we strive to be the preferred provider
of facility services for our current and potential
customers, an even better workplace for our
present and future employees, and
a profitable investment for every individual
and institutional stockholder.
ABM Industries Incorporated (ABM) dates to 1909, when Morris Rosenberg invested $4.50 in a bucket, sponge, mop, broom and brush. He called on proprietors of shops along Fillmore Street in San Francisco, offering to wash windows for whatever they were willing to pay. On his first day, he recovered his initial investment and made almost $3.50 in profit. Then and there, based on the verbal agreements between Rosenberg and the shopkeepers for regular window washing services, the facility service industry was born.

Within a few years, his business expanded to buildings throughout downtown San Francisco. To reflect this expansion, and the addition of a full range of janitorial services, Rosenberg changed the company’s name in 1913 to American Building Maintenance Company.

In 1935 his sons, Sydney and Theodore, inherited the company. For many years, they directed the national expansion and addition of other facility maintenance services.

In 1962, ABM conducted its initial public offering of stock; in 1971, ABM stock first traded on the New York Stock Exchange (NYSE). Headquartered in San Francisco, ABM Industries Incorporated is now the largest facilities services contractor listed on the NYSE. With annualized revenues in excess of $1.9 billion and more than 60,000 employees, ABM provides air conditioning, elevator, engineering, janitorial, lighting, parking and security services to thousands of commercial, industrial, institutional and retail facilities in hundreds of cities across North America.

The ABM Family of Services includes ABM Engineering, ABM Janitorial, American Building Maintenance, American Commercial Security (ACSS), Ampco System Parking, Amtech Elevator, Amtech Lighting, and CommAir Mechanical.

**MISSION STATEMENT**

to excel in all that we do for our customers, stockholders, employees, suppliers and the communities we serve by continuously improving the quality and value of our services, while increasing customer satisfaction, cost-effectiveness, accident prevention, financial performance and the overall competitiveness and value of our enterprise.

**ABM IN BRIEF**

ABM Report.cg4  9/8/03  4:34 PM  Page 2
### FIVE-YEAR SELECTED FINANCIAL DATA

October 31
In thousands, except per share amounts and ratios

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<thead>
<tr>
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<tbody>
<tr>
<td>Revenues and other income</td>
<td>$1,950,038</td>
<td>$1,807,557</td>
<td>$1,629,716</td>
<td>$1,501,827</td>
<td>$1,252,472</td>
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<tr>
<td>Expenses</td>
<td>1,722,334</td>
<td>1,573,998</td>
<td>1,413,541</td>
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<td>Operating expenses and cost of goods sold</td>
<td>172,157</td>
<td>157,546</td>
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<td>Selling, general and administrative</td>
<td>2,602</td>
<td>3,320</td>
<td>1,959</td>
<td>3,665</td>
<td>2,675</td>
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<td>Total expenses</td>
<td>1,897,093</td>
<td>1,734,864</td>
<td>1,562,484</td>
<td>1,444,319</td>
<td>1,205,508</td>
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<td>Income before income taxes</td>
<td>52,945</td>
<td>72,693</td>
<td>67,232</td>
<td>57,508</td>
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<td>Income taxes</td>
<td>20,119</td>
<td>28,350</td>
<td>27,565</td>
<td>23,578</td>
<td>19,725</td>
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<td>Net income</td>
<td>$32,826</td>
<td>$44,343</td>
<td>$39,667</td>
<td>$33,930</td>
<td>$27,239</td>
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<tr>
<td>Net income per common share</td>
<td>$1.36</td>
<td>$1.94</td>
<td>$1.77</td>
<td>$1.58</td>
<td>$1.33</td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>$1.30</td>
<td>$1.85</td>
<td>$1.65</td>
<td>$1.44</td>
<td>$1.22</td>
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<tr>
<td>Common and common equivalent shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Basic</td>
<td>23,799</td>
<td>22,551</td>
<td>22,067</td>
<td>21,110</td>
<td>20,143</td>
</tr>
<tr>
<td>Diluted</td>
<td>25,010</td>
<td>23,709</td>
<td>23,748</td>
<td>23,161</td>
<td>21,872</td>
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</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends per common share</td>
<td>$0.66</td>
<td>$0.62</td>
<td>$0.56</td>
<td>$0.48</td>
<td>$0.40</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>$361,177</td>
<td>$316,309</td>
<td>$276,951</td>
<td>$236,838</td>
<td>$197,278</td>
</tr>
<tr>
<td>Common shares outstanding at October 31</td>
<td>24,389</td>
<td>22,999</td>
<td>22,407</td>
<td>21,601</td>
<td>20,464</td>
</tr>
<tr>
<td>Stockholders’ equity per common share</td>
<td>$14.81</td>
<td>$13.75</td>
<td>$12.36</td>
<td>$10.96</td>
<td>$9.64</td>
</tr>
<tr>
<td>Working capital</td>
<td>$229,542</td>
<td>$224,199</td>
<td>$184,279</td>
<td>$165,788</td>
<td>$137,223</td>
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<tr>
<td>Current ratio</td>
<td>1.97</td>
<td>2.05</td>
<td>2.01</td>
<td>2.05</td>
<td>1.89</td>
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<tr>
<td>Long-term debt (less current portion)</td>
<td>$942</td>
<td>$6,400</td>
<td>$6,400</td>
<td>$6,400</td>
<td>$6,400</td>
</tr>
<tr>
<td>Redeemable cumulative preferred stock</td>
<td>$683,100</td>
<td>$641,985</td>
<td>$563,384</td>
<td>$501,363</td>
<td>$464,251</td>
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<tr>
<td>Total assets</td>
<td>$42,936</td>
<td>$40,734</td>
<td>$35,181</td>
<td>$27,307</td>
<td>$26,584</td>
</tr>
<tr>
<td>Property, plant and equipment-net</td>
<td>$16,922</td>
<td>$18,717</td>
<td>$19,451</td>
<td>$11,715</td>
<td>$13,272</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$26,328</td>
<td>$23,524</td>
<td>$20,698</td>
<td>$19,593</td>
<td>$16,118</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$367,201</td>
<td>$353,017</td>
<td>$290,920</td>
<td>$255,758</td>
<td>$226,093</td>
</tr>
</tbody>
</table>

