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

FORM 10 Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JANUARY 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	94-1369354
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

160 PACIFIC AVENUE SUITE 222, SAN FRANCISCO, CALIFORNIA 94111

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 415/733-4000

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 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 [ ]

Number of shares of Common Stock outstanding as of March 11, 1999: 21,924,841

ABM INDUSTRIES INCORPORATED
FORM 10-Q
FOR THE THREE MONTHS ENDED JANUARY 31, 1999
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ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

	OCTOBER 31, 1998	JANUARY 31, 1999
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,844	$ 6,359
Accounts receivable, net	260,549	265,570
Inventories	22,965	22,144
Deferred income taxes	10,505	12,384
Prepaid expenses and other current assets	28,445	29,429
Total current assets	324,308	335,886
INVESTMENTS AND LONG-TERM RECEIVABLES	12,405	11,777
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land and buildings	4,802	4,620
Transportation equipment	11,633	11,991
Machinery and other equipment	51,528	54,173
Leasehold improvements	13,096	13,630
	81,059	84,414
Less accumulated depreciation and amortization	53,752	55,972
Property, plant and equipment, net	27,307	28,442
INTANGIBLE ASSETS - NET	102,776	102,426
DEFERRED INCOME TAXES	27,509	28,385
OTHER ASSETS	7,058	7,071
	$501,363	$513,987

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ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

	OCTOBER 31, 1998	JANUARY 31, 1999
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 865	$ 867
Bank overdraft	2,475	--
Trade accounts payable	34,992	38,992
Income taxes payable	5,527	12,540
Accrued Liabilities:		
Compensation	40,914	37,032
Taxes - other than income	15,887	17,287
Insurance claims	29,254	29,617
Other	27,910	31,585
Total current liabilities	157,824	167,920
Long-Term Debt (less current portion)	33,720	25,695
Retirement plans	15,974	16,984
Insurance claims	49,911	50,568
Total Liabilities	257,429	261,167
SERIES B 8% SENIOR REDEEMABLE CUMULATIVE PREFERRED STOCK	6,400	6,400
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value, 500,000 shares authorized; none issued	_	_
Common stock, $.01 par value, 28,000,000 shares authorized; 21,601,000 and 21,833,000 shares issued and outstanding at October 31, 1998 and January 31, 1999, respectively	216	218
Additional capital	79,904	85,005
Retained earnings	157,414	161,197
Total stockholders' equity	237,534	246,420
	$501,363	$513,987

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

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JANUARY 31, 1998 AND 1999
(In thousands except per share amounts)

	1998	1999
REVENUES AND OTHER INCOME	$358,747	$391,831
EXPENSES:		
Operating expenses and cost of goods sold	312,494	341,676
Selling, general and administrative	35,627	37,789
Interest	823	554
Total expenses	348,944	380,019
INCOME BEFORE INCOME TAXES	9,803	11,812
INCOME TAXES	4,068	4,843
NET INCOME	$ 5,735	$ 6,969
NET INCOME PER COMMON SHARE		
Basic	$ 0.27	$ 0.32
Diluted	$ 0.25	$ 0.29
AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	20,641	21,717
Diluted	22,883	23,732
DIVIDENDS PER COMMON SHARE	$ 0.12	$ 0.14

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

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JANUARY 31, 1998 AND 1999
(In thousands)

	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 343,043	$ 385,472
Other operating cash receipts	255	668
Interest received	235	197
Cash paid to suppliers and employees	(337,954)	(366,978)
Interest paid	(591)	(538)
Income taxes paid	(1,573)	(585)
Net cash provided by operating activities	3,415	18,236
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(2,440)	(4,259)
Proceeds from sale of assets	29	492
Decrease (increase) in investments and long-term receivable	(585)	628
Intangible assets acquired	(1,048)	(537)
Net cash used in investing activities	(4,044)	(3,676)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued	3,016	3,639
Dividends paid	(2,617)	(3,186)
Increase (decrease) in cash overdraft	(1,831)	(2,475)
Increase (decrease) in notes payable	(22)	2
Long-term borrowings	30,049	4,005
Repayments of long-term borrowings	(27,993)	(12,030)
Net cash provided by (used in) financing activities	602	(10,045)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27)	4,515
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	1,783	1,844
CASH AND CASH EQUIVALENTS END OF PERIOD	$ 1,756	$ 6,359

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JANUARY 31, 1998 AND 1999
(In thousands)

	1998	1999
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	$ 5,735	$ 6,969
Adjustments:		
Depreciation and amortization	4,793	4,986
Provision for bad debts	737	588
Gain on sale of assets	(8)	(3)
Deferred income taxes	(846)	(2,755)
Increase in accounts receivable	(14,344)	(5,609)
Decrease (increase) in inventories	(375)	821
Increase in prepaid expenses and other current assets	(1,342)	(984)
Decrease (increase) in other assets	999	(13)
Increase in income taxes payable	3,341	7,013
Increase in retirement plans accrual	1,268	1,010
Increase (decrease) in insurance claims liability	(942)	1,020
Increase in accounts payable and other accrued liabilities	4,399	5,193
Total Adjustments to net income	(2,320)	11,267
Net Cash Provided by Operating Activities	$ 3,415	$ 18,236

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

ABM INDUSTRIES INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all material adjustments which are necessary to present fairly the Company's financial position as of January 31, 1999, and the results of operations and cash flows for the three months then ended. These adjustments are of a normal, recurring nature.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10-K filed for the fiscal year ended October 31, 1998 with the Securities and Exchange Commission.

2. 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.

	Three months Ended January 31, 1998	Three months Ended January 31, 1999
Net Income	$ 5,735,000	$ 6,969,000
Preferred Stock Dividends	(128,000)	(128,000)
	$ 5,607,000	$ 6,841,000
Common shares outstanding - basic	20,641,000	21,717,000
Effect of dilutive securities:		
Stock options	2,043,000	1,869,000
Other	199,000	146,000
Common shares outstanding - diluted	22,883,000	23,732,000

For 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. For the three months ended January 31, 1999, options to purchase approximately 306,000 shares of common stock at an average price of $36.67 were excluded from the computation. For the three months ended January 31, 1998, no options were excluded from the computation of diluted net income per common share since the average fair market value of the Company's common stock for the period exceeded the exercise price of all outstanding stock options.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

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, expiring July 1, 2002. Effective November 1, 1997, the agreement was amended to increase the amount available to $150 million. At the Company's option, the credit facility provides interest at the prime rate or IBOR+.35%. As of January 31, 1999, the total amount outstanding was approximately $93 million, which was comprised of loans in the amount of $22 million and standby letters of credit of $71 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 February 1996, the Company entered into a loan agreement with a major U.S. bank that provides a seven-year term loan of $5 million. 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 borrowings for the quarter ended January 31, 1999 was 6.34%.

At January 31, 1999, working capital was $168.0 million, as compared to $166.5 million at October 31, 1998.

EFFECT OF INFLATION

The low rates of inflation experienced in recent years 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 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 affect on the Company's financial position 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 use two digits rather than four digits to define the applicable year. As a result, there is a potential that existing computer programs and hardware will be unable to accurately process dates beyond the year 1999. This could result in system errors or failures that could impact both administration and operations. In mid-1997, the Company established a dedicated Project Team that has initiated a Company-wide effort to mitigate the Year 2000 Issue. The Project Team has developed a detailed plan for becoming Year 2000 compliant that consists of the following seven phases: awareness, inventory, risk assessment, remediation, testing, implementation, and certification. The Year 2000 Issue encompasses both information technology ("IT") related systems, such as the Company's accounting software, and non-IT related systems such as the impact to the Company due to the non-compliance of major vendors or customers.

The Company is striving to make all levels of management within the Company cognizant of the Year 2000 Issue via quarterly newsletters. This newsletter provides Year 2000 progress updates to management, who are then able to communicate with customers, vendors, and other third parties. Additionally, the Year 2000 Project Team maintains a discussion database that is available to managers within the Company for their review and input.

The Project Team has completed a Company-wide inventory of all office equipment, software, hardware, and any product, equipment, service or system that could be impacted by the Year 2000 Issue. This inventory has provided a basis for identifying and prioritizing risk associated with the equipment, hardware, software, and services that the Company utilizes. The Project Team has attempted to assess all relevant issues and has developed a process to assess all new products and services introduced subsequent to the initial inventory. The certification of all office equipment and products is approximately 70 percent complete, and is anticipated to be finished by April 1999.

The Project Team is in testing phases for its core application programs. All proprietary software, such as its accounting programs, service dispatch systems, and labor control systems, has been fully remediated and is now being tested. Mission-critical proprietary applications, such as the accounting and payroll programs, have also been tested and certified to be Year 2000 compliant by an outside vendor using a second generation code inspection tool. All mission-critical applications are now in beta production and will be completed by July 1999.

Six Divisions use the Company's proprietary accounting software, which is internally maintained. The Elevator, Lighting and Mechanical Divisions use software purchased from outside vendors. The financial software used by the Elevator Division has been tested and reviewed by the Company and outside consultants. The Supply Division's inventory control system and the Lighting Division's financial applications are currently being tested for compliance. The Mechanical Division will be replacing its accounting and dispatching software with a Year 2000 compliant system.

The Project Team has identified vendors that represent 80 percent of the Company's total purchases, and in October 1998, began surveying these vendors to identify their plans to address the Year 2000 Issue. This process is expected to be complete by March 1999. All vendors with mission-critical IT-related products or services are being tested as mentioned above. The Company is amending its vendor selection process, as needed, to minimize potential vendor-related Year 2000 risks.

The Company has remediated and is testing Company-owned equipment and software that could have an impact on operations, and indirectly the

Company's customers. The Company believes that appropriate steps are being taken to minimize potential risk to its customers; however, there is a concern that customer-owned equipment may not be Year 2000 compliant, which will adversely impact the Company's operational performance. Additionally, there may be a possible misconception among some customers that ABM is responsible for all Year 2000 Issues. The Company plans to inform all customers in writing of the responsibility that the Company is taking with regard to the Year 2000 Issue. There can be no assurance that the systems of other companies on which the Company relies will be Year 2000 compliant, or that the failure of such systems to be Year 2000 compliant will not have a material adverse effect on the Company's business, financial condition and results of operations.

Based upon assumptions and forecasts of management at this time, the Company estimates the cost of becoming Year 2000 compliant to be approximately $3.0 million, funded by operating cash flows. The Company believes it is making the necessary modifications and changes to mitigate the Year 2000 Issue. However, there can be no assurance that all the Company's systems will be Year 2000 compliant, that the costs to be Year 2000 compliant will not exceed management's current expectations, or that the failure of such systems to be Year 2000 compliant will not have a material adverse effect on the Company's business, financial condition and results of operations. The Company is establishing contingency plans for all its major IT systems, field office locations, and largest accounts, in case of unexpected Year 2000 failures. As part of its contingency plans, the Company intends to prepare process manuals that will document the necessary procedures in the event of IT-related failures, such as hardware or software applications, as well as non-IT failures. These procedures will be tested to be certain that the procedures are viable alternatives in the case of a Year 2000 disruption. These manuals will be distributed to all offices of the Company for its coordinated preparation for Year 2000.

ACQUISITIONS

The operating results of businesses acquired have been included in the accompanying condensed consolidated financial statements from their respective dates of acquisition.

Effective March 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 the time of the closing plus annual contingent payments based on operating profits to be made over five years.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements of the Company. All information in the discussion and references to the years and quarters are based on the Company's fiscal year and first quarter which end on October 31 and January 31, respectively.

THREE MONTHS ENDED JANUARY 31, 1999 VS. THREE MONTHS ENDED JANUARY 31, 1998

Revenues and other income (hereafter called revenues) for the first quarter of 1999 were $391.8 million compared to $358.7 million in 1998, a 9.2% increase over the same quarter of the prior year. Much of this growth was attributable to new business and price increases, particularly by the Janitorial and Engineering Divisions, as well as acquisitions during 1998. For the quarter ended January 31, 1999, the increase in revenues relating to acquisitions made during 1998 was approximately $3.2 million, approximately 10% of the total revenue increase of $33.1 million.

As a percentage of revenues, operating expenses and cost of goods sold were 87.2% for the first quarter of 1999, compared to 87.1% in 1998. Consequently, as a percentage of revenues, the Company's gross profit (revenue minus operating expenses and cost of goods sold) of 12.8% in the first quarter of 1999 was lower than the gross profit of 12.9% for the first quarter of 1998. The gross profit percentage declined mostly due to higher labor and related costs. The Company anticipates these costs to be gradually recovered through future price increases.

Selling, general and administrative expenses for the first quarter of 1999 were $37.8 million compared to $35.6 million for the corresponding three months of 1998. As a percentage of revenues, selling, general and administrative expenses decreased to 9.6% for the three months ended January 31, 1999, from 9.9% for the same period in 1998, primarily as a result of certain fixed and variable costs not increasing at the same rate as revenues. The $2.2 million increase in selling, general and administrative expenses for the three months ended January 31, 1999, compared to the same period in 1998, is primarily due to expenses related to growth, including the amortization of goodwill, and expenses associated with acquisitions.

Interest expense was $554,000 for the first quarter of 1999 compared to $823,000 for the same period in 1998, a decrease of $269,000. This decrease was primarily due to lower weighted average borrowings during the first quarter of 1999.

The pre-tax income for the first quarter of 1999 was $11,812,000 compared to $9,803,000, an increase of 20.5% over the same quarter of 1998. Most of the Company's Divisions reported profit percentage increases higher than the corresponding revenue increases and are discussed below.

The estimated effective income tax rate for the first quarter of 1999 was 41.0%, compared to 41.5% in the first quarter of 1998. The lower tax rate was for the most part attributable to an increase in various federal and state estimated tax credits.

Net income for the first quarter of 1999 was $7.0 million, an increase of 22% compared to the net income of $5.7 million for the first quarter of 1998. Diluted net income per common share rose 16.0% to 29 cents for the first quarter of 1999 compared to 25 cents for the same period in 1998. The increase in diluted net income per share was not proportional to the increase in net income due to a 3.7% increase in diluted shares outstanding.

The results of operations from the Company's three industry segments and its nine operating divisions for the three months ended January 31, 1999, as compared to the three months ended January 31, 1998, are more fully described below:

The Janitorial Divisions segment, which includes American Building Maintenance (also known as ABM Janitorial Services) and Easterday Janitorial Supply, reported revenues for the first quarter of 1999 of $233.4 million, an increase of approximately $20.3 million, or 9.5%, over the first quarter of 1998. This segment's operating profits (revenues minus expenses, excluding interest and corporate allocations) increased by 19.2% over the comparable quarter of 1998. This is the Company's largest segment and accounted for approximately 60% of the Company's total revenues for the current quarter. American Building Maintenance revenues increased by 10.0% during the first quarter of 1999 as compared to the same quarter of 1998 as a result of increased business nationwide but particularly in the Mid-Atlantic, Southwest and Texas regions. This Division's operating profits increased 19.9% when compared to the same period last year. The increase in operating profits is principally due to increased revenues. Operating profits increased at a higher rate than revenues due primarily to slightly lower labor and labor related costs, as well as administrative expense. Easterday Janitorial Supply's 1999 first quarter revenues decreased by approximately 4.1% compared to the same quarter in 1998. The relatively small decrease was generally due to weak sales in the Portland, and San Francisco markets. Operating profits remained flat in the first quarter of 1999, compared to the same quarter of 1998. Vendor rebates and slightly higher profit margins offset the effect of lower revenues.

Revenues of the Public Service Divisions segment, which includes American Commercial Security Services (also known as "ACSS" and "ABM

Security Services"), Ampco System Parking (also known as "Ampco System Airport Parking" and "Ampco Express Airport Parking"), and ABM Facility Services, for the first quarter of 1999 were approximately $65.4 million, a 5.8% increase over the same quarter of 1998. Public Service Divisions accounted for approximately 17% of the Company's revenues for the quarter. The operating profits of this segment increased 12.7% in the first quarter of 1999, primarily due to the Ampco System Parking Division. American Commercial Security Services reported a 7.0% increase in revenues, but its operating profits were down by 2.8% in the first quarter of 1999 compared to the same period of 1998. The revenue increase was largely due to the sale of new business by its Los Angeles and Texas offices. The decrease in operating profits was primarily due to slightly higher labor costs and insurance charges. Ampco System Parking's revenues increased by 3.0%, while its operating profits increased 18.4% during the first quarter of 1999 compared to the first quarter of 1998. The increase in revenues was primarily due to growth in its Northern California and Texas operations. The operating profits increase was primarily due to the increased sales of higher margin management contracts. ABM Facility Services was established in November of 1997 as a result of customer requests to provide services from two or more of its Divisions (the ABM Family of Services) under one management. Because this Division is new and depends primarily on management fees for its income, start up costs exceeded revenues during the current quarter. Management does not expect this Division to be profitable during the current year. Revenues generated by this Division are generally reported by the respective Divisions providing services and contribute to the operating profits of those Divisions.

The Company's Technical Divisions segment includes ABM Engineering Services, Amtech Elevator Services, Amtech Lighting Services and CommAir Mechanical Services. This segment reported revenues of $92.0 million, which represents approximately 23% of the Company's revenues for the first quarter of 1999. Revenues increased approximately 10.9% over the same quarter of last year due to increases in revenues reported by all its Divisions except Amtech Elevator Services. Operating profits of this segment increased 5.0% compared to the first quarter of 1998 due to increases in operating profits of the CommAir Mechanical Services and the ABM Engineering Services Divisions. ABM Engineering Services' revenues increased by 22.2% and its operating profits increased 14.7% for the first quarter of 1999 compared to the same period in 1998. The large revenue increase was due primarily to new business sold in all its operations with particularly strong sales growth in its newer offices in Chicago, Arizona and New York. The smaller percentage increase in operating profits is due to lower margins on contracts in its New York office. Revenues for Amtech Elevator Services decreased by 2.1% compared to the same period in 1998 primarily due to a decrease in repair sales. As a result of lower sales, the Division posted a 9.7% decrease in operating profit for the first quarter compared to the corresponding quarter of 1998. This proportionally larger decrease in operating profits can be attributed primarily to the lower repair sales business, which has higher margins, as well as increased insurance and union benefits. Amtech Lighting Services (also known as Sica Lighting & Electrical Services) reported a 9.4% revenue increase, but operating profits decreased by 9.4% during the first quarter of 1999 compared to the same quarter of the prior year. The decrease in operating profits was primarily due to increased labor and related costs. CommAir Mechanical Services' (also known as "CommAir Preferred Mechanical Services") revenues increased by 6.3%, resulting primarily from increased business in nearly all of its branches. Operating profits for the first quarter of 1999 more than doubled from the prior year first quarter as a result of particular attention to controlling labor and labor-related costs.

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. Statements which use the words "expects," "will," "may," "anticipates," "believes," or "intends" are forward-looking statements that are subject to meaningful risks and uncertainties, including, but not limited to: (1) the widespread failure of commercial real estate occupancy to improve in the Company's major markets since it relates directly to the need for janitorial and other buildings services, (2) the loss or bankruptcy of one or more of the Company's major customers, which could adversely affect the Company's ability to collect deferred costs or its accounts receivable, (3) any major labor disruptions that may cause loss of revenue or cost increases that non-union companies can use to their advantage in obtaining market share, (4) the failure of the Company's IT or non-IT systems, or those of its customers or vendors, to be Year 2000 compliant, (5) significant shortfall in achieving any acquisition plan to acquire either businesses in new markets or expand customer base in existing ones, (6) any legislation or other government action that severely impacts one or more of the Company's lines of business, such as price controls that could prevent cost recovery and fuel restrictions that might increase the cost to deliver services, (7) the reduction or revocation of the Company's lines of credit which would increase interest expense or the cost of capital, (8) the cancellation or non-renewal of the Company's primary insurance policies, as many customers retain services based on the provider's ability to provide adequate insurance including performance bonds and proof of adequate insurance, (9) any catastrophic uninsured or underinsured claims against the Company, which also might include insurance companies financially incapable of paying claims, (10) the untimely departure of one or more of the Company's key executives, which could affect retention of customers as well as the day to day management of operations, (11) the inability to recruit and hire 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 3. 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 market risk in interest rate exposure in the United States, outstanding debt and the related interest expense is currently not material.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 27.1 - Financial Data Schedule

(b) Reports on form 8-K: No reports on form 8-K were filed during the quarter ended January 31, 1999.

SIGNATURES

Pursuant to the requirements 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

March 16, 1999

/s/ David H. Hebble

Vice President, Principal
Financial Officer

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1,000

3-MOS
OCT-31-1999
JAN-31-1999
6,359
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265,570
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