | \$ 12.36 |
| Working capital | \$ 95,209 | \$ 119,579 | \$ 137,223 | \$ 165,788 | \$ 184,279 |
| Current ratio | 1.83 | 2.05 | 1.89 | 2.05 | 2.01 |
| Long-term debt | \$ 22,575 | \$ 33,664 | \$ 38,402 | \$ 33,720 | \$ 28,903 |
| Redeemable cumulative preferred stock | \$ 6,400 | \$ 6,400 | \$ 6,400 | \$ 6,400 | \$ 6,400 |
| Stockholders' equity | \$141,368 | \$ 163,915 | \$ 197,278 | \$ 236,838 | \$ 276,951 |
| Total assets | \$334,973 | \$ 379,770 | \$ 464,251 | \$ 501,363 | \$ 563,384 |
| Property, plant and equipment -- net | \$ 22,647 | \$ 22,570 | \$ 26,584 | \$ 27,307 | \$ 35,181 |
| Capital expenditures | \$ 10,225 | \$ 10,751 | \$ 13,272 | \$ 11,715 | \$ 19,451 |
| Depreciation and amortization | \$ 11,527 | \$ 13,651 | \$ 16,118 | \$ 19,593 | \$ 20,698 |
| Accounts receivable -- net | \$158,075 | \$ 183,716 | \$ 234,464 | \$ 260,549 | \$ 297,596 |

All share and per share amounts have been restated to retroactively reflect a two-for-one common stock split in 1996. Certain prior year amounts have been reclassified to conform to the current year's presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS
OF OPERATIONS.

FINANCIAL CONDITION

The following discussion should be read in conjunction with the consolidated financial statements of the Company and the notes thereto contained in Item 8. All information in the discussion and references to the years are based on the Company's fiscal year that ends on October 31.

Funds provided from operations and bank borrowings have historically been the sources for meeting working capital requirements, financing capital expenditures, acquisitions and paying cash dividends. Management believes that funds from these sources will remain available and adequately serve the Company's liquidity needs. The Company has an unsecured revolving credit agreement with a syndicate of U.S. banks that provides a \$150 million line of credit expiring July 1, 2002. At the Company's option, the credit facility provides interest at the prime rate or IBOR+.35%. As of October 31, 1999, the total amount outstanding was approximately \$90 million, which was comprised of loans in the amount of \$26 million and standby letters of credit of \$64 million. This agreement requires the Company to meet certain financial ratios, places some limitations on outside borrowing and prohibits declaring or paying cash dividends exceeding 50% of the Company's net income for any fiscal year. In addition, the Company has a loan agreement with a major U.S. bank with a balance of \$3,386,000 at October 31, 1999. This loan bears interest at a fixed rate of 6.78% with annual payments of principal, in varying amounts, and interest due each February 15 through 2003. The Company's effective interest rate for all long-term debt bank borrowings for the year ended October 31, 1999 was 6.8%.

Operating activities generated cash flows in 1997, 1998 and 1999 of \$27.7 million, \$32.1 million and \$35.3 million, respectively. Cash paid for acquisitions during the fiscal years ended October 31, 1997, 1998 and 1999, including payments pursuant to contractual arrangements involved in prior acquisitions, were approximately \$28.6 million, \$10.0 million and \$11.0 million, respectively. Capital expenditures during fiscal years 1997, 1998 and 1999 were \$13.3 million, \$11.7 million and \$19.5 million, respectively. Cash dividends paid to stockholders of common and redeemable preferred stock and amounts used to repurchase common stock were approximately \$8.6 million in 1997, \$10.7 million in 1998 and \$18.5 million in 1999. At October 31, 1998, working capital was \$165.8 million as compared to \$184.3 million at October 31, 1999.

EFFECT OF INFLATION

The low rates of inflation experienced in recent years have had no material impact on the financial statements of the Company. The Company attempts to recover inflationary costs by increasing sales prices to the extent permitted by contracts and competition.

ENVIRONMENTAL MATTERS

The nature of the Company's operations, primarily services, would not ordinarily involve it in environmental contamination. However, the Company's operations are subject to various federal, state and/or local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, such as discharge into soil, water and air, and the generation, handling, storage, transportation and disposal of waste and hazardous substances. These laws generally have the effect of increasing costs and potential liabilities associated with the conduct of the Company's operations, although historically they have not had a material adverse effect on the Company's financial position, cash flows or its results of operations.

The Company is currently involved in four proceedings relating to environmental matters: one involving alleged potential soil and groundwater contamination at a Company facility in Florida; one involving alleged potential soil contamination at a former Company facility in Arizona; one involving alleged potential soil and groundwater contamination of a parking garage previously operated by the Company in Washington; and, one involving alleged potential soil and groundwater contamination at a former dry-cleaning facility leased by the Company in Nevada. While it is difficult to predict the ultimate outcome of these matters, based on information currently available, management believes that none of these matters, individually or in the aggregate, are reasonably likely to have a material adverse effect on the Company's financial position, cash flows, or its results of operations.

YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs being written and embedded chips being designed that used two digits rather than four digits to define the applicable year. As a result, there

existed a potential that existing computer programs and hardware would be unable to accurately process dates beyond the year 1999. In mid-1997, the Company established a dedicated project team that developed a detailed plan for making the Company Year 2000 compliant. The plan encompassed both information technology-related systems, such as the Company's accounting software and non-IT related systems, as well as the impact to the Company due to the non-compliance of major vendors or customers. The Company completed its plan with respect to hardware and software prior to the end of 1999. It also surveyed significant vendors with respect to their Year 2000 compliance and where deemed appropriate identified alternate suppliers. The Company also established contingency plans. The aggregate expense of these efforts was approximately \$3.0 million. As of January 26, 2000, the Company has not experienced any significant Y2K failures. Several minor issues were reported to the Y2K project team, but did not affect business and have been corrected. There can be no certainty that failures or problems related to Year 2000 might not develop in the future, but management believes no such failure or problem is reasonably likely to materially disrupt the Company's business.

ACQUISITIONS

The operating results of businesses acquired have been included in the accompanying consolidated financial statements from their respective dates of acquisition and are fully discussed in Note 12 to the Consolidated Financial Statements. Acquisitions made during the three fiscal years ended October 31, 1999, contributed approximately \$235 million to fiscal 1999 revenues, including the August 1997 acquisition in New York which contributed \$153 million of these revenues.

INTERNAL INVESTIGATION

During fiscal year 1999, the Audit Committee of the Board of Directors conducted an investigation of alleged questionable payments and related accounting practices in connection with janitorial service contracts representing less than 5% of the Company's consolidated revenues. The Company does not believe that the matter investigated will have any material impact on its financial condition, cash flow or results of operations. However, in an abundance of caution, the Company has referred the matter to appropriate government authorities.

RESULTS OF OPERATIONS

COMPARISON OF 1999 TO 1998

The Company reported record revenues and earnings for 1999. Revenues and other income (hereinafter called "revenues") were \$1.6 billion in 1999, up \$128 million or 9%, from \$1.5 billion reported in 1998. The increase in revenues in 1999 over 1998 was attributable to new business and price increases as well as acquisitions made during the prior years. Acquisitions during 1999 accounted for approximately \$11 million, or approximately 9% of the total revenue increase of \$128 million for 1999.

As a percentage of revenues, operating expenses and cost of goods sold was 86.7% for 1999, compared to 86.5% in 1998. Consequently, as a percentage of revenues, the Company's gross profit (revenues minus operating expenses and cost of goods sold) of 13.3% in 1999 was slightly lower than the gross profit of 13.5% in 1998. The decrease in gross profit as a percentage of revenues was mostly due to higher labor and related costs, particularly workers' compensation insurance and continued competitive pressure to maintain or lower prices. The Company anticipates such increased costs may be gradually recovered through future price increases. For the next fiscal year, management has committed to negotiating with its customers appropriate price increases.

Selling, general and administrative expenses increased 3.2% for 1999 compared to 1998. However, as a percentage of revenues, selling, general and administrative expenses decreased from 9.5% for 1998, to 9.0% for 1999, primarily due to certain costs (such as health insurance and legal fees) that do not increase at the same rate as sales. The dollar increase in selling, general and administrative expenses is primarily due to salaries and expenses associated with acquisitions including the amortization of goodwill.

Interest expense was \$2.0 million in 1999 compared to \$3.5 million for 1998, a decrease of \$1.5 million. This decrease was primarily due to lower weighted average borrowings.

The income before income taxes (pre-tax income) for 1999 was \$67.2 million compared to \$57.5 million, an increase of 17% over 1998. The growth in pre-tax income outpaced the revenue growth for 1999 primarily due to the reduction (as a percentage of revenues) of selling, general and administrative expenses.

The estimated effective income tax rate for 1999 and 1998 was 41.0%.

Net income for 1999 was \$39.7 million, an increase of 17%, compared to net income of \$33.9 million in 1998. Diluted net income per common share rose 15% to \$1.65 for 1999 compared to \$1.44 for the same period in 1998. The percentage increase in diluted net income per share was less than the increase in net income due to the 3% increase in number of diluted shares outstanding that primarily resulted from stock purchased by employees under the Company's Employee Stock Purchase Plan as well as stock options exercised. On September 22, 1999 the Company announced a stock repurchase program for up to one million outstanding shares. As of October 31, 1999, 220,000 shares had been reacquired. Earnings per share calculations also include the effect of a preferred stock dividend deduction of \$512,000 in both 1999 and 1998.

The Company is organized into nine separate operating divisions as defined under Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information". However, only the ABM Janitorial, Amtech Elevator, ABM Engineering, Amtech Lighting, and Ampco System Parking Divisions are reportable using the criteria under SFAS 131. The results of operations from these five reportable operating divisions for 1999 as compared to 1998 are more fully described below:

The ABM Janitorial Services Division reported revenues for 1999 of \$933.7 million, an increase of approximately \$74.2 million, or 9%, over 1998. This is the Company's largest Division and accounted for approximately 57% of the Company's consolidated revenues in 1999. ABM Janitorial Services revenues increased as a result of new business, particularly in the Gulf Central, Mid-Atlantic and Southwest regions. Revenues generated from acquisitions during the prior year contributed about \$8.7 million of the 1999 increase while the current year acquisitions added \$9.1 million. ABM Janitorial Services' operating profits increased 11% in 1999 to \$49.5 million when compared to 1998. This profit increase was due primarily to the increase in revenues, reduced legal fees and slightly lower labor and labor related costs.

Revenues for Amtech Elevator Services were \$96.6 million, up by 8% for 1999 over 1998, largely due to an increased customer base in the maintenance and repair sector. The Amtech Elevator Division reported a 3% increase in operating profits in 1999 to \$6.7 million compared to 1998. The smaller increase in operating profits can be attributed primarily to the inability of the Division to pass on increased labor and insurance costs.

The ABM Engineering Services Division increased revenues by 13% to \$153.9 million and its operating profits increased 4% to \$8.4 million for 1999 compared to 1998. The large revenue increase was due primarily to new business in the Midwest, Arizona, and Southern California regions. The smaller percentage increase in operating profits is due to lower margins on contracts particularly in the New York and Philadelphia regions and pressure from competition to reduce fees.

Amtech Lighting Services reported a 9% revenue increase to \$95.8 million due to increased business in the Atlanta, Chicago, New Orleans, New York, and Oakland markets. Operating profits increased by 8% to \$7.5 million during 1999 compared to the prior year primarily due to the increased sales.

Ampco System Parking increased revenues to \$162.4 million or 5% over 1999, while its operating profits increased 22% to \$8.5 million during 1999 compared to 1998. The increase in revenues was mostly due to growth in its California region. The operating profit increase was due for the most part to the conversion from leased lots to management contracts, which have higher margins, as well as improved profits related to off-airport parking operations.

COMPARISON OF 1998 TO 1997

Revenues were \$1.5 billion in 1998, up \$249 million or 20%, from \$1.3 billion reported in 1997. The 20% increase in revenues in 1998 over 1997 was attributable to 1997 acquisitions, particularly large acquisitions in New York of janitorial, engineering and lighting businesses, as well as sales and price increases. Acquisitions made during 1998 accounted for approximately \$6 million, or approximately 2.4% of the total revenue increase of \$249 million for 1998.

As a percentage of revenues, operating expenses and cost of goods sold was 86.5% for 1998, compared to 85.9% in 1997. Consequently, the Company's gross profit as a percentage of revenues of 13.5% in 1998 was lower than the gross profit of 14.1% in 1997. The gross profit percentage declined mostly due to higher labor and related costs and continued competitive pressure to lower prices.

Selling, general and administrative expenses for 1998 were \$142.4 million compared to \$126.8 million in 1997. As a percentage of revenues, selling, general and administrative expenses decreased from 10.1% for 1997, to 9.5% for 1998, primarily as a result of

certain costs not increasing at the same rate as sales. The dollar increase in selling, general and administrative expenses of \$15.6 million is primarily due to expenses related to growth and to a lesser extent expenses associated with acquisitions including the amortization of goodwill.

Interest expense was \$3.5 million in 1998 compared to \$2.7 million for 1997, an increase of \$790,000. This increase was primarily due to higher weighted average borrowings during 1998, which were needed to fund acquisitions and working capital.

The income before income taxes (pre-tax income) for 1998 was \$57.5 million compared to \$47.0 million, an increase of 22% over 1997. The growth in pre-tax income outpaced the revenue growth for 1998 primarily due to lower insurance costs as a percent of revenues.

The estimated effective income tax rate for 1998 was 41.0%, compared to 42.0% in 1997. The lower tax rate was due for the most part to an increase in various federal and state tax credits.

Net income for 1998 was \$33.9 million, an increase of 25%, compared to net income of \$27.2 million in 1997. Diluted net income per common share rose 18% to \$1.44 for 1998 compared to \$1.22 for the same period in 1997. The increase in diluted net income per share was not proportional to the increase in net income due to the 6% increase in number of diluted shares outstanding primarily a result of purchases made by employees under the Company's Employee Stock Purchase Plan. Earnings per share calculations also include the effect of a preferred stock dividend deduction of \$512,000 in both 1998 and 1997.

The results of operations from the Company's five reportable operating divisions for 1998 as compared to 1997 are more fully described below:

Revenues of the ABM Janitorial Services Division increased by 25% during 1998 to \$859.4 million, as compared to 1997, as a result of several acquisitions made during 1997, particularly in the Northeast and the Southwest regions. Revenues generated from those acquisitions during 1997 contributed \$142 million of the 1998 increase. Operating profits increased to \$44.6 million in 1998, or 36%, when compared to 1997. This profit increase was due primarily to the increase in revenues and lower labor and labor related costs.

Revenues for the Amtech Elevator Services Division were \$89.3 million, up by 8% for 1998 over 1997, largely due to an increased customer base in the maintenance and repair sector. The Amtech Elevator Division reported operating profits of \$6.5 million in 1998, a 39% increase compared to 1997. This increase in operating profits can be attributed primarily to a higher profit margin on service contracts and a substantial reduction of insurance costs.

The ABM Engineering Services Division's revenues increased by 45% to \$136.8 million and its operating profits increased 9% to \$8.0 million for 1998 compared to 1997. The revenue increase was due primarily to an acquisition in New York in August 1997 and new business in the Midwest and West Central regions. The smaller percentage increase in operating profits is due to lower margins particularly on contracts purchased through the New York acquisition, increased insurance costs and pressure from competition to reduce fees.

Amtech Lighting Services reported a 10% revenue increase to \$88.2 million due to increased revenues in the Northeast and Dallas markets as well as from a small acquisition in the Midwest. Operating profits increased by 11% to \$6.9 million during 1998 compared to the prior year primarily due to the increased sales.

The Ampco System Parking Division's revenues increased by 7% to \$154.1 million, while its profits increased 10% to \$7.0 million during 1998 compared to 1997. The increase in revenues was mostly due to growth in its national airport business and its Texas region. The operating profit increase was due for the most part to lower payroll tax expense and the increased sales.

SAFE HARBOR STATEMENT

Cautionary Safe Harbor Disclosure for Forward Looking Statements under the Private Securities Litigation Reform Act of 1995: Because of the factors set forth below, as well as other variables affecting the Company's operating results, past financial performance, should not be considered a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods. The statements contained herein which are not historical facts are forward-looking statements that are subject to meaningful risks and uncertainties, including but not limited to: (1) significant decreases in commercial real estate occupancy, resulting in reduced demand and prices for building maintenance and other facility services in the Company's major markets, (2) loss or bankruptcy of one or more of the Company's major customers, which could adversely affect the Company's ability to collect its accounts receivable or recover its deferred costs,

(3) major collective bargaining issues that may cause loss of revenues or cost increases that non-union companies can use to their advantage in gaining market share, (4) significant shortfalls in adding additional customers in existing and new territories and markets, (5) a protracted slowdown in the Company's acquisition program, (6) legislation or other governmental action that severely impacts one or more of the Company's lines of business, such as price controls that could restrict price increases, or the unrecovered cost of any universal employer-paid health insurance, as well as government investigations that adversely affect the Company, (7) reduction or revocation of the Company's line of credit, which would increase interest expense or the cost of capital, (8) cancellation or nonrenewal of the Company's primary insurance policies, as many customers contract out services based on the contractor's ability to provide adequate insurance coverage and limits, (9) catastrophic uninsured or underinsured claims against the Company, the inability of the Company's insurance carriers to pay otherwise insured claims, or inadequacy in the Company's reserve for self-insured claims, (10) resignation, termination, death or disability of one or more of the Company's key executives, which could adversely affect customer retention and day-to-day management of the Company, (11) inability to employ entry level personnel due to labor shortages, and (12) other material factors that are disclosed from time to time in the Company's public filings with the United States Securities and Exchange Commission, such as reports on Forms 8-K, 10-K and 10-Q.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company does not issue or invest in financial instruments or their derivatives for trading or speculative purposes. The operations of the Company are conducted primarily in the United States, and, as such, are not subject to material foreign currency exchange rate risk. Although the Company has outstanding debt and related interest expense, market risk in interest rate exposure in the United States is currently not material.

ITEM 8. FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULE.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors
ABM Industries Incorporated:

We have audited the accompanying consolidated balance sheets of ABM Industries Incorporated and subsidiaries as of October 31, 1998 and 1999, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended October 31, 1999. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedule II. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ABM Industries Incorporated and subsidiaries as of October 31, 1998 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended October 31, 1999, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule II, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

KPMG LLP

San Francisco, California
December 13, 1999

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED BALANCE SHEETS

| October 31 | 1998 | 1999 |
|---|-----------|-----------|
| (in thousands of dollars except share amounts) | | |
| ASSETS | | |
| Cash and cash equivalents | \$ 1,844 | \$ 2,139 |
| Accounts receivable (less allowances of \$6,761 and \$7,490) | 260,549 | 297,596 |
| Inventories | 22,965 | 23,296 |
| Deferred income taxes | 10,505 | 14,163 |
| Prepaid expenses and other current assets | 28,445 | 30,395 |
| Total current assets | 324,308 | 367,589 |
| Investments and long-term receivables | 12,405 | 14,290 |
| Property, plant and equipment -- net | 27,307 | 35,181 |
| Intangible assets (less accumulated amortization of \$39,420 and \$49,297) | 102,776 | 105,583 |
| Deferred income taxes | 27,509 | 30,388 |
| Other assets | 7,058 | 10,353 |
| Total assets | \$501,363 | \$563,384 |
| LIABILITIES | | |
| Current portion of long-term debt | \$ 865 | \$ 898 |
| Bank overdraft | 2,475 | 4,967 |
| Trade accounts payable | 34,992 | 45,596 |
| Income taxes payable | 5,527 | 7,318 |
| Accrued liabilities: | | |
| Compensation | 40,914 | 45,170 |
| Taxes -- other than income | 15,887 | 16,505 |
| Insurance claims | 29,254 | 35,139 |
| Other | 28,606 | 27,717 |
| Total current liabilities | 158,520 | 183,310 |
| Long-term debt | 33,720 | 28,903 |
| Retirement plans | 15,974 | 19,294 |
| Insurance claims | 49,911 | 48,526 |
| Total liabilities | 258,125 | 280,033 |
| SERIES B 8% SENIOR REDEEMABLE CUMULATIVE PREFERRED STOCK, 6,400 shares authorized, issued and outstanding, stated at redemption value, \$1,000 per share | 6,400 | 6,400 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$.01 par value; 500,000 shares authorized; none issued | -- | -- |
| Common stock, \$.01 par value; 28,000,000 and 100,000,000 shares authorized; 21,601,000 and 22,407,000 shares issued and outstanding at October 31, 1998 and 1999, respectively | 216 | 224 |
| Additional capital | 79,904 | 93,336 |
| Accumulated other comprehensive income | (696) | (635) |
| Retained earnings | 157,414 | 184,026 |
| Total stockholders' equity | 236,838 | 276,951 |
| Total liabilities and stockholders' equity | \$501,363 | \$563,384 |

The accompanying notes are an integral part of the consolidated financial statements.

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

| Years ended October 31 (in thousands, except per share amounts) | 1997 | 1998 | 1999 |
|--|---------------------------|-------------|-------------|
| | REVENUES AND OTHER INCOME | \$1,252,472 | \$1,501,827 |
| EXPENSES | | | |
| Operating expenses and cost of goods sold | 1,076,078 | 1,298,423 | 1,413,541 |
| Selling, general and administrative | 126,755 | 142,431 | 146,984 |
| Interest | 2,675 | 3,465 | 1,959 |
| | 1,205,508 | 1,444,319 | 1,562,484 |
| INCOME BEFORE INCOME TAXES | 46,964 | 57,508 | 67,232 |
| Income taxes | 19,725 | 23,578 | 27,565 |
| Net income | \$ 27,239 | \$ 33,930 | \$ 39,667 |
| NET INCOME PER COMMON SHARE | | | |
| Basic | \$ 1.33 | \$ 1.58 | \$ 1.77 |
| Diluted | \$ 1.22 | \$ 1.44 | \$ 1.65 |
| COMMON AND COMMON EQUIVALENT SHARES | | | |
| Basic | 20,143 | 21,110 | 22,067 |
| Diluted | 21,872 | 23,161 | 23,748 |

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

| YEARS ENDED OCTOBER 31, 1997, 1998 AND 1999 (IN THOUSANDS) | COMMON STOCK | | ADDITIONAL PAID-IN CAPITAL | ACCUMULATED OTHER COMPREHENSIVE INCOME | RETAINED EARNINGS | TOTAL |
|---|--------------|--------|----------------------------------|---|----------------------|-----------|
| | SHARES | AMOUNT | | | | |
| BALANCE OCTOBER 31, 1996 | 19,489 | \$195 | \$48,548 | \$(378) | \$115,550 | \$163,915 |
| Comprehensive income: | | | | | | |
| Net income | | | | | 27,239 | 27,239 |
| Other comprehensive income: | | | | | | |
| Foreign currency translation | | | | (157) | | (157) |
| Total Comprehensive income | | | | | | 27,082 |
| Dividends: | | | | | | |
| Common stock | | | | | (8,085) | (8,085) |
| Preferred stock | | | | | (512) | (512) |
| Stock issued under employees' stock purchase and option plans | 975 | 10 | 14,868 | | | 14,878 |
| BALANCE OCTOBER 31, 1997 | 20,464 | 205 | 63,416 | (535) | 134,192 | 197,278 |
| Comprehensive income: | | | | | | |
| Net income | | | | | 33,930 | 33,930 |
| Other comprehensive income: | | | | | | |
| Foreign currency translation | | | | (161) | | (161) |
| Total Comprehensive income | | | | | | 33,769 |
| Dividends: | | | | | | |
| Common stock | | | | | (10,196) | (10,196) |
| Preferred stock | | | | | (512) | (512) |
| Tax benefit from exercise of stock options | | | 718 | | | 718 |
| Stock issued under employees' stock purchase and option plans and for acquisition | 1,137 | 11 | 15,770 | | | 15,781 |
| BALANCE OCTOBER 31, 1998 | 21,601 | 216 | 79,904 | (696) | 157,414 | 236,838 |
| Comprehensive income: | | | | | | |
| Net income | | | | | 39,667 | 39,667 |
| Other comprehensive income: | | | | | | |
| Foreign currency translation | | | | 61 | | 61 |
| Total Comprehensive income | | | | | | 39,728 |
| Dividends: | | | | | | |
| Common stock | | | | | (12,543) | (12,543) |
| Preferred stock | | | | | (512) | (512) |
| Tax benefit from exercise of stock options | | | 387 | | | 387 |
| Stock repurchased | (220) | (2) | (5,446) | | | (5,448) |
| Stock issued under employees' stock purchase and option plans and for acquisition | 1,026 | 10 | 18,491 | | | 18,501 |
| BALANCE OCTOBER 31, 1999 | 22,407 | \$224 | \$93,336 | \$(635) | \$184,026 | \$276,951 |

The accompanying notes are an integral part of the consolidated financial statements.

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

| Years ended October 31 (in thousands) | 1997 | 1998 | 1999 |
|---|--------------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 1,203,314 | \$ 1,463,918 | \$ 1,589,775 |
| Other operating cash receipts | 1,126 | 1,331 | 1,491 |
| Interest received | 552 | 682 | 870 |
| Cash paid to suppliers and employees | (1,154,572) | (1,406,600) | (1,522,495) |
| Interest paid | (2,685) | (3,334) | (2,025) |
| Income taxes paid | (19,988) | (23,936) | (32,311) |
| Net cash provided by operating activities | 27,747 | 32,061 | 35,305 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Additions to property, plant and equipment | (13,272) | (11,715) | (19,451) |
| Proceeds from sale of assets | 660 | 497 | 922 |
| Decrease (increase) in investments and long-term receivables | 3,041 | 495 | (1,885) |
| Intangible assets acquired | (28,606) | (10,010) | (10,980) |
| Net cash used in investing activities | (38,177) | (20,733) | (31,394) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Common stock issued, including tax benefit | 8,778 | 15,151 | 17,178 |
| Common stock repurchased | -- | -- | (5,448) |
| Dividends paid | (8,597) | (10,708) | (13,055) |
| Increase (decrease) in bank overdraft | 8,035 | (10,500) | 2,492 |
| Long-term borrowings | 116,145 | 93,204 | 57,064 |
| Repayments of long-term borrowings | (113,715) | (98,414) | (61,847) |
| Net cash provided by (used in) financing activities | 10,646 | (11,267) | (3,616) |
| Net increase in cash and cash equivalents | 216 | 61 | 295 |
| Cash and cash equivalents beginning of year | 1,567 | 1,783 | 1,844 |
| Cash and cash equivalents end of year | \$ 1,783 | \$ 1,844 | \$ 2,139 |
| RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Net income | \$ 27,239 | \$ 33,930 | \$ 39,667 |
| ADJUSTMENTS: | | | |
| Depreciation and amortization | 16,118 | 19,593 | 20,698 |
| Impairment of long-lived assets | 2,700 | -- | -- |
| Provision for bad debts | 2,988 | 2,821 | 2,257 |
| Gain on sale of assets | (257) | (202) | (160) |
| Increase in deferred income taxes | (1,777) | (4,521) | (6,537) |
| Increase in accounts receivable | (50,312) | (28,907) | (39,304) |
| Increase in inventories | (4,069) | (1,768) | (331) |
| Increase in prepaid expenses and other current assets | (5,628) | (2,440) | (1,950) |
| Decrease (increase) in other assets | 1,580 | 454 | (3,295) |
| Increase in income taxes payable | 1,514 | 4,163 | 1,791 |
| Increase in retirement plans accrual | 3,273 | 2,561 | 3,320 |
| Increase (decrease) in insurance claims liability | 5,212 | (778) | 4,500 |
| Increase in trade accounts payable and other accrued liabilities | 29,166 | 7,155 | 14,649 |
| Total adjustments to net income | 508 | (1,869) | (4,362) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 27,747 | \$ 32,061 | \$ 35,305 |
| SUPPLEMENTAL DATA: | | | |
| Non-cash investing activities: | | | |
| Common stock issued for net assets of business acquired | \$ 6,100 | \$ 1,348 | \$ 1,710 |

The accompanying notes are an integral part of the consolidated financial statements.

ABM Industries Incorporated and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of ABM Industries Incorporated and its subsidiaries ("the Company"). All material intercompany transactions and balances have been eliminated. Certain reclassifications of prior year amounts have been made to conform with the current year presentation.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to financial statements. Changes in such estimates may affect amounts reported in future periods.

ACCOUNTS RECEIVABLE: The Company's accounts receivable are principally trade receivables arising from services provided to its customers and are generally due and payable on terms varying from the receipt of invoice to net thirty days. The Company does not believe that it has any material exposure due to either industry or regional concentrations of credit risk.

INVENTORIES: Inventories are valued at amounts approximating the lower of cost (first-in, first-out basis) or market.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment are stated at cost less accumulated depreciation and amortization. At the time property, plant and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income. Maintenance and repairs are charged against income.

Depreciation and amortization are calculated principally on the straight-line method. Lives used in computing depreciation for transportation equipment average 3 to 5 years and 2 to 20 years for machinery and other equipment. Buildings are depreciated over periods of 20 to 40 years. Leasehold improvements are amortized over the shorter of the terms of the respective leases, or the assets' useful lives.

The Company is implementing an enterprise-wide information system. External direct costs of materials and services and payroll-related costs of employees working solely on the development of the system are capitalized. In addition, in 1999 related interest costs of approximately \$135,000 were capitalized. Capitalized costs of the project will be amortized over a period of five years beginning when the system is placed in service. Training costs are expensed as incurred.

INTANGIBLE ASSETS: Intangible assets consist of goodwill in the amount of \$152,477,000 and other intangible assets in the amount of \$2,403,000, net of accumulated amortization of \$49,297,000. Goodwill, which represents the excess of cost over fair value of tangible assets of businesses acquired, is amortized on a straight-line basis over periods not exceeding 40 years. It is the Company's policy to carry goodwill applicable to acquisitions prior to 1971 of \$1,450,000 at cost until such time as there may be evidence of diminution in value.

IMPAIRMENT OF LONG-LIVED ASSETS: The Company annually reviews its long-lived assets, including goodwill. Impairment is evaluated on the basis of whether the asset is fully recoverable from projected, undiscounted net cash flows of the related business unit, in accordance with Statement of Financial Accounting Standards No. 121. Impairment is recognized in operating results when a permanent diminution in value is believed to have occurred. The Company measures impairment as the excess of any unamortized goodwill over the estimated future discounted cash flows over the remaining life of the asset. During the year ended October 31, 1997, the Company's ABM Janitorial Division wrote off \$2,700,000 of goodwill that was deemed to be permanently impaired.

INCOME TAXES: Income tax expense is based on reported results of operations before income taxes. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

REVENUE RECOGNITION: Revenues are generally recorded at the time services are performed or when products are shipped.

NET INCOME PER COMMON SHARE: The company has reported its earnings in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share". Basic net income per common share, after the reduction for preferred stock dividends, is based on the weighted average number of shares actually outstanding during the period. Diluted net income per common share, after the reduction for preferred stock dividends, is based on the weighted average number of shares outstanding during the period, including common stock equivalents. Diluted net income per common share is consistent with the Company's former presentation of primary net income per common share. The calculation of these amounts is as follows:

| | 1997 | 1998 | 1999 |
|--------------------------------------|--------------|--------------|--------------|
| Net Income | \$27,239,000 | \$33,930,000 | \$39,667,000 |
| Preferred Stock Dividends | (512,000) | (512,000) | (512,000) |
| | \$26,727,000 | \$33,418,000 | \$39,155,000 |
| Common shares outstanding -- basic: | 20,143,000 | 21,110,000 | 22,067,000 |
| Effect of dilutive securities: | | | |
| Stock options | 1,381,000 | 1,852,000 | 1,544,000 |
| Other | 348,000 | 199,000 | 137,000 |
| Common shares outstanding -- diluted | 21,872,000 | 23,161,000 | 23,748,000 |

For the purposes of computing diluted net income per common share, weighted average common share equivalents do not include stock options with an exercise price that exceeds the average fair market value of the Company's common stock for the period. On October 31, 1999, options to purchase approximately 1,268,000 shares of common stock at a weighted average exercise price of \$31.09 were outstanding, but were excluded from the computation because the options' exercise price was greater than the average market price of the common shares. At October 31, 1998, 938,000 shares of common stock at a weighted average exercise price of \$31.78 were outstanding, but were excluded from the computation because the options' exercise price was greater than the average market price of the common shares.

CASH AND CASH EQUIVALENTS: The Company considers all highly liquid instruments with original maturities of three months or less to be cash and cash equivalents.

STOCK-BASED COMPENSATION: The Company accounts for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees".

COMPREHENSIVE INCOME: In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income". The Company adopted SFAS 130 during fiscal 1999. The new rules established standards for the reporting of comprehensive income and its components in financial statements. Comprehensive income consists of net income and other related gains and losses affecting shareholder's equity that, under generally accepted accounting principles, are excluded from net income. For the Company, such comprehensive income items consist of foreign currency gains and losses, the tax effect of such was insignificant. The adoption of SFAS 130 affected the presentation in the accompanying consolidated balance sheets and consolidated statements of stockholders' equity and comprehensive income. Prior year financial statements have been reclassified to conform to the new requirements.

2. INSURANCE

Certain insurable risks such as general liability, property damage and workers' compensation are self-insured by the Company. However, the Company has umbrella insurance coverage for certain risk exposures subject to specified limits. Accruals for claims under the Company's self-insurance program are recorded on a claim-incurred basis. Under this program, the estimated liability for claims incurred but unpaid at October 31, 1998 and 1999 was \$79,165,000 and \$83,665,000, respectively. In connection with certain self-insurance agreements, the Company has standby letters of credit at October 31, 1999 supporting the estimated unpaid liability in the amounts of \$62,557,000.

3. INVENTORIES

The inventories at October 31, consisted of the following:

| (in thousands of dollars) | 1998 | 1999 |
|---|----------|----------|
| Janitorial supplies and equipment held for sale | \$ 4,839 | \$ 4,176 |
| Parts and materials | 14,510 | 14,766 |
| Work in process | 3,616 | 4,354 |

4. PROPERTY, PLANT AND EQUIPMENT -- NET

Property, plant and equipment at October 31, consisted of the following:

| (in thousands of dollars) | 1998 | 1999 |
|--|-----------|-----------|
| Land | \$ 834 | \$ 800 |
| Buildings | 3,968 | 3,726 |
| Transportation equipment | 11,633 | 13,104 |
| Machinery and other equipment | 51,528 | 61,390 |
| Leasehold improvements | 13,096 | 14,425 |
| | 81,059 | 93,445 |
| Less accumulated depreciation and amortization | (53,752) | (58,264) |
| | \$ 27,307 | \$ 35,181 |

5. LONG-TERM DEBT AND CREDIT AGREEMENT

The Company has a \$150 million syndicated line of credit expiring July 1, 2002. The unsecured revolving credit facility provides, at the Company's option, interest at the prime rate or IBOR+.35%. The facility calls for a commitment fee payable quarterly, in arrears, of .12% based on the average, daily, unused portion. For purposes of this calculation, irrevocable standby letters of credit issued in conjunction with the Company's self-insurance program plus cash borrowings are considered to be outstanding amounts. As of October 31, 1999, the total outstanding amount under this facility was \$90 million comprised of \$26 million in loans and \$64 million in standby letters of credit. The interest rates at October 31, 1999 on loans outstanding under this agreement ranged from 5.79% to 8.25%. The Company is required, under this agreement to maintain financial ratios and places certain limitations on dividend payments. The Company is prohibited from paying cash dividends exceeding 50% of its net income for any fiscal year.

The Company has a loan agreement with a major U.S. bank with a balance of \$3,386,000 at October 31, 1999. This loan bears interest at a fixed rate of 6.78% with annual payments of principal, in varying amounts, and interest due each February 15 through 2003.

The long-term debt of \$29,801,000 matures in the years ending October 31 as follows: \$898,000 in 2000; \$902,000 in 2001; \$26,916,000 in 2002, \$990,000 in 2003, \$47,000 in 2004, and \$48,000 in subsequent years.

Long-term debt at October 31, is summarized as follows:

| (in thousands of dollars) | 1998 | 1999 |
|--|----------|----------|
| Revolving credit facility with interest at 5.79 -- 8.25% | \$30,000 | \$26,000 |
| Note payable to bank with interest at 6.78% | 4,104 | 3,386 |
| Other | 481 | 415 |
| | 34,585 | 29,801 |
| Less current portion | 865 | 898 |
| | \$33,720 | \$28,903 |

6. EMPLOYEE BENEFIT PLANS

(A) RETIREMENT AGREEMENTS

The Company has unfunded retirement agreements for approximately 44 current and former directors and senior executives, many of which are fully vested. The agreements provide for annual benefits for ten years commencing at the later of the respective retirement dates of those executives or age 65. The benefits are accrued over the period these directors and senior executives are expected to be employed by the Company. During 1997, 1998 and 1999, amounts accrued under these agreements were \$629,000, \$513,000 and \$674,000, respectively. Payments were made in 1997, 1998 and 1999 in the amounts of \$124,000, \$207,000 and \$231,000, respectively.

(B) 401(K) AND PROFIT SHARING PLAN

The Company has a profit sharing and 401(k) plan covering certain qualified employees, which includes employer participation in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan allows participants to make pretax contributions and the Company matches certain percentages of employee contributions depending on the participant's length of service. The profit sharing portion of the plan is discretionary and noncontributory. All amounts contributed to the plan are deposited into a trust fund administered by independent trustees.

The Company provided for profit sharing contributions of \$1,336,000, \$1,534,000 and \$1,643,000 for 1997, 1998 and 1999, respectively. The Company's matching 401(k) contributions required by the 401(k) plan for 1997, 1998 and 1999 were approximately \$873,000, \$1,066,000 and \$1,210,000, respectively.

(C) SERVICE AWARD BENEFIT PLAN

In 1989 the Company adopted an unfunded service award benefit plan, with a retroactive vesting period of five years. This plan is a "severance pay plan" as defined by the Employee Retirement Income Security Act (ERISA) and covers certain qualified employees. The plan provides participants, upon termination, with a guaranteed seven days pay for each year of employment subsequent to November 1, 1989. The Company, at its discretion, may also award additional days each year.

Net cost of the plan is comprised of:

| (in thousands of dollars) | 1997 | 1998 | 1999 |
|--------------------------------|---------|---------|---------|
| Service cost | \$ 298 | \$ 300 | \$ 396 |
| Interest | 233 | 247 | 255 |
| Net cost | \$ 531 | \$ 547 | \$ 651 |
| Actuarial present value of: | | | |
| Vested benefit obligation | \$2,964 | \$3,280 | \$3,724 |
| Accumulated benefit obligation | \$3,102 | \$3,391 | \$3,850 |
| Projected benefit obligation | \$3,853 | \$4,072 | \$4,571 |

Assumptions used in accounting for the plan as of October 31 were:

| | 1997 | 1998 | 1999 |
|--|------|------|------|
| Weighted average discount rate | 7% | 7% | 6.5% |
| Rate of increase in compensation level | 5% | 5% | 5% |

(D) PENSION PLANS UNDER COLLECTIVE BARGAINING

Certain qualified employees of the Company are covered under union-sponsored collectively bargained multi-employer defined benefit plans. Contributions for these plans were approximately \$14,993,000, \$20,763,000 and \$25,516,000 in 1997, 1998 and 1999, respectively. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts.

7. LEASE COMMITMENTS AND RENTAL EXPENSE

The Company is obligated under noncancelable operating leases for various facilities and equipment.

As of October 31, 1999, future minimum lease commitments under noncancelable operating leases are as follows:

| Years ending (in thousands of dollars) | |
|--|-----------|
| 2000 | \$ 40,128 |
| 2001 | 32,223 |
| 2002 | 26,231 |
| 2003 | 19,544 |
| 2004 | 13,507 |
| Thereafter | 70,841 |
| Total minimum lease commitments | \$202,474 |

Rental expense for the years ended October 31, is summarized as follows:

| (in thousands of dollars) | 1997 | 1998 | 1999 |
|--|----------|----------|----------|
| Minimum rentals under noncancelable leases | \$52,997 | \$61,648 | \$52,231 |
| Contingent rentals | 32,031 | 26,071 | 41,441 |
| Short-term rental agreements | 12,201 | 11,379 | 2,758 |
| | \$97,229 | \$99,098 | \$96,430 |

Contingent rentals are applicable to leases of parking lots and garages and

are based on percentages of the gross receipts attributable to the related facilities.

8. COMMITMENTS AND CONTINGENCIES

The Company and certain of its subsidiaries have been named defendants in certain litigation arising in the ordinary course of business. In the opinion of management, based on advice of legal counsel, such matters should have no material effect on the Company's consolidated financial statements taken as a whole.

9. REDEEMABLE CUMULATIVE PREFERRED STOCK

On June 23, 1993, the Company authorized 6,400 shares of preferred stock having a par value of \$0.01 per share. These shares designated as Series B 8% Senior Redeemable Cumulative Preferred Stock (Series B Preferred Stock) shall be entitled to one vote per share on all matters upon which common stockholders are entitled to vote and have a redemption price of \$1,000 per share, together with accrued and unpaid dividends thereon. Redemption of the Series B Preferred Stock is at the option of the holders for any or all of the outstanding shares after September 1, 1998 or at the option of the Company after September 1, 2002. The total redemption value of the shares outstanding at October 31, 1998 and

1999 in an amount of \$6,400,000 is classified on the Company's balance sheet as redeemable cumulative preferred stock. In the event of any liquidation, dissolution or winding up of the affairs of the Company, holders of the Series B Preferred Stock shall be paid the redemption price plus all accrued dividends to the date of liquidation, dissolution or winding up of affairs before any payment to other stockholders.

On September 1, 1993, the Company issued 6,400 shares of its Series B Preferred Stock in conjunction with the acquisition of System Parking. The acquisition agreement provided that one-half, or 3,200 shares, of the Series B Preferred Stock be placed in escrow and will be released upon certain earnout requirements. As of October 31, 1999, none of these shares have been released.

Dividends of \$128,000 are due and payable each quarter and are deducted from net income in determining net income per common share.

10. CAPITAL STOCK

In March 1999, the stockholders approved an amendment to the Company's Certificate of Incorporation to increase the number of shares of common stock, par value \$.01 per share, authorized for issue from 28,000,000 to 100,000,000.

The Company is also authorized to issue 500,000 shares of preferred stock, of which 50,000 shares have been designated as Series A Junior Participating Preferred Stock of \$.01 par value. None of these preferred shares have been issued.

In March 1998, the Company's Board of Directors adopted a stockholder rights plan to replace an existing rights plan that expired on April 22, 1998. The new plan provides for a dividend distribution of one preferred stock purchase right (a "Right") for each outstanding share of common stock, distributed to stockholders of record on April 22, 1998. The Rights will be exercisable only if a person or group acquires 20% or more of the Company's common stock (an "Acquiring Person") or announces a tender offer for 20% or more of the common stock. Each Right will entitle stockholders to buy one-thousandth of a share of newly created Participating Preferred Stock, par value \$.01 per share, of the Company at an initial exercise price of \$175 per Right, subject to adjustment from time to time. However, if any person becomes an Acquiring Person, each Right will then entitle its holder (other than the Acquiring Person) to purchase at the exercise price common stock (or, in certain circumstances, Participating Preferred Stock) of the Company having a market value at that time of twice the Right's exercise price. These Rightsholders would also be entitled to purchase an equivalent number of shares at the exercise price if the Acquiring Person were to control the Company's Board of Directors and cause the Company to enter into certain mergers or other transactions. In addition, if an Acquiring Person acquired between 20% and 50% of the Company's voting stock, the Company's Board of Directors may, at its option, exchange one share of the Company's common stock for each Right held (other than Rights held by the Acquiring Person). Rights held by the Acquiring Person will become void. The Rights Plan excludes from its operation The Theodore Rosenberg Trust and The Sydney J. Rosenberg Trust, and certain related persons, and, as a result, their holdings will not cause the Rights to become exercisable or nonredeemable or trigger the other features of the Rights. The Rights will expire on April 22, 2008, unless earlier redeemed by the Board at \$0.01 per Right.

As discussed in Note 1, the Company continues to account for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and its related interpretations. Accordingly, no compensation expense has been recognized in the financial statements for employee stock awards.

Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation", requires the disclosure of pro forma net earnings and earnings per share had the Company adopted the fair value method as of the beginning of fiscal 1996. Under SFAS 123, the fair value of stock-based awards to employees is calculated through the use of option pricing models. The use of these models requires subjective assumptions, including future stock price volatility and expected time to exercise, which can have a significant effect on the calculated values. The Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions: expected life 9.8 years, 11.4 years, and 11.9 years from the date of grant in fiscal 1997, 1998, and 1999, respectively; expected stock price volatility of 19.5%, 25.3%, and 26.2%, respectively; expected dividend yields of 2.6%, 1.5%, and 1.9%, and risk free interest rates of 6.5%, 6.0%, and 5.0% in fiscal 1997, 1998, and 1999, respectively.

The Company's calculations are based on a single option valuation approach and forfeitures are

recognized as they occur. If the computed fair values of the fiscal awards had been amortized to expense over the vesting period of the awards, pro forma net earnings would have been \$24,376,000 (\$1.09 per share) for fiscal 1997, \$27,496,000 (\$1.17 per share) for fiscal 1998, and \$35,409,000 (\$1.47 per share) for fiscal 1999. The impact of outstanding stock options granted prior to fiscal 1996 has been excluded from the pro forma calculation; accordingly, the fiscal 1997, 1998, and 1999 pro forma adjustments are not indicative of future period pro forma adjustments, when the calculation will apply to all future applicable stock grants.

Although most of the options granted under the "Price-Vested" Performance Stock Option Plan adopted in fiscal 1996 were granted in fiscal 1997, the recognition of expense in the SFAS 123 footnote for this Plan increased from \$724,296 in fiscal 1997 to \$5,879,059 in fiscal 1998. This accounts for the majority of the increase in the total recognition from all plans from \$4,682,235 in fiscal 1997 to \$10,513,464 in fiscal 1998. This large increase results from the requirements contained in SFAS 123. The options from this Plan were granted with a ten-year term. If, during the first four years, the stock price achieved and maintained a set price for ten out of thirty consecutive trading days, the options associated with the price would vest. The prices established were \$25, \$30, \$35 and \$40, with 25% of the options vesting at each price point. If, at the end of four years, any of the stock price performance targets were not achieved, then the remaining options would vest at the end of eight years from the date the options were granted. SFAS 123 requires that the projected value of the options be determined on the grant date and recognized over the period in which the options are earned (the vesting period). For these options, the projected value of the options was determined and that value was to be recognized over the eight-year vesting period unless vesting occurred at an earlier date. In fiscal 1998 ABM stock achieved and maintained for the requisite ten-day period, the first three price targets. As a result, 75% of the options are now vested, and the projected value of that 75% less the amount recognized in fiscal 1997 for those options is recognized in this year's footnote. Of the remaining 25% of the originally granted options yet to be vested, one-eighth was recognized in each of the last three years. The remaining amount will be recognized over the next five years unless sooner vested by the stock achieving a price of \$40 per share and maintaining that price for ten out of 30 consecutive trading days.

"Time-Vested" Incentive Stock Option Plan adopted in 1987, as amended

In 1987, the Company adopted a stock option plan under which 1,200,000 shares were reserved for grant until December 31, 1996. In March 1994, this plan was amended to reserve an additional 1,000,000 shares. In March 1996, the plan was amended again to reserve another 2,000,000 shares. Options which terminate without being exercised may be reissued. At October 31, 1999, 1,017,210 shares remained available for grant.

Transactions under this plan are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|--|----------------------|--|
| Balance October 31, 1996 | 2,398,000 | \$12.21 |
| Granted (Weighted average fair value of \$4.55) | 89,000 | \$19.83 |
| Exercised | (108,000) | \$ 8.70 |
| Terminated | (64,000) | \$13.28 |
| Balance October 31, 1997 | 2,315,000 | \$12.41 |
| Granted (Weighted average fair value of \$10.20) | 266,000 | \$32.28 |
| Exercised | (486,000) | \$ 7.35 |
| Terminated | (83,000) | \$15.16 |
| Balance October 31, 1998 | 2,012,000 | \$16.40 |
| Granted (Weighted average fair value of \$8.34) | 126,000 | \$30.86 |
| Exercised | (296,000) | \$10.28 |
| Terminated | (35,000) | \$18.30 |
| Balance October 31, 1999 | 1,807,000 | \$18.37 |

| Range of Prices | Number of Options | Weighted Average Remaining Contractual Life (Years) | Exercisable | | |
|--------------------|-------------------------|---|--|-------------------------|--|
| | | | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| \$ 8.49 - 13.32 | 604,000 | 3.9 | \$ 9.03 | 598,000 | \$ 9.00 |
| \$17.44 - 26.94 | 849,000 | 6.8 | \$19.18 | 549,000 | \$19.01 |
| \$29.41 - 36.59 | 354,000 | 8.5 | \$32.31 | 103,000 | \$32.39 |

"Price-Vested" Performance Stock Option Plan adopted in 1996

In December 1996, the Company adopted a stock option plan under which 1,500,000 shares have been reserved. The options expire 10 years after the date of grant and any options which terminate without being exercised may be reissued. Each option will have a pre-defined vesting price which provides for accelerated vesting if the fair market value of the Company's common stock is equal to or greater than the pre-defined vesting price for 10 trading days in any period of 30 consecutive trading days. Vested options will become exercisable only after the first anniversary of its grant date. Any option that has not

vested prior to the fourth anniversary of its grant date will vest on the eighth anniversary of its grant date. At October 31, 1999, 310,000 shares remained available for grant.

Transactions under this plan are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|----------------------|--|
| Granted December 17, 1996 (Weighted average fair value of \$6.32) | 1,120,000 | \$20.40 |
| Terminated | (40,000) | \$20.00 |
| Balance October 31, 1997 | 1,080,000 | \$20.41 |
| Granted (Weighted average fair value of \$14.95) | 140,000 | \$36.59 |
| Exercised | (70,000) | \$20.00 |
| Balance October 31, 1998 | 1,150,000 | \$22.40 |
| Exercised | (15,000) | \$20.00 |
| Balance October 31, 1999 | 1,135,000 | \$22.37 |

| Outstanding | | | Exercisable | | |
|--------------------|-------------------------|---|--|-------------------------|--|
| Range of Prices | Number of Options | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| \$20.00 - 25.59 | 995,000 | 7.2 | \$20.45 | 770,000 | \$20.44 |
| \$36.59 | 140,000 | 8.4 | \$36.59 | 70,000 | \$36.59 |

"Age-Vested" Career Stock Option Plan
adopted in 1984, as amended

In 1984, the Company adopted a stock option plan whereby 680,000 shares were reserved for grant. In March of 1996, another 1,000,000 shares were reserved for grant under the plan. As amended December 20, 1994, options which have been granted at fair market value are 50% exercisable when the option holders reach their 61st birthday and the remaining 50% will vest on their 64th birthday. To the extent vested, the options may be exercised at any time prior to one year after termination of employment. Options which terminate without being exercised may be reissued. At October 31, 1999, 434,000 shares remained available for grant.

Transactions under this plan are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|--|----------------------|--|
| Balance October 31, 1996 | 639,000 | \$ 7.55 |
| Granted (Weighted average fair value of \$6.65) | 6,000 | \$19.44 |
| Terminated | (22,000) | \$11.25 |
| Balance October 31, 1997 | 623,000 | \$ 7.53 |
| Granted (Weighted average fair value of \$13.79) | 573,000 | \$30.01 |
| Terminated | (12,000) | \$18.82 |
| Balance October 31, 1998 | 1,184,000 | \$18.29 |
| Granted (Weighted average fair value of \$14.59) | 75,000 | \$31.88 |
| Exercised | (56,000) | \$ 6.22 |
| Terminated | (16,000) | \$ 9.31 |
| Balance October 31, 1999 | 1,187,000 | \$19.86 |

| Outstanding | | Exercisable | |
|-------------|----------|-------------|--|
| | Weighted | | |

| Range of Prices | Number of Options | Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
|-------------------|-------------------|--|---------------------------------|-------------------|---------------------------------|
| \$ 5.72 - 8.72 | 382,000 | 4 | \$ 5.96 | 135,000 | \$ 6.39 |
| \$11.25 - 13.28 | 159,000 | 7 | \$11.33 | 29,000 | \$11.25 |
| \$19.44 | 6,000 | 12 | \$19.44 | -- | -- |
| \$29.41 - 36.94.. | 640,000 | 12 | \$30.23 | 86,000 | \$29.41 |

Employee Stock Purchase Plan
adopted in 1985, as amended

In 1985, the Company adopted an employee stock purchase plan under which sale of 5 million shares of its common stock has been authorized. In March of 1996, the sale of an additional 1,200,000 shares were authorized, and again in March of 1999, 1,200,000 additional shares were authorized under this plan. The purchase price of the shares under the plan is the lesser of 85% of the fair market value at the commencement of each plan year or 85% of the fair market value on the date of purchase. Employees may designate up to 10% of their compensation for the purchase of stock. During 1997, 1998, and 1999, 520,000, 562,160, and 602,000 shares of stock were issued under the plan for an aggregate purchase price of \$7,841,000, \$10,873,000, and \$13,632,000, respectively. The weighted average fair value per share of purchases in 1997, 1998, and 1999 was \$5.75, \$5.11, and \$7.32, respectively, and were issued at a weighted-average price of \$15.08, \$19.34, and \$23.25, respectively. At October 31, 1999, 908,000 shares remained unissued under the plan.

11. INCOME TAXES

The provision for income taxes is made up of the following components for each of the years ended October 31:

| (in thousands of dollars) | 1997 | 1998 | 1999 |
|---------------------------|----------|----------|----------|
| Current | | | |
| Federal | \$18,685 | \$22,415 | \$29,807 |
| State | 2,809 | 5,647 | 4,286 |
| Foreign | 8 | 37 | 9 |
| Deferred | | | |
| Federal | (1,619) | (4,149) | (6,022) |
| State | (158) | (372) | (515) |
| | \$19,725 | \$23,578 | \$27,565 |

Income tax expense attributable to income from operations differs from the amounts computed by applying the U.S. statutory rates to pretax income from operations as a result of the following for the years ended October 31:

| | 1997 | 1998 | 1999 |
|---|--------|--------|--------|
| Statutory rate | 35.0 % | 35.0 % | 35.0 % |
| State and local taxes on income, net of federal tax benefit | 3.4 % | 5.6 % | 5.5 % |
| Tax credits | (0.9)% | (2.7)% | (2.6)% |
| Nondeductible expenses and other -- net | 4.5 % | 3.1 % | 3.1 % |
| | 42.0 % | 41.0 % | 41.0 % |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at October 31, are presented below:

| (in thousands of dollars) | 1998 | 1999 |
|--------------------------------------|----------|----------|
| Deferred tax assets: | | |
| Self-insurance claims | \$28,767 | \$30,484 |
| Bad debt allowance | 1,073 | 2,401 |
| Deferred and other compensation | 6,103 | 7,361 |
| Intangible amortization | 2,853 | 3,384 |
| State taxes | 1,105 | 1,408 |
| Other | 3,122 | 3,172 |
| Total gross deferred tax assets | 43,023 | 48,210 |
| Deferred tax liabilities: | | |
| Union pension contributions | (5,161) | (4,051) |
| Depreciation | 152 | 392 |
| Total gross deferred tax liabilities | (5,009) | (3,659) |
| Net deferred tax assets | \$38,014 | \$44,551 |

Management has determined the total net deferred tax asset will more likely than not be realized.

At October 31, 1999, ABM has a capital loss carryover of \$1,135,516, which can be carried forward to offset capital gains, if any, to reduce future federal income taxes through October 31, 2001.

12. ACQUISITIONS AND DIVESTITURES

All acquisitions have been accounted for using the purchase method of accounting; operations of the companies and businesses acquired have been included in the accompanying consolidated financial statements from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is generally included in goodwill. Most purchase agreements provide for contingent payments based on the annual pretax income for subsequent periods ranging generally from three to five years. Any such future payments are generally capitalized as goodwill when paid. Cash paid for acquisitions, including any contingent amounts based on subsequent earnings, were approximately \$11 million in 1999. In addition, common shares, with a fair

market value of approximately \$1.7 million at the date of issuance, were issued in 1999 under the contingent payment provisions of a prior year acquisition. Acquisitions and dispositions made during the fiscal year 1999 are discussed below:

Effective February 1, 1999, the Company acquired the operations and selected assets of VIP Valet Parking, with customers located in Austin and Houston, Texas. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years. This acquisition contributed approximately \$0.9 million in revenues in fiscal year 1999.

Effective April 1, 1999, the Company acquired the operations and selected assets of Commercial Landscaping Services, with operations located in the Carolinas and Tennessee. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years. This acquisition contributed approximately \$4 million in revenues in fiscal year 1999.

Effective April 1, 1999, the Company acquired the operations and selected assets of Integra Services Corporation, with customers located in Des Moines, Iowa. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years. This acquisition contributed approximately \$2.3 million in revenues in fiscal year 1999.

Effective May 1, 1999, the Company acquired the operations and stock of Masterclean Systems, Inc., with customers located in Louisville, Kentucky, and

Master-Klean, Inc. with customers in Indianapolis, Indiana. The terms for the purchase of these acquisitions were a cash downpayment made at closing plus annual contingent payments based on gross profits to be made over five years. This acquisition contributed approximately \$1.9 million in revenues in fiscal year 1999.

Effective July 1, 1999, the Company acquired the operations and selected assets of Suburban Lighting Company, with customers located in Minnesota and other parts of the upper Midwest. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years. This acquisition contributed approximately \$1.3 million in revenues in fiscal year 1999.

Effective August 1, 1999, the Company acquired the operations and selected assets of FaciliTech, with customers located in the Minneapolis/St. Paul metropolitan area of Minnesota. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on gross profits to be made over three years. This acquisition contributed approximately \$0.9 million in revenues in fiscal year 1999.

Effective August 1, 1999, the Company acquired the operations and selected assets of Private Patrol Agency, with customers located in San Jose, California. The terms for the purchase of this acquisition were a cash payment made at closing.

These seven business combinations were accounted for under the purchase method of accounting. The aggregate consideration paid for these acquisitions consisted of \$7,199,000. The aggregate purchase price does not include payments of contingent consideration based upon the results of operations of the businesses acquired.

Effective November 1, 1999, the Company acquired the operations and selected assets of NPS Corporation, with customers located in Anchorage, Alaska. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

Effective December 1, 1999, the Company acquired the operations and selected assets of Centre City Parking, with customers located in Miami, Florida. The terms for the purchase of this acquisition were a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

13. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the balance sheet for cash and cash equivalents approximate fair value due to the short-maturity of these instruments.

Financial instruments included in investments and long-term receivables have no quoted market prices and, accordingly, a reasonable estimate of fair market value could not be made without incurring excessive costs. However, the Company believes by reference to stated interest rates and security held, the fair value of the assets would not differ significantly from the carrying value.

The fair value of the Company's long-term debt approximates carrying value based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

The Company believes that it is not practical to estimate a fair market value different from the redeemable cumulative preferred stock's carrying value of \$6.4 million, as this security was issued in conjunction with an acquisition and has numerous features unique to this security as described in Note 9. However, the Company believes the carrying value would not differ significantly from the fair value.

14. SEGMENT INFORMATION

In fiscal 1999, the Company adopted Statements of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information". SFAS 131 supersedes SFAS 14, "Financial Reporting for Segments of a Business Enterprise", replacing the industry segment approach with the management approach. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. SFAS 131 also requires disclosures about products and services, geographic areas and major customers. The Company is organized into nine separate operating segments as defined under SFAS 131. However the ABM Janitorial, Amtech Elevator, ABM Engineering, Amtech Lighting and Ampco System Parking operating segments are reportable using the quantitative threshold criteria under SFAS 131. Included in all other segments are the ABM Facility Services, American Commercial Security, CommAir Mechanical Services and Easterday Janitorial Supply Company segments. In addition, the corporate expenses are not allocated, and, therefore, have been included, as

in the past, to provide more meaningful information. All of these segments are distinct business units. They are managed separately because of their unique services, technology and marketing requirements. Nearly 100% of the operations and related revenues are within the United States and no single customer accounts for more than 10% of sales. The adoption of SFAS 131 had no impact on the results of operations or financial position.

| (in thousands of dollars) For the year ended October 31, 1997 | ABM Janitorial | Amtech Elevator | ABM Engineering | Amtech Lighting | Ampco System Parking | ALL Other | Corporate |
|--|-------------------|--------------------|--------------------|--------------------|----------------------------|------------------|-------------------|
| Revenues and other income | \$685,234 | \$82,531 | \$ 94,048 | \$79,913 | \$144,206 | \$166,030 | \$ 510 |
| Intersegment revenues | 1,553 | 0 | 335 | 611 | 0 | 12,191 | |
| Total Revenues | \$686,787 | \$82,531 | \$ 94,383 | \$80,524 | \$144,206 | \$178,221 | \$ 510 |
| Operating profit | \$ 32,845 | \$ 4,654 | \$ 7,377 | \$ 6,260 | \$ 6,349 | \$ 6,804 | \$(14,650) |
| Interest, expense | (24) | 1 | 0 | 0 | (5) | (8) | (2,639) |
| Income before income taxes | \$ 32,821 | \$ 4,655 | \$ 7,377 | \$ 6,260 | \$ 6,344 | \$ 6,796 | \$(17,289) |
| Identifiable assets | \$195,890 | \$28,827 | \$ 27,898 | \$48,320 | \$ 73,759 | \$ 44,513 | \$ 45,044 |
| Depreciation expense | \$ 3,538 | \$ 375 | \$ 122 | \$ 1,610 | \$ 2,085 | \$ 894 | \$ 697 |
| Amortization expense | \$ 3,525 | \$ 192 | \$ 90 | \$ 366 | \$ 2,366 | \$ 258 | \$ 0 |
| Capital expenditures | \$ 4,668 | \$ 265 | \$ 244 | \$ 1,813 | \$ 3,568 | \$ 1,547 | \$ 1,167 |
| FOR THE YEAR ENDED OCTOBER 31, 1998 | | | | | | | |
| Revenues and other income | \$859,066 | \$89,263 | \$136,439 | \$87,901 | \$154,050 | \$174,579 | \$ 529 |
| Intersegment revenues | 324 | 0 | 367 | 288 | 0 | 12,981 | 0 |
| Total Revenues | \$859,390 | \$89,263 | \$136,806 | \$88,189 | \$154,050 | \$187,560 | \$ 529 |
| Operating profit | \$ 44,615 | \$ 6,453 | \$ 8,044 | \$ 6,926 | \$ 6,984 | \$ 8,073 | \$(20,122) |
| Interest, expense | (19) | 1 | 0 | 0 | 0 | (9) | (3,438) |
| Income before income taxes | \$ 44,596 | \$ 6,454 | \$ 8,044 | \$ 6,926 | \$ 6,984 | \$ 8,064 | \$(23,560) |
| Identifiable assets | \$212,714 | \$29,903 | \$ 34,606 | \$54,134 | \$ 77,690 | \$ 47,335 | \$ 44,981 |
| Depreciation expense | \$ 4,281 | \$ 391 | \$ 146 | \$ 1,617 | \$ 2,125 | \$ 1,029 | \$ 1,109 |
| Amortization expense | \$ 5,135 | \$ 192 | \$ 368 | \$ 417 | \$ 2,468 | \$ 315 | \$ 0 |
| Capital expenditures | \$ 5,577 | \$ 115 | \$ 97 | \$ 1,330 | \$ 1,485 | \$ 786 | \$ 2,325 |
| FOR THE YEAR ENDED OCTOBER 31, 1999 | | | | | | | |
| Revenues and other income | \$933,293 | \$96,618 | \$153,758 | \$95,521 | \$162,358 | \$187,306 | \$ 862 |
| Intersegment revenues | 374 | 0 | 188 | 270 | 0 | 12,567 | 0 |
| Total Revenues | \$933,667 | \$96,618 | \$153,946 | \$95,791 | \$162,358 | \$199,873 | \$ 862 |
| Operating profit | \$ 49,496 | \$ 6,651 | \$ 8,352 | \$ 7,461 | \$ 8,539 | \$ 7,336 | \$(18,644) |
| Interest, expense | (13) | 0 | 0 | 0 | 0 | (10) | (1,936) |
| Income before income taxes | \$ 49,483 | \$ 6,651 | \$ 8,352 | \$ 7,461 | \$ 8,539 | \$ 7,326 | \$(20,580) |
| Identifiable assets | \$242,117 | \$32,411 | \$ 34,864 | \$59,921 | \$ 84,360 | \$ 52,798 | \$ 56,913 |
| Depreciation expense | \$ 4,575 | \$ 381 | \$ 101 | \$ 1,454 | \$ 1,998 | \$ 1,032 | \$ 1,274 |
| Amortization expense | \$ 5,866 | \$ 192 | \$ 368 | \$ 531 | \$ 2,568 | \$ 358 | \$ 0 |
| Capital expenditures | \$ 6,632 | \$ 354 | \$ 168 | \$ 1,506 | \$ 1,763 | \$ 1,468 | \$ 7,560 |

| (in thousands of dollars) For the year ended October 31, 1997 | ELIMINATIONS | CONSOLIDATED TOTALS |
|--|-------------------|------------------------|
| Revenues and other income | \$ 0 | \$1,252,472 |
| Intersegment revenues | (14,690) | 0 |
| Total Revenues | \$(14,690) | \$1,252,472 |
| Operating profit | \$ 0 | \$ 49,639 |
| Interest, expense | 0 | (2,675) |
| Income before income taxes | \$ 0 | \$ 46,964 |
| Identifiable assets | \$ 0 | \$ 464,251 |
| Depreciation expense | \$ 0 | \$ 9,321 |
| Amortization expense | \$ 0 | \$ 6,797 |

| | | |
|-------------------------------------|------------|-------------|
| Capital expenditures | \$ 0 | \$ 13,272 |
| ===== | | |
| FOR THE YEAR ENDED OCTOBER 31, 1998 | | |
| Revenues and other income | \$ 0 | \$1,501,827 |
| Intersegment revenues | (13,960) | 0 |
| ----- | | |
| Total Revenues | \$(13,960) | \$1,501,827 |
| ===== | | |
| Operating profit | \$ 0 | \$ 60,973 |
| Interest, expense | 0 | (3,465) |
| ----- | | |
| Income before income taxes | \$ 0 | \$ 57,508 |
| ===== | | |
| Identifiable assets | \$ 0 | \$ 501,363 |
| ===== | | |
| Depreciation expense | \$ 0 | \$ 10,698 |
| ===== | | |
| Amortization expense | \$ 0 | \$ 8,895 |
| ===== | | |
| Capital expenditures | \$ 0 | \$ 11,715 |
| ===== | | |
| FOR THE YEAR ENDED OCTOBER 31, 1999 | | |
| Revenues and other income | \$ 0 | \$1,629,716 |
| Intersegment revenues | (13,399) | 0 |
| ----- | | |
| Total Revenues | \$(13,399) | \$1,629,716 |
| ===== | | |
| Operating profit | \$ 0 | \$ 69,191 |
| Interest, expense | 0 | (1,959) |
| ----- | | |
| Income before income taxes | \$ 0 | \$ 67,232 |
| ===== | | |
| Identifiable assets | \$ 0 | \$ 563,384 |
| ===== | | |
| Depreciation expense | \$ 0 | \$ 10,815 |
| ===== | | |
| Amortization expense | \$ 0 | \$ 9,883 |
| ===== | | |
| Capital expenditures | \$ 0 | \$ 19,451 |
| ===== | | |

Intersegment revenues are recorded at prices negotiated between the entities.

15. QUARTERLY INFORMATION (UNAUDITED)
(in thousands, except earnings per share)

| | Fiscal Quarter | | | | YEAR |
|------------------------------|----------------|-----------|-----------|-----------|-------------|
| | First | Second | Third | Fourth | |
| ----- | | | | | |
| 1998 | | | | | |
| Revenues and other income | \$358,747 | \$369,034 | \$381,036 | \$393,010 | \$1,501,827 |
| Gross profit | 46,253 | 48,506 | 52,292 | 56,353 | 203,404 |
| Net income | 5,735 | 7,105 | 9,526 | 11,564 | 33,930 |
| Net income per common share: | | | | | |
| Basic | 0.27 | 0.33 | 0.44 | 0.53 | 1.58 |
| Diluted | 0.25 | 0.30 | 0.40 | 0.49 | 1.44 |
| 1999 | | | | | |
| Revenues and other income | \$391,831 | \$398,291 | \$412,689 | \$426,905 | \$1,629,716 |
| Gross profit | 50,155 | 50,228 | 56,584 | 59,208 | 216,175 |
| Net income | 6,969 | 8,366 | 11,129 | 13,203 | 39,667 |
| Net income per common share: | | | | | |
| Basic | 0.32 | 0.37 | 0.50 | 0.58 | 1.77 |
| Diluted | 0.29 | 0.35 | 0.46 | 0.55 | 1.65 |
| ----- | | | | | |

SCHEDULE II

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED VALUATION ACCOUNTS

Years ended October 31, 1997, 1998 and 1999
(in thousands of dollars)

| | Balance Beginning of Year | Charges to Costs and Expenses | Deductions Net of Recoveries | Other Additions (Reductions) | Balance End of Year |
|---------------------------------|---------------------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------|
| ----- | | | | | |
| Allowance for Doubtful Accounts | | | | | |
| Years ended October 31: | | | | | |
| 1997 | \$4,442 | \$2,988 | (\$1,507) | \$0 | \$5,923 |
| 1998 | 5,923 | 2,821 | (1,983) | 0 | 6,761 |
| 1999 | 6,761 | 2,257 | (1,528) | 0 | 7,490 |
| ----- | | | | | |

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this item regarding the Company's executive officers is incorporated by reference to the information set forth under the caption "Election of Directors" contained in the Proxy Statement to be used by the Company in connection with its 2000 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to the information set forth under the caption "Executive Compensation" contained in the Proxy Statement to be used by the Company in connection with its 2000 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this item is incorporated by reference to the information set forth under the caption "Principal Stockholders" contained in the Proxy Statement to be used by the Company in connection with its 2000 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this item is incorporated by reference to the information set forth under the captions "Executive Compensation" and "Certain Relationships and Related Transactions" contained in the Proxy Statement to be used by the Company in connection with the 2000 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, CONSOLIDATED FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this Form 10-K:

1. Consolidated Financial Statements of ABM Industries Incorporated and Subsidiaries (see Item 8):

Independent Auditors' Report

Consolidated Balance Sheets --
October 31, 1998 and 1999

Consolidated Statements of Income -- Years ended October 31,
1997, 1998 and 1999

Consolidated Statements of Stockholders' Equity and Comprehensive
Income -- Years ended October 31, 1997, 1998 and 1999

Consolidated Statements of Cash Flows -- Years ended October 31,
1997, 1998 and 1999

Notes to Consolidated Financial Statements.

2. Consolidated Financial Statement Schedule of ABM Industries
Incorporated and Subsidiaries (see Item 8):

Schedule II -- Consolidated Valuation Accounts -- Years ended October 31,
1997, 1998 and 1999.

All other schedules are omitted because they are not applicable or because the required information is included in the consolidated financial statements or the notes thereto.

The individual financial statements of the registrant's subsidiaries have been omitted since the registrant is primarily an operating company and all subsidiaries included in the consolidated financial statements are wholly owned subsidiaries.

3. Exhibits:

See Exhibit Index.

(b) Reports on Form 8-K:

No reports on Form 8-K have been filed during the fourth quarter of fiscal year 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ABM INDUSTRIES INCORPORATED

By: /s/ William W. Steele

William W. Steele
President, Chief Executive Officer and Director
January 28, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ William W. Steele

William W. Steele
President, Chief Executive Officer and Director
(Principal Executive Officer)
January 28, 2000

/s/ David H. Hebble

David H. Hebble
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)
January 28, 2000

/s/ Maryellen B. Cattani

Maryellen B. Cattani
Director
January 28, 2000

/s/ Luke S. Helms

Luke S. Helms
Director
January 28, 2000

/s/ Henry L. Kotkins, Jr.

Henry L. Kotkins, Jr.
Director
January 28, 2000

/s/ William E. Walsh

William E. Walsh
Director
January 28, 2000

/s/ Martinn H. Mandles

Martinn H. Mandles
Chairman of the Board,
Chief Administrative Officer and Director
January 28, 2000

/s/ Vernon E. Skelton

Vernon E. Skelton
Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)
January 28, 2000

/s/ Linda Chavez

Linda Chavez
Director
January 28, 2000

/s/ Charles T. Horngren

Charles T. Horngren
Director
January 28, 2000

/s/ Theodore Rosenberg

Theodore Rosenberg
Chairman of the
Executive Committee and Director
January 28, 2000

EXHIBIT INDEX:

| Exhibit Number | Description |
|----------------|--|
| 3.1[j] | Certificate of Incorporation, as amended |
| 3.1.1[s] | Certificate of Amendment of Certificate of Incorporation dated March 16, 1999 |
| 3.2 | Restated By-laws, as amended |
| 4.1[k] | Credit Agreement, dated June 25, 1997, between Bank of America National Trust and Savings Association and the Company |
| 4.2[q] | First Amendment to Credit Agreement dated as of October 31, 1997 |
| 4.3 | Second Amendment to Credit Agreement dated as of September 22, 1999 |
| 4.5[c] | Business Loan Agreement dated February 13, 1996 |
| 10.2[j]* | 1985 Employee Stock Purchase Plan as amended effective December 19, 1995 |
| 10.3[b]* | Supplemental Medical and Dental Plan |
| 10.4[j]* | 1984 Executive Stock Option Plan as amended effective December 19, 1995 (now known as "Age-Vested" Career Stock Option Plan) |
| 10.9[f]* | Short Form Deed of Trust and Assignment of Rents (dated December 17, 1991) between the Company and John F. Egan, together with the related Promissory Note (dated January 1, 1992) |
| 10.13[j]* | 1987 Stock Option Plan as amended effective December 19, 1995 (now known as "Time-Vested" Incentive Stock Option Plan) |
| 10.16[d] | Rights Agreement, dated as of March 17, 1998, between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent |
| 10.19[e]* | Service Award Plan |
| 10.20[f]* | Executive Employment Agreement with William W. Steele |
| 10.21[f]* | Amended and Restated Retirement Plan for Outside Directors |
| 10.22[f]* | Amendment No. 1 to Service Award Plan |
| 10.23[g]* | Form of Outside Director Retirement Agreement (dated June 16, 1992) |
| 10.24[g]* | Executive Employment Agreement with John F. Egan |
| 10.25[g]* | Executive Employment Agreement with Jess E. Benton, III |
| 10.27[h] | Guaranty of American Building Maintenance Industries, Inc. |
| 10.28[i]* | Deferred Compensation Plan |
| 10.29[i]* | Form of Existing Executive Employment Agreement Other Than Those Specifically Named Above |
| 10.30[l]* | Executive Employment Agreement with Martinn H. Mandles, as amended by Amendments One and Two |
| 10.31[l]* | Amendment of Corporate Executive Employment Agreement with William W. Steele |
| 10.32[l]* | First and Second Amendments of Corporate Executive Employment Agreement with John F. Egan |
| 10.34[l]* | First and Second Amendments of Corporate Executive Employment Agreement with Jess E. Benton, III |
| 10.35[l]* | Form of Amendments of Corporate Executive Employment Agreements with Other Than Those Named Above |
| 10.36[m]* | Form of Indemnification for Directors |
| 10.37[n]* | Second Amendment of Corporate Executive Employment Agreement with William W. Steele |
| 10.39[n]* | Third Amendment of Corporate Executive Employment Agreement with Martinn H. Mandles |
| 10.40[p]* | 1996 ABM Industries Incorporated Long-Term Senior Executive Stock Option Plan (now known as "Price-Vested" Performance Stock Option Plan) |
| 10.40[o]* | Amendment of Corporate Executive Employment Agreement with Martinn H. Mandles |
| 10.41[o]* | Amendment of Corporate Executive Employment Agreement with Jess E. Benton III |
| 10.42[r]* | Executive Employment Agreement with Henrik Slipsager |
| 10.43[r]* | Second Amendment of Division Executive Employment Agreement with Henrik Slipsager |
| 10.44[r]* | Third Amendment of Division Executive Employment Agreement with Henrik Slipsager |
| 10.45[r]* | Amendment of Division Executive Employment Agreement with Henrik Slipsager |
| 10.46[s]* | Amendment numbers 1, 2 and 3 to the Employee Stock Purchase Plan (Incorporated by reference to exhibits 99.1, 99.2 and 99.3 to Form S-8 Registration Statement (File No. 333-78425) filed by the registrant) |
| 10.47* | Amendment No. 1 to the 1987 Incentive Stock Option Plan |
| 10.48* | Amendment No. 2 to the ABM Industries Incorporated 1987 Incentive Stock Option Plan (December 19, 1994 Restatement) |
| 10.49* | Amendment No. 3 to the "Time-Vested" Incentive |

| | |
|--------|--|
| | Stock Option Plan |
| 10.50* | Amendment No. 4 to the ABM Industries Incorporated "Time-Vested" Incentive Stock Option Plan (December 19, 1994 Restatement) |
| 10.51* | Amendment No. 1 to the 1984 Executive Stock Option Plan |
| 10.52* | Amendment No. 2 to the 1984 Executive Stock Option Plan (December 1994 Restatement) |
| 10.53* | Amendment No. 3 to the ABM Industries Incorporated "Age-Vested" Career Stock Option Plan (December 19, 1995 Restatement) |
| 10.54* | Amendment No. 1 to the Long-Term Senior Executive Incentive Stock Option Plan Adopted December 1996 |
| 10.55* | Amendment No. 2 to the "Price-Vested" Performance Stock Option Plan |
| 10.56* | Amendment No. 3 to the ABM Industries Incorporated "Price-Vested" Performance Stock Option Plan |
| 10.57* | Fourth Amendment of Division Executive Employment Agreement with Henrik Slipsager |
| 21.1 | Subsidiaries of the Registrant |
| 23.1 | Consent of Independent Certified Public Accountants |
| 27.1 | Financial Data Schedule |

-
- [b] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1984.
- [c] Incorporated by reference to the exhibit bearing the same numeric description, which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended January 31, 1996.
- [d] Incorporated by reference to exhibit 4.1 to the Company's report on Form 8-K dated March 17, 1998.
- [e] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1990.
- [f] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1991.
- [g] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1992.
- [h] Incorporated by reference to the exhibit bearing the same numeric reference which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1993.

- [i] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1993.
- [j] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended April 30, 1996.
- [k] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1997.
- [l] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1994.
- [m] Incorporated by reference to exhibit 10.20 which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended April 30, 1991.
- [n] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1996.
- [o] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1998.
- [p] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended April 30, 1997.
- [q] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1997.
- [r] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1998.
- [s] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended April 30, 1999.

* Management contract, compensatory plan or arrangement.

ABM INDUSTRIES INCORPORATED

BY-LAWS

As Restated Effective June 15, 1999
and Amended 11/1/99

ARTICLE I
OFFICES

Section 1.1. Registered Office. The registered office shall be located in the City of Wilmington, County of New Castle, State of Delaware.

Section 1.2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1. Place of Meeting. All meetings of stock-holders shall be held at the principal executive office of the Corporation or at any other place, either within or without the State of Delaware, as may be designated by the Board of Directors.

Section 2.2. Annual Meeting. The annual meeting of stockholders shall be held on such date and at such time as the Board of Directors may designate.

At each annual meeting the stockholders shall elect directors to succeed those whose terms expire in that year and to serve until their successors are elected, and shall transact such other business as may properly be brought before the meeting.

Section 2.3. Notice of Annual Meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. Such notice shall be given either personally or by mail or other means of written communication, addressed or delivered to each stockholder entitled to vote at such meeting at the address of such stockholder appearing on the books of the Corporation or given by him to the Corporation for the purpose of such notice. If no such address appears or is given, notice shall be given either personally or by mail or

other means of written communication addressed to the stockholder at the place where the principal executive office of the Corporation is located. The notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication.

Section 2.4. Business at Annual Meetings. At an annual meeting of stockholders, only such business shall be conducted as shall have been brought before the meeting (i) pursuant to the Corporation's notice of the meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in this Bylaw, who shall be entitled to vote at such meeting and who shall have complied with the notice procedures set forth in this Bylaw.

For business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.4(a) of this Bylaw, notice in writing must be delivered or mailed, postage prepaid, to the Secretary of the Corporation and received at the principal executive offices of the Corporation not less than 60 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that in the event that the date of the meeting is advanced by more than 30 days or delayed by more than 60 days from such meeting's anniversary date, notice by the stockholder must be received not later than the close of business on the later of the 60th day prior to such date of mailing of proxy materials or the 10th day following the day on which public announcement of the date of the annual meeting is first made. Such stockholder's notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business to be brought before the annual meeting and the reasons for conducting such business at such meeting; (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, and the name and address of the beneficial owner, if any, on whose behalf the proposal is made; (iii) the class and number of shares of the Corporation's stock which are beneficially owned by the stockholder, and by the beneficial owner, if any, on whose behalf the proposal is made; and (iv) any material interest of the stockholder, and of the beneficial owner, if any, on whose behalf the proposal is made, in such business. Business. For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Bylaw. The chairman of the meeting may, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with the provisions of this Bylaw; and if the chairman should so determine, the chairman shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.5. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of the stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.6. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may be called at any time by the Board of Directors, or by a committee of the Board of Directors which has been duly designated by the Board of Directors and whose power and authority, as provided in a resolution of the Board of Directors, include the power to call such meetings, but such special meetings may not be called by any other person or persons.

Section 2.7. Notice of Special Meetings. Written notice of a special meeting of stockholders stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 2.8. Business at Special Meetings. The business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.9. Adjourned Meetings and Notice Thereof. Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but in the absence of a quorum, no other business may be transacted at such meeting, except as provided in Section 2.10 of these by-laws.

When a stockholders' meeting is adjourned to another time or place, notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken; except that if the adjournment is for more than thirty days or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

Section 2.10. Quorum. The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation.

Section 2.11. Majority Vote. If a quorum is present at any meeting, the vote of the holders of a majority of the shares having voting power, present in person or represented by proxy, shall decide any question brought before such meeting, unless a different vote is required on that question by express provision of statute or of the certificate of incorporation, in which case such express provision shall govern and control.

The stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, in any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum, unless a different vote is required as set forth above.

Section 2.12. Voting. Except as otherwise provided in the certificate of incorporation and subject to Section 8.4 of these by-laws, each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Vote may be viva voce or by ballot; provided, however, that elections for directors must be by ballot.

Any holder of shares entitled to vote on any matter may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, other than elections to office but, if the stockholder fails to specify the number of shares such stockholder is voting affirmatively, it shall be conclusively presumed that the stockholder's approving vote is with respect to all shares said stockholder is entitled to vote.

Section 2.13. Stockholder Action. Any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when a person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened; provided, that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law or these by-laws to be included in the notice but not so included if such objection is expressly made at the meeting.

Section 2.14. Presiding Officer. The chairman of the Board of Directors, if there be such officer, shall, if present, call the meetings of the stockholders to order and shall act as the presiding officer thereof.

Section 2.15. Secretary. The secretary of the Corporation, if present, shall act as secretary of all meetings of the stockholders. In the absence of the secretary, an assistant secretary if present shall act as secretary of the meetings of the stockholders. In the absence of the secretary or any assistant secretary, the presiding officer may appoint a person to act as secretary of such meeting.

ARTICLE III DIRECTORS

Section 3.1. Number of Directors, Election and Term of Office. The number of directors which shall constitute the whole board shall be nine. The Board of Directors shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board of Directors, one class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1986, another class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1987, and another class to hold office initially for a term expiring at the annual meeting of stockholders

to be held in 1988, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of stockholders, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

The term "entire board" as used in these by-laws means the total number of directors which the Corporation would have if there were no vacancies.

Section 3.2. Vacancies. A vacancy in the Board of Directors shall be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors be increased, or if the stockholders fail at any annual or special meeting of stockholders to elect the full authorized number of directors to be voted for at that meeting.

Unless otherwise provided in the certificate of incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and any director so chosen shall hold office until the next election of the class for which he was chosen and until his successor is fully elected and qualified, unless sooner displaced. If at any time the Corporation should have no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the entire board (as constituted immediately prior to any such increase), the Court of the Chancery may upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships or to replace the directors chosen by the directors then in office.

Section 3.3. Powers. The business and affairs of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 3.4. Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of directors. No such compensation shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.5. Resignation. Any director may resign effective upon giving written notice to the chief executive officer, the secretary, or the Board of Directors of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Section 3.6. Nominations of Directors. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as directors. Nominations of persons for election to the Board of Directors may be made at a meeting of stockholders (i) by the Board of Directors or a committee appointed by the Board of Directors authorized to make such nominations or (ii) by any stockholder of the Corporation who is a stockholder of record at the time of giving of the notice provided for in this Bylaw, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Bylaw. Nominations by stockholders shall be made pursuant to notice in writing, delivered or mailed, postage prepaid, to the Secretary of the Corporation and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than 60 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders, provided, however, that in the event that the date of the meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder must be received not later than the close of business on the later of the 60th day prior to such date of mailing of proxy materials or the 10th day following the day on which public announcement of the date of the meeting is first made; or (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement of the date of the meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is first made. Such stockholder's notice shall set forth (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each nominee and

any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated by the Board of Directors; and (v) the written consent of such nominee to serve as a director of the Corporation if elected. At the request of the Board of Directors, or any committee appointed by the Board of Directors authorized to make such nominations, any person nominated by the Board of Directors, or such committee, for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination that pertains to the nominee. Notwithstanding anything in this Bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public statement naming all the nominees for Director or specifying the size of the increased Board of Directors made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in these Bylaws. The chairman of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed in this Bylaw; and if the chairman should so determine, the chairman shall so declare to the meeting, and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this Bylaw.

ARTICLE IV
MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1. Place of Meeting. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 4.2. Organization Meeting. Immediately after each annual meeting of stockholders, the Board of Directors shall hold a regular meeting for the purpose of organization, electing officers and transacting other business. No notice of such meeting need be given. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 4.3. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and at such place as shall from time to time be determined by the Board of Directors; provided, however, that if the date so designated falls upon a legal holiday, then the meeting shall be held at the same time and place on the next succeeding day which is not a legal holiday. Such regular meetings may be held without notice.

Section 4.4. Special Meetings. Special meetings of the Board of Directors may be called by the chairman of the board of directors, chairman of the executive committee of the Board of Directors, the chief executive officer or the president or on the written request of the directors constituting a majority of the entire board.

Section 4.5. Notice of Special Meetings. Notice of the time and place of special meetings of the Board of Director shall be delivered personally to each director, or sent to each director by mail, telephone, or telegraph. In case such notice is sent by mail or telegraphed it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Corporation is located at least 48 hours prior to the time of the holding of the meeting. In case such notice is delivered personally or by telephone, it shall be so delivered at least 24 hours prior to the time of the holding of the meeting. Such notice shall not be necessary if appropriate waivers, consents and/or approvals are filed in accordance with Section 4.6 of these by-laws.

Section 4.6. Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice, whether before or after the meeting, or who

attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director.

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 4.7. Quorum. At all meetings of the board, the presence of one-third of the entire board shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meetings at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting without notice other than announcement at the meeting, until a quorum shall be present. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 4.8. Adjournment. Any meeting of the Board of Directors, whether or not a quorum is present, may be adjourned to another time and place by the vote of a majority of the directors present. Notice of the time and place of the adjourned meeting need not be given to absent directors if said time and place are fixed at the meeting adjourned.

Section 4.9. Action Without Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 4.10. Conference Communication. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors or any committee designated by the board may participate in a meeting of the Board of Directors or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can

hear one another. Participation in a meeting pursuant to this action shall constitute presence in person at such meeting.

ARTICLE V
COMMITTEES OF DIRECTORS

Section 5.1. Committees of Directors. The Board of Directors may, by resolution passed by a majority of the entire board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolutions of the Board of Directors, shall have and may exercise all the power and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the by-laws of the Corporation and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 5.2. Committee Minutes. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

ARTICLE VI
OFFICERS

Section 6.1 Officers The officers of the Corporation shall be a chief executive officer, a chief administrative officer, a president, a chairman of the Board, one or more executive vice presidents, one or more senior vice presidents, one or more vice presidents, a secretary, a controller, and a treasurer, each of whom shall be an executive officer of the Corporation appointed by the Board of Directors. The Corporation may also have one or more assistant vice presidents, one or more assistant secretaries, one or more assistant controllers, and one or more assistant treasurers, each of whom shall be an assistant officer of the Corporation appointed by the Executive Committee of the Board of Directors. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws otherwise provide.

Section 6.2 Election. The Board of Directors at its first meeting after each annual meeting of stockholders shall elect all principal officers for the ensuing year and shall designate a chief executive officer and a chief financial officer. At its first meeting after each annual meeting of stockholders, the Executive Committee shall elect all assistant officers.

Section 6.3 Other Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary and they shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 6.4 Term. Subject to an applicable written employment agreement, if any, between the Corporation and any principal officer elected or appointed by the Board of Directors or any assistant officer appointed by the Executive Committee of the Board of Directors, said officer may be removed at any time, either with or without cause, by the affirmative vote of a majority of the Board of Directors or of the Executive Committee of the Board of Directors, respectively. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors or by the Executive Committee of the Board of Directors pursuant to the requirements of Section 6.1 of this Article VI. Compensation and other terms and conditions of employment of

any principal officer shall be subject to approval of the Officer Compensation and Stock Option Committee and the Board of Directors. Compensation and other terms and conditions of employment of assistant officers shall be subject to approval of the Executive Committee of the Board of Directors.

Section 6.5 The Chairman of the Board of Directors. The chairman of the Board of Directors shall be responsible to the Board of Directors, shall prepare communications to the Board, and with input from the Executive Committee, shall prepare agenda for meetings of the Board of Directors. The Chairman of the Board of Directors shall be a member of the Executive Committee and shall preside over all meetings of the Board of Directors and of the stockholders. At the request of the President and Chief Executive Officer, the Chairman shall assist him in communications with stockholders, the press and the investment community. The chairman shall exercise and perform such other powers and duties as may, from time to time, be assigned to him by the Board of Directors or prescribed by these by-laws.

Section 6.6 The President. The president shall have general and active management over the business and affairs of the corporation, subject, however, to the powers and authority of the chief executive officer and to the control of the Board of Directors. In the absence or disability of the chief executive officer, the president shall perform the duties of the chief executive officer, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the chief executive officer.

Section 6.7 The Chief Administrative Officer. In the absence or disability of the chief executive officer and the president, the chief administrative officer or any other officer of the corporation designated by the Board of Directors, shall perform the duties of the chief executive officer, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the chief executive officer. The chief administrative officer shall have such powers and perform such other duties as from time to time may be prescribed by the chief executive officer.

Section 6.8 The Senior Vice Presidents. In the absence of the chairman of the board or any executive vice presidents, the senior vice presidents, in order of their rank as fixed by the board of directors, or, if not ranked, the senior vice president designated by the Board of Directors shall perform the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon the president. The senior vice

presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Executive Committee of the Board of Directors.

Section 6.9 The Vice Presidents. The vice presidents shall have such powers and perform such duties as may from time to time be prescribed by the Executive Committee of the Board of Directors.

Section 6.10 The Secretary. The secretary shall keep, or cause to be kept, a book of minutes in written form of the proceedings of the Board of Directors, committees of the board, and stockholders. Such minutes shall include all waivers of notice, consents to the holding of meeting, or approvals of the minutes of meetings executed pursuant to these by-laws or statute. The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent or registrar, a record of its stockholders, giving the names and addresses of all stockholders, and the number and class of shares held by each.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors required by these by-laws or by law to be given, and shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these by-laws.

Section 6.11 The Assistant Secretary. The assistant secretary shall have all the powers and perform all the duties of the secretary in the absence or inability of the secretary to act.

Section 6.12 The Controller. The Controller of the Corporation shall be the general manager of the accounting, tax and internal audit functions of the Corporation and its subsidiaries, subject to the control of the chief financial officer. The controller shall have such other powers and perform such other duties as from time to time may be prescribed by the chief financial officer.

Section 6.13 The Treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all monies and other valuables in the name and to the credit of the Company. The treasurer shall also have such other powers and perform such other duties as may be prescribed by the Executive Committee of the Board of Directors.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS,
OFFICERS, EMPLOYEES AND AGENTS

Section 7.1. Actions, Suits or Proceedings Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; provided however, that the foregoing indemnity shall not be applicable as to any person who is or was or agreed to become an employee or agent of the Corporation (other than employees or agents who are or were also officers or directors of the Corporation), or is or was serving or agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise (other than employees or agents who are or were also officers or directors of any such other corporation, partnership, joint venture, trust or enterprise), unless and until such indemnity is specifically approved by the Board of Directors. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 7.2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection with the defense or settlement of such action or suit and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such costs, charges and expenses which the Court of Chancery or such other court shall deem proper; provided, however, that the foregoing indemnity shall not be applicable as to any person who is or was or agreed to become an employee or agent of the Corporation (other than employees or agents who are or were also officers or directors of the Corporation), or is or was serving or agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise other than employees or agents who are or were also officers or directors of any such other corporation, partnership, joint venture, trust or enterprise), unless and until such indemnity is specifically approved by the Board of Directors.

Section 7.3. Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of this Article, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7.4. Determination of Right to Indemnification. Any indemnification under Sections 7.1 and 7.2 of this Article (unless ordered by a court) shall be paid by the Corporation unless a determination is made (1) by the Board of Directors by a majority vote of the quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders, that indemnification of the director, officer, employee or agent is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Sections 7.1 and 7.2 of this Article.

Section 7.5. Advance of Costs, Charges and Expenses. Costs, charges and expenses (including attorneys' fees incurred by a person referred to in Sections 7.1 and 7.2 of this Article in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; providing, however, that the payment of such costs, charges and expenses incurred by a director or officer in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article. Such costs, charges and expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Board of Directors may, in the manner set forth above, and upon approval of such director, officer, employee or agent of the Corporation, authorize the Corporation's counsel to represent such person, in any action, suit or proceeding, whether or not the Corporation is a party to such action suit or proceeding.

Section 7.6. Procedure for Indemnification. Any indemnification under Sections 7.1., 7.2 or 7.3, or advance of costs, charges and expenses under Section 7.5 of this Article, shall be made promptly, and in any event within 30 days, upon the written request of the director, officer, employee or agent. The right to indemnification or advances as granted by this Article shall be enforceable by the director, officer, employee or agent in any court of competent jurisdiction, if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within 30 days. Such persons; costs and expenses incurred in connection with successfully establishing his

right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 7.5 of this Article where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in Sections 7.1 or 7.2 of this Article, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 7.1 or 7.2 of this Article, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 7.7. Other Rights; Continuation of Right to Indemnification. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any law (common or statutory), agreement, vote of stockholders or disinterested director or otherwise, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification under this Article shall be deemed to be a contract between the Corporation and each director, officer, employee or agent of the Corporation who serves or served in such capacity at any time while this Article is in effect. Any repeal or modification of this Article or any repeal or modification of relevant provisions of the Delaware General Corporation Law or any other applicable laws shall not in any way diminish any rights to indemnification of such director, officer, employee or agent or the obligations of the Corporation arising hereunder.

Section 7.8. Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability

asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire Board of Directors.

Section 7.9. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director, officer, employee and agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE VIII STOCKHOLDERS

Section 8.1. Certificates of Stock. Every holder of shares in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the chairman, the president or a vice president and the secretary or an assistant secretary of the Corporation, or the treasurer or an assistant treasurer, certifying the number of shares owned by him in the Corporation. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 8.2. Lost Certificates. The Board of Directors may direct a new certificate or certificates of stock to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates the Corporation may, in its discretion, and as a condition precedent to the issuance thereof, require the owner of such

lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond (or other adequate security) in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 8.3. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 8.4. Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, unless the Board of Directors fixes a new record date for the adjourned meeting, but the board shall fix a new record date if the meeting is adjourned for more than forty-five days from the date set for the original meeting.

Section 8.5. No Record Date. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business at the day next preceding the day on which notice is given, or, if notice is waived, at the end of business of the day next preceding the day on which the meeting is held. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 8.6. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in

such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE IX
GENERAL PROVISIONS

Section 9.1. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 9.2. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the name of the state of its incorporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X
AMENDMENTS

Section 10.1. Amendments. Subject to the provisions of the Certificate of Incorporation, these by-laws may be altered, amended or repealed at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose) by a vote of not less than 70% of the outstanding stock entitled to vote at such meeting; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Delaware, the certificate of incorporation and these by-laws, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present amend these by-laws, or enact such other by-laws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation.

This SECOND AMENDMENT AGREEMENT, dated as of September 22, 1999 (this "Agreement"), is among ABM INDUSTRIES INCORPORATED, a Delaware corporation (the "Company"), the several financial institutions (collectively, the "Banks"; individually, a "Bank") party to the Credit Agreement, dated as of June 25, 1997, as amended (the "Credit Agreement"), among the Company, the Banks, and BANK OF AMERICA, N.A. (formerly known as BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION), as agent for the Banks (in such capacity, the "Agent").

The parties hereto agree as follows:

Section 1. Definitions. Terms defined in the Credit Agreement, as amended hereby, are used herein with the same meanings unless otherwise specifically defined herein.

Section 2. Amendments to the Credit Agreement. The Credit Agreement is hereby amended to amend and restate in its entirety the definition of "Permitted Stock Repurchases" as follows:

"Permitted Stock Repurchases" means repurchases or redemptions by the Company of its capital stock for fair and reasonable consideration not exceeding in aggregate amount \$35,000,000 with respect to all such repurchases or redemptions made on or after the Closing Date.

Section 3. Effect. Except as specifically set forth herein, this Agreement does not limit, modify, amend, waive, grant any consent with respect to, or otherwise affect (a) any right, power or remedy of the Agent or any Bank under the Credit Agreement or any other Loan Document, (b) any provision of the Credit Agreement or any other Loan Documents all of which shall remain in full force and effect and are hereby ratified and confirmed. This Agreement does not entitle, or imply any consent or agreement to, any further or future modification of, amendment to, waiver of, or consent with respect to any provision of the Credit Agreement or any other Loan Document.

Section 4. Costs. The Company shall pay all fees, costs, and expenses of any kind (including the reasonable fees and disbursements of counsel and allocated costs for in-house legal services and a \$5,000 amendment fee to each Bank upon such Bank's execution and delivery of this Agreement) incurred by the Agent in connection with the negotiation, preparation, and execution of this Agreement and the other documents contemplated hereby.

Section 5. Conditions of Effectiveness. This Agreement shall become effective as of the date hereof when the Agent has received counterparts hereof signed by the Company and the Majority Banks. Promptly upon the occurrence thereof, the Agent shall notify the Company and the Banks of the effectiveness of this Agreement, and such notice shall be conclusive and binding as to the occurrence thereof on all parties hereto.

Section 6. Representations and Warranties. The Company represents and warrants to the Agent and each Bank that:

(a) The execution, delivery and performance by the Company of this Agreement are within the Company's corporate powers, have been duly authorized by all necessary corporate action, and require no action by or in respect of, or filing with, any governmental body, agency or official, and the execution, delivery and performance by the Company of this Agreement do not contravene, or constitute a default under, any provision of applicable law or regulations or of the certificate or articles of incorporation or the by-laws of the Company or any of its Subsidiaries, or any other material agreement, judgment, injunction, order, decree or other instrument binding upon the Company or any of its Subsidiaries or any assets of the Company or any of its Subsidiaries.

(b) This Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, except as enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter in effect relating to creditors' rights, and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(c) After giving effect to this Agreement, no Event of Default or Default has occurred and is continuing, and after giving effect to this Agreement, the representations and warranties of the Company contained in the Credit Agreement and the other Loan Documents delivered pursuant thereto are true and correct in all material respects as of the date hereof as if made on the date hereof (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date).

Section 7. Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original with the same effect as if all the signatures were on the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of the signature page to this Agreement by telecopier shall thereafter promptly deliver a manually executed counterpart of this Agreement, but the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

Section 8 Governing Law and Jurisdiction; Waiver of Jury Trial. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA AND IS SUBJECT TO THE PROVISIONS OF SECTIONS 11.15 AND 11.16 OF THE CREDIT AGREEMENT, RELATING TO GOVERNING LAW AND JURISDICTION AND WAIVER OF JURY TRIAL, THE PROVISIONS OF WHICH ARE BY THIS REFERENCE HEREBY INCORPORATED HEREIN IN FULL.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in San Francisco, California, by their proper and duly authorized officers as of the day and year first above written.

COMPANY: ABM INDUSTRIES INCORPORATED

By: /s/ Douglas B. Bowlus

Title: Vice President and Treasurer

AGENT BANK: BANK OF AMERICA, N.A. (formerly known as BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION), as Agent Bank

By: /s/ Christine Cordi

Title: Vice President

BANKS: BANK OF AMERICA, N.A. (formerly known as BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION), as a Bank and as Issuing Bank

By: /s/ Henry Rogers

Title: Senior Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Mary K. Young

Title: Assistant Vice President

UNITED STATES NATIONAL BANK OF OREGON

By: /s/ Aaron J. Gordon

Title: Vice President

ABM INDUSTRIES INCORPORATED
AMENDMENT NO. 1 TO THE
1987 INCENTIVE STOCK OPTION PLAN

ABM INDUSTRIES INCORPORATED, having established the 1987 Incentive Stock Option Plan (the "Plan"), hereby amends the Plan effective as of December 19, 1995 as follows:

The second sentence of section 4 of Article I of the Plan is amended to read as follows:

The aggregate number of shares which may be issued under the Plan shall not exceed 2,100,000 shares of Common Stock, unless an adjustment is required in accordance with Article III.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 1 on the date indicated below.

ABM INDUSTRIES INCORPORATED

By: /s/ LORRAINE P. O'HARA

Title: Assistant Secretary

Dated: March 19, 1996

AMENDMENT NO. 2 TO THE
ABM INDUSTRIES INCORPORATED
1987 INCENTIVE STOCK OPTION PLAN
(DECEMBER 19, 1994 RESTATEMENT)

ABM INDUSTRIES INCORPORATED, having established the 1987 Incentive Stock Option Plan (December 19, 1994 Restatement) (the "Plan"), hereby amends the Plan, effective as of March 30, 1999 as follows:

The name of the Plan shall be "Time Vested" Incentive Stock Option Plan.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 2 on the date indicated below.

ABM INDUSTRIES INCORPORATED

BY: /s/ LORRAINE P. O'HARA

TITLE: Assistant Secretary

DATED: March 30, 1999

ABM INDUSTRIES INCORPORATED

AMENDMENT NO. 3 TO THE

"TIME-VESTED" INCENTIVE STOCK OPTION PLAN

ABM INDUSTRIES INCORPORATED, having established the "Time-Vested" Incentive Stock Option Plan effective on March 17, 1987, as amended (the "Plan"), hereby amends the Plan, as of April 19, 1999 as follows:

Subsection 4(E) of Article II of the Plan is amended by adding a final sentence to the end of the second paragraph thereof to read as follows:

Notwithstanding any inconsistent or contrary Plan provisions, in the event an optionee who is at least age 64 dies while in the service of the Company or of a subsidiary, all unvested options granted after April 19, 1999 shall immediately vest and become fully exercisable as of the date of such death.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 3 on the date indicated below.

ABM INDUSTRIES INCORPORATED

BY: /s/ LORRAINE P. O'HARA

TITLE: Assistant Secretary

DATED: October 13, 1999

AMENDMENT NO. 4 TO THE
ABM INDUSTRIES INCORPORATED
"TIME-VESTED" INCENTIVE STOCK OPTION PLAN
(December 19, 1994 Restatement)

ABM INDUSTRIES INCORPORATED, having established the ABM Industries Incorporated "Time-Vested" Incentive Stock Option Plan (December 19, 1994 Restatement) (the "Plan"), hereby amends the Plan, effective as of September 22, 1999 as follows:

1. The second paragraph of Article III of the Plan is amended and restated in its entirety to read as follows:

If the Company shall be the surviving corporation in any merger or consolidation, each outstanding option shall pertain to and apply to the securities to which a holder of the same number of shares of Common Stock that are subject to that option would have been entitled (unless the Committee determines the provisions of the following sentences are applicable to such merger or consolidation). A Change in Control of the Company (as defined below) shall cause each outstanding option to terminate, provided that each optionee in the event of a Change in Control which will cause his option to terminate shall have the right immediately prior to such Change in Control to exercise his option in whole or in part, subject to every limitation on the exercisability of such option other than any vesting provisions. For purposes hereof, a "Change in Control" means:

(1) the acquisition (other than by ABM or by an employee benefit plan or related trust sponsored or maintained by ABM), directly or indirectly, in one or more transactions, by any person or by any group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 or any comparable successor provisions (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of twenty-five percent or more of either the outstanding shares of common stock or the combined voting power of ABM's outstanding voting securities entitled to vote generally, if the acquisition was not previously approved by the existing directors;

(2) the acquisition (other than by ABM or by an employee benefit plan or related trust sponsored or maintained by ABM), directly or indirectly, in one or more transactions, by any such person or by any group of persons of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of fifty percent or more of either the outstanding shares of common stock or the combined voting power of ABM's outstanding voting securities entitled to vote generally, whether or not the acquisition was approved by the existing directors, other than an acquisition that complies with clause (i) and (ii) of paragraph (3);

(3) consummation of a reorganization, merger or consolidation of ABM or the sale or other disposition of all or substantially all of ABM's assets unless, immediately following such event, (i) all or substantially all of the stockholders of ABM immediately prior to such event own, directly or indirectly, seventy-five percent or more of the then outstanding voting securities entitled to vote generally of the resulting corporation (including without limitation, a corporation which as a result of such event owns ABM or all or substantially all of ABM's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership of ABM's outstanding voting securities entitled to vote generally immediately prior to such event and (ii) the securities of the surviving or resulting corporation received or retained by the stockholders of ABM is publicly traded;

(4) approval by the stockholders of the complete liquidation or dissolution of ABM; or

(5) a greater than one-third change in the composition of the Board of Directors within 24 months if not approved by a majority of the pre-existing directors.

provided that, with respect of options that are outstanding as of September 22, 1999 the following shall also apply;

A dissolution or liquidation of the Company, a merger or consolidation in which the Company is not the surviving corporation or a "change in control" of the Company (as defined below) (each a "Terminating Transaction"), shall cause each outstanding option to terminate, unless the agreement of merger or consolidation or any agreement relating to a dissolution, liquidation or change in control shall otherwise provide, provided that each optionee in the event of a Terminating Transaction which will cause his option to terminate shall have the right immediately prior to such Terminating Transaction to exercise his option in whole or in part, subject to every limitation on the exercisability of such option other than any vesting provisions. For purposes of this proviso only, a "change of control" shall be deemed to have occurred when (i) a person or group or persons acquires fifty percent (50%) or more of the Company's voting securities, and (ii) the Board of Directors of the company or the Committee shall have determined that such a "change of control," as established by the Board or Committee, has been satisfied.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 2 on the date indicated below.

ABM INDUSTRIES INCORPORATED

Dated: 9/22/99

By /s/ LORRAINE H. O'HARA

Title: Assistant Secretary

ABM INDUSTRIES INCORPORATED
AMENDMENT NO. 1 TO THE
1984 EXECUTIVE STOCK OPTION PLAN

ABM INDUSTRIES INCORPORATED, having established the 1984 Executive Stock Option Plan (the "Plan"), hereby amends the Plan effective as of December 19, 1995 as follows:

Section 5.1 of Article V of the Plan is amended to read as follows:

Subject to adjustment pursuant to the provisions of Section 5.3 hereof, the number of shares of stock which may be issued and sold hereunder shall not exceed eight hundred forty thousand (840,000) shares. Such shares may be authorized and unissued shares or shares issued and thereafter acquired by the Company.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 1 on the date indicated below.

ABM INDUSTRIES INCORPORATED

BY: /s/ LORRAINE P. O'HARA

TITLE: Assistant Secretary

DATED: March 30, 1996

ABM INDUSTRIES INCORPORATED
 AMENDMENT NO. 2 TO THE
 1984 EXECUTIVE STOCK OPTION PLAN
 (DECEMBER 1994 RESTATEMENT)

ABM INDUSTRIES INCORPORATED, having established the 1984 Executive Stock Option Plan (the "Plan"), hereby amends the Plan effective as of March 30, 1999 as follows:

The name of the Plan shall be "Age-Vested" Career Stock Option Plan

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 2 on the date indicated below.

ABM INDUSTRIES INCORPORATED

BY: /s/ LORRAINE P. O'HARA

TITLE: Assistant Secretary

DATED: March 30, 1999

AMENDMENT NO. 3 TO THE
ABM INDUSTRIES INCORPORATED
"AGE-VESTED" CAREER STOCK OPTION PLAN
(DECEMBER 19, 1995 RESTATEMENT)

ABM INDUSTRIES INCORPORATED, having established the ABM Industries Incorporated "Age-Vested" Career Stock Option Plan (December 19, 1995 Restatement) (the "Plan"), hereby amends the Plan, effective as of September 22, 1999 as follows:

1. Section 5.3(c) of the Plan is amended and restated in its entirety to read as follows:

5.3(c) In the event of a Change in Control, each outstanding Option granted hereunder shall terminate, but the Optionee shall have the right, immediately prior to such Change in Control, to exercise his Option in whole or in part, without regard to any time of exercise provision. "Change in Control" means:

(i) the acquisition (other than by ABM or by an employee benefit plan or related trust sponsored or maintained by ABM), directly or indirectly, in one or more transactions, by any person or by any group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 or any comparable successor provisions (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of twenty-five percent or more of either the outstanding shares of common stock or the combined voting power of ABM's outstanding voting securities entitled to vote generally, if the acquisition was not previously approved by the existing directors;

(ii) the acquisition (other than by ABM or by an employee benefit plan or related trust sponsored or maintained by ABM), directly or indirectly, in one or more transactions, by any such person or by any group of persons of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of fifty percent or more of either the outstanding shares of common stock or the combined voting power of ABM's outstanding voting securities entitled to vote generally, whether or not the acquisition was approved by the existing directors, other than an acquisition that complies with clause (x) and (y) of paragraph (iii);

(iii) consummation of a reorganization, merger or consolidation of ABM or the sale or other disposition of all or substantially all of ABM's assets unless, immediately following such event, (x) all or substantially all of the stockholders of ABM immediately prior to such event own, directly or indirectly, seventy-five percent or more of the then outstanding voting securities entitled to vote generally of the resulting corporation (including without limitation, a corporation which as a

result of such event owns ABM or all or substantially all of ABM's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership of ABM's outstanding voting securities entitled to vote generally immediately prior to such event and (y) the securities of the surviving or resulting corporation received or retained by the stockholders of ABM is publicly traded;

(iv) approval by the stockholders of the complete liquidation or dissolution of ABM; or

(v) a greater than one-third change in the composition of the Board of Directors within 24 months if not approved by a majority of the pre-existing directors.

provided that, in respect of options outstanding as of September 22, 1999 "Change of Control" also means any dissolution or liquidation of the Company or any merger or combination in which the Company is not a surviving corporation.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. _____ on the date indicated below.

ABM INDUSTRIES INCORPORATED

Dated: 9/22/99

By /s/ LORRAINE P. O'HARA

Title: Assistant Secretary

ABM INDUSTRIES INCORPORATED
 AMENDMENT NO. 1 TO THE
 LONG-TERM SENIOR EXECUTIVE INCENTIVE STOCK OPTION PLAN
 ADOPTED DECEMBER 1996

ABM INDUSTRIES INCORPORATED, having established the Long-Term Senior Executive Incentive Stock Option Plan (the "Plan") hereby amends the Plan effective as of March 30, 1999 as follows:

The name of the Plan shall be "Price-Vested" Performance Stock Option Plan

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 1 on the date indicated below.

ABM INDUSTRIES INCORPORATED

By: /s/ LORRAINE P. O'HARA

TITLE: Assistant Secretary

DATED: 3/30/99

ABM INDUSTRIES INCORPORATED

AMENDMENT NO. 2 TO THE

"PRICE-VESTED" PERFORMANCE STOCK OPTION PLAN

ABM INDUSTRIES INCORPORATED, having established the "Price-Vested" Performance Stock Option Plan (the "Plan") on December 17, 1996, hereby amends the Plan, effective as of April 19, 1999 as follows:

The Plan is amended by adding a final sentence to Subsection 5.d to read as follows:

Notwithstanding any inconsistent or contrary provision of the Plan, in the event an Optionee who is at least age 64 dies while in the service of the Company or of a subsidiary of the Company, the then unvested portion of such Optionee's Stock Options granted after April 19, 1999 shall immediately vest and become fully exercisable as of the date of such death.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 2 on the date indicated below.

ABM INDUSTRIES INCORPORATED

BY: /s/ LORRAINE P. O'HARA

TITLE: Assistant Secretary

DATED: October 13, 1999

EXHIBIT C

AMENDMENT NO. 3 TO THE
ABM INDUSTRIES INCORPORATED
"PRICE-VESTED" PERFORMANCE
STOCK OPTION PLAN

ABM INDUSTRIES INCORPORATED, having established the ABM Industries Incorporated "Price-Vested" Performance Stock Option Plan (the "Plan") effective as of December 17, 1996, hereby amends the Plan, effective as of September 22, 1999 as follows:

1. Section 6.b. of the Plan is amended to insert the following after the sentence that reads, "For purposes of the Plan, a "Change of Control" shall mean the happening of any of the following events:"

(i) the acquisition (other than by ABM or by an employee benefit plan or related trust sponsored or maintained by ABM), directly or indirectly, in one or more transactions, by any person or by any group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 or any comparable successor provisions (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of twenty-five percent or more of either the outstanding shares of common stock or the combined voting power of ABM's outstanding voting securities entitled to vote generally, if the acquisition was not previously approved by the existing directors;

(ii) the acquisition (other than by ABM or by an employee benefit plan or related trust sponsored or maintained by ABM), directly or indirectly, in one or more transactions, by any such person or by any group of persons of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of fifty percent or more of either the outstanding shares of common stock or the combined voting power of ABM's outstanding voting securities entitled to vote generally, whether or not the acquisition was approved by the existing directors, other than an acquisition that complies with clause (x) and (y) of paragraph (iii);

(iii) consummation of a reorganization, merger or consolidation of ABM or the sale or other disposition of all or substantially all of ABM's assets unless immediately following such event, (x) all or substantially all of the stockholders of ABM immediately prior to such event own, directly or indirectly, seventy-five percent or more of the then outstanding voting securities entitled to vote generally of the resulting corporation (including without limitation, a corporation which as a result of such event owns ABM or all or substantially all of ABM's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership of ABM's outstanding voting securities entitled to vote generally immediately prior to such event and (y) the securities of the surviving or

resulting corporation received or retained by the stockholders of ABM is publicly traded;

(iv) approval by the stockholders of the complete liquidation or dissolution of ABM; or

(v) a greater than one-third change in the composition of the Board of Directors within 24 months if not approved by a majority of the pre-existing directors.

provided that, in respect of options outstanding as of September 22, 1999, a "Change of Control" shall also mean the happening at any of the following events:

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED, by its duly authorized officer, has executed this Amendment No. 2 on the date indicated below.

ABM INDUSTRIES INCORPORATED

Dated: 9/22/99

By: /s/ LORRAINE P. O'HARA

Title: Assistant Secretary

January 10, 2000

Henrik Slipsager
Executive Vice President
ABM Industries Incorporated
551 Fifth Avenue
Suite 300
New York, New York 10176

Re: Fourth Amendment ("Amendment") of Division Executive Employment Agreement ("Agreement")

Dear Henrik:

Your employment Agreement, which was previously amended effective March 17, 1998 is hereby modified as follows:

PARAGRAPH B. TITLE shall be amended in its entirety to read:

"Executive's title shall be President of Company and of the Janitorial Division of Company and Executive Vice President of ABM Industries Incorporated, Company's parent Corporation ("ABM")."

PARAGRAPH C. DUTIES and RESPONSIBILITIES shall be amended in its entirety to read:

"Executive shall report to and be accountable to and shall be expected to assume and perform such executive or managerial duties and responsibilities as are assigned to Executive from time-to-time by the Chairman of the Board of Company (with regard to Company matters) and by the President of ABM (with regard to ABM matters) or their respective designees or successors."

PARAGRAPH X.1(a) SALARY shall be amended in its entirety to read:

"Effective November 1, 1999 until October 31, 2000 at the annual rate of Four Hundred One Thousand Three Hundred Twenty Two Dollars (\$401,322.00) payable at the monthly rate of \$33,443.50."

Mr. Henrik Slipsager
January 10, 2000
Page Two

PARAGRAPH X.5(a) BONUS shall be amended in its entirety to read:

"Such Bonus for each Fiscal Year shall be 0.3132% of the Janitorial Division's Bonus Profit plus 1.2500% of the Supply Division's Bonus Profit."

The effective date of this Amendment shall be November 1, 1999.

In all other respects, the Agreement, as previously amended, shall remain unchanged.

Please sign all three (3) originals of this Amendment and return two (2) to me.

Sincerely,

/s/ Harry H. Kahn
Harry H. Kahn

I agree to the foregoing:

/s/ Henrik Slipsager

Henrik Slipsager (Executive)

/s/ W.W. Steele

W.W. Steele (Company)

Subsidiaries of Registrant
as of 10/31/99

| Name ----- | State of Incorporation ----- | Percentage of Voting Securities Owned by Immediate Parent ----- |
|---|------------------------------------|---|
| ABM Industries Incorporated | Delaware | Registrant |
| (*) ABM Engineering Services Company | California | 100% |
| ABM Family of Services | California | 100% |
| ABM Janitorial Services - Northern California | California | 100% |
| ABM Janitorial Services - Southern California + | California | 100% |
| ABM Janitorial Services Co., Ltd. | British Columbia | 100% |
| American Building Maintenance Co. of Boston + | California | 100% |
| American Building Maintenance Co. of Georgia | California | 100% |
| American Building Maintenance Co. of Kentucky | California | 100% |
| American Building Maintenance Co. of Illinois | California | 100% |
| American Building Maintenance Co. of New York | California | 100% |
| American Building Service Company + | California | 100% |
| American Building Maintenance Co. of Utah + | California | 100% |
| American Building Maintenance Co. - West | California | 100% |
| Canadian Building Maintenance Co., Ltd. | British Columbia | 100% |
| Supreme Building Maintenance, Ltd. | British Columbia | 100% |
| Commercial Property Services, Inc. | California | 100% |
| Bonded Maintenance Company | Texas | 100% |
| Servall Services Inc. | Texas | 100% |
| American Building Maintenance Co. | California | 100% |
| American Public Services | California | 100% |
| Easterday Janitorial Supply Company | California | 100% |
| American Security and Investigative Services, Inc. | California | 100% |
| ABMI Investigative Services + | California | 100% |
| ABMI Security Services, Inc. | California | 100% |
| American Commercial Security Services, Inc. | California | 100% |
| Amtech Lighting Services of the Northeast. | California | 100% |
| ABM Facility Services Company | California | 100% |
| Amtech Energy Services | California | 100% |
| Amtech Lighting Services | California | 100% |
| Amtech Lighting Services of Illinois | California | 100% |
| CommAir Mechanical Services | California | 100% |
| Amtech Elevator Services | California | 100% |
| Amtech Reliable Elevator Company of Texas + | Texas | 100% |
| ABM Engineering Services Company | California | 100% |
| Bradford Building Services, Inc. | California | 100% |
| Commercial Air Conditioning of Northern California, Inc. + | California | 100% |
| Accurate Janitor Service, Inc. + | California | 100% |
| Ampco System Parking | California | 100% |
| Beehive Parking, Inc. | Utah | 100% |
| System Parking, Inc. | California | 100% |
| Towel and Linen Service, Inc. + | California | 100% |

(*) Subsidiary relationship to registrant or to subsidiary parents shown by progressive indentation.

+ Inactive companies.

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors
 ABM Industries Incorporated:

We consent to incorporation by reference in the following Registration Statements on Form S-8 of ABM Industries Incorporated of our report dated December 13, 1999, relating to the consolidated balance sheets of ABM Industries Incorporated and subsidiaries as of October 31, 1998 and 1999, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended October 31, 1999, and related financial statement schedule II, which report appears in the October 31, 1999, annual report on Form 10-K of ABM Industries Incorporated.

| Registration No. | Form | Plan |
|------------------|------|--|
| ----- | ---- | ----- |
| 2-86666 | S-8 | "Age-Vested" Career Stock Option Plan |
| 333-78425 | S-8 | 1985 Employee Stock Purchase Plan |
| 33-14269 | S-8 | "Time-Vested" Incentive Stock Option Plan |
| 333-48857 | S-8 | "Price-Vested" Performance Stock Option Plan |

/s/ KPMG LLP

 KPMG LLP

San Francisco, California
 January 28, 2000

YEAR
OCT-31-1999
OCT-31-1999
2,139
0
305,086
7,490
23,296
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93,445
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