### Graphs

- **Revenues ($ millions)**
- **Net Income per Diluted Share**
- **Dividends per Share**
- **Maximum Price per Share**
I will not speculate whether 2001 was a good or not-so-good year for our business. It is more important to concentrate on the future.

Dear Stockholders and Other Friends of ABM Industries Incorporated:

With our 2001 fiscal year now behind us, we have completed one of the most challenging periods in the history of ABM Industries.

In particular, September 11th will always remain in our hearts, minds and memories. Not only was it one of the saddest days in the history of the United States and all humankind, but it was the greatest tragedy ever to impact ABM directly. Seventeen of our 800 employees assigned to the World Trade Center died that morning. Our thoughts and prayers will always be with them and their families.

A time of change

Although I’m a veteran at ABM, 2001 was my first year as president and chief executive officer. From both an operational and financial viewpoint, this fiscal year was a time of other changes as well. We made two strategic acquisitions and one such divestiture when our Janitorial Services Division purchased Arcade Building Maintenance, Amtech Lighting Division acquired SLI Lighting Solutions, and we sold the operations of Easterday Janitorial Supply. We welcomed George Sundby as our senior vice president and chief financial officer and Maria de la Peña as vice president, controller and chief accounting officer.

This year’s financial performance was mixed. Most divisions—Engineering, Lighting, Mechanical and Security—exceeded their expectations. Janitorial achieved an ambitious budget, but Elevator and Parking had a disappointing year. Then, based on a year-end actuarial report, it became necessary for us to substantially increase our self-insurance reserve to cover the severity of recent claims, as well as the rapidly rising cost of open claims incurred in prior years.

On the other hand, we have not yet taken into account any of ABM’s pending multi-million dollar claims under our commercial insurance policies covering the business interruption, property damage and other losses that we sustained in connection with the September 11th terrorist attack on the World Trade Center, which was ABM’s largest single job site.

All things considered, I will not speculate whether 2001 was a good or not-so-good year for our business. It is more important for all of us to concentrate on the future.

A strong balance sheet

Thanks in large measure to the highest cash flow from operations in ABM’s history, our balance sheet is exceptionally strong, which positions us to grow and prosper despite or because of the continuing recession. We expect the market for sizeable acquisitions in our industry to grow dramatically during 2002, thus increasing the potential for us to achieve our strategic vision of being a market leader in each line of business.

An employer of choice

As the largest and most successful company in our industry, ABM benefits from many advantages beyond the obvious economies of size and consolidation. For instance, our ability to attract and retain experienced management at every level of our organization is at an all-time high. Talented people want to work in an industry that is recession resistant, especially for a company that has a long, proud
history, a strong reputation and a corporate culture that respects its employees. These attributes make ABM an employer of choice, which adds immeasurably to the value we can deliver to our customers and stockholders.

A facilities-focused specialist

ABM has always been organized by line of business, which is why each division specializes in providing a different service. As we continue to grow, we will give even greater attention to mixing and matching our services to the unique needs of the clientele and industries we serve. Every office, industrial, institutional, retail and mixed-use facility shares much in common with each other. However, we need to emphasize the differences—not just the similarities—more than ever before in our sales, training and supervision efforts.

We believe that differentiating our company as a facility-focused specialist has unlimited possibilities.

We are also dedicated to the ABM Global Alliance, which we formed in association with other world-class foreign facility contractors to serve the international operations of ABM’s major multi-national customers in the United States. We already know from these clients that our alliance performs ethically and efficiently at levels that are unmatched by any competitor.

You have my assurance that we strive to be the preferred provider of facility services for all of our current and potential customers, an even better work place for our present and future employees, and a profitable investment for every individual and institutional stockholder. These are our objectives, and I hope you will join me on this exciting and rewarding path into the future.

Until we meet again, I want to personally thank our employees, customers, stockholders and directors for the loyalty and inspiration that they provide to ABM Industries.

Henrik C. Slipsager
President & Chief Executive Officer

“Safe Harbor Statement” under the Private Securities Litigation Reform Act of 1995: The statements contained in this Annual Report to Stockholders which are not historical facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth or implied herein. These risks and uncertainties are described in the Company’s filings with the Securities and Exchange Commission.
ABM Industries: A continuing story of superior service for commercial, industrial, institutional and retail facilities.

As America’s leading facility services contractor, we continued to grow and prosper in fiscal 2001. Our eight divisions demonstrated excellence in their fields with experienced personnel, innovative management and quality assurance programs.

We’re the leading provider of cost-effective janitorial services in the United States, operating in more than 40 states and 36 of the largest metropolitan areas in the country. Through in-depth classroom and on-the-job training programs, we have developed the industry’s finest management team and custodial staff.

The Janitorial Division enjoyed a highly successful year. Major contracts included the Gap, Inc. world headquarters in San Francisco; a Spieker Properties (now Equity Office Properties) portfolio, expanding our relationship with that organization; the Trinity Properties portfolio, most of which is in lower Manhattan; and the University of Chicago, a renewal contract for more than 90 facilities.

The most significant event to affect the Janitorial Division—and ABM overall—was the tragic loss of 17 employees on September 11th. From a business perspective, we provided service to the World Trade Center as well as adjacent properties, including the American Express headquarters and Merrill Lynch buildings at the World Financial Center. While the World Trade Center represented our largest single job site, the company remains the major janitorial contractor in lower Manhattan, and throughout the greater New York area.

ABM Engineering is ISO 9002 certified and a pioneer in developing comprehensive preventive maintenance systems, energy conservation plans and training programs to preserve the infrastructure of our clients’ facilities. We provide the control and dependability of in-house engineers coupled with the advantages of outsourcing.

This division, which continues to expand, now employs more than 2,000 operating engineers. We serve a diverse array of real estate assets including large commercial office buildings, sophisticated computer centers, hotels and university medical facilities.

In fiscal 2001, the division was awarded a comprehensive contract for Merrill Lynch sites in New York and New Jersey, some of which the company was already servicing. This contract, covering more than 100 on-site operating engineers, is one of the largest such contracts in the country.

USAA, a major insurance company, decided to outsource engineering services for all its...
investment properties and chose ABM as its contractor. This contract, coupled with added facilities in existing markets, will enable the Engineering Division to open a regional office in Tampa, Florida.

During the year we also renewed our contract for GSA’s Northeast and Caribbean regional office, which is located at 26 Federal Plaza in downtown New York.

ABM Engineers played a critical role operating Merrill Lynch facilities at the World Financial Center during the September 11th terrorist attack. We also played a critical role during the catastrophe at 26 Federal Plaza, several blocks away, for which our performance received government commendations.

Ampco System Parking manages some 1,700 parking lots and garages nationwide, including many of the country’s most prestigious office buildings, shopping centers, hotels and airports. This division has been an innovator in developing and implementing its Customer Courtesy Program.

In fiscal 2001, we added parking operations at Wayne County Detroit Metropolitan Airport and the Orlando International Airport to our portfolio. We continue to manage municipal parking facilities across the country, recently adding lots owned by the City of Wichita, Kansas, and the Fifth and Mission Garage in downtown San Francisco.
American Commercial Security Services (ACSS) provides uniformed personnel for a full range of security services including access control, concierge service, dedicated vehicle patrols, investigation and background screening, and fire and life safety monitoring. Our training programs focus on customer relations, site-specific responsibilities and safety procedures.

ACSS enjoyed an excellent year. It was awarded contracts for the world headquarters of Microsoft Corporation in Redmond, Washington; TrizecHahn office portfolios in Houston and Los Angeles; and the Crescent properties in Dallas, among others.

September 11th triggered a dramatic new appreciation for uncompromising building security services. Now more than ever, customers realize that “you get what you pay for.” ACSS is quickly responding to their additional requirements for security services and personnel.

Amtech Lighting Services is the largest lighting, sign and electrical contractor in the United States, maintaining illumination systems for thousands of retail and commercial sites. With the division’s strong southeastern network, and the acquisition of SLI Lighting Solutions, Amtech has emerged into a truly national company.

We excel at recommending comprehensive lighting solutions that provide the lowest possible long-term energy and maintenance costs. Our Care Center, available 24 hours a day, seven days a week, offers emergency service and single point-of-contact for multi-location facilities nationwide. We self-perform lighting and sign services in more than 75 percent of the country and service all other geographic areas using a network of carefully selected, fully qualified subcontractors.

Amtech Lighting expanded its exterior sign maintenance business in fiscal 2001 with a contract serving all General Motors dealerships west of the Mississippi. Capitalizing on the geographic resources obtained in the SLI acquisition, Amtech was awarded the RacTrac
gas stations and convenience stores in the southeast. We also added lighting fixtures above the pen-and-pencil racks in 700 Office Depot stores across the country, once again demonstrating that Amtech is the contractor of choice for large retailers who need electrical system installation nationwide.

Amtech Elevator is the nation’s largest independent elevator service company. We provide complete maintenance, repair and modernization for virtually all elevator and escalator systems and maintain a sizeable inventory of repair parts and microprocessor boards at each branch office. Most of the division’s 600 elevator technicians began their careers with an original equipment manufacturer.

The division continues to expand its service and repair business. It recently added TrizecHahn’s Cadillac Place Building in Detroit, San Jose State University in northern California and the Sands Hotel & Casino in Atlantic City. Continuing its focus on elevator system modernization, the division last year signed major contracts with the InterContinental Hotel in Chicago, the Warwick Hotel in Philadelphia and the Cadillac Place Building in Detroit.

CommAir Mechanical Services is one of California’s largest heating, ventilation, air conditioning and refrigeration contractors. It serves as a single-source supplier for maintenance, repair and installation of all types of equipment, ranging from the largest centrifugal chiller to the smallest air conditioner. This division’s mechanics are union-trained technicians with EPA certification.

In fiscal 2001, CommAir achieved its best year in history. Among major projects, it replaced a huge chiller at 601 California Street in San Francisco. Located mid-building, the project required cutting an access hole in the side of the building for use in connection with a precision helicopter lift.

We also installed a cooling system for the huge color presses operated by Quebecor in
ABM and its alliance partners are in a unique position to deliver extraordinary value to our present and prospective customers.

California’s Central Valley, where they print many of the advertising supplements for Sunday newspapers. We recently added a major job with St. John’s Hospital in Santa Monica, California, where we are replacing several big air-handling machines. CommAir’s backlog remains at record levels.

**Acquisitions: Investing in high-performance companies to strengthen core competencies, expand market penetration and sustain earnings growth**

In fiscal 2001, the company continued its long-term strategy of making acquisitions to enhance ABM’s facility and operational services.

Three components guide our decision-making. We look for companies that strategically fit our model, that bring new managerial talent to our company, and that fill in existing markets or take us into new markets.

For these and other good reasons, we acquired SLI Lighting Solutions. This addition strengthens our presence in this field in the southeast and, combined with branches now in virtually every quadrant of the country, has enabled us to emerge as a market leader nationwide.

Last year’s acquisition of Dixie Lighting, in Mobile, Alabama, has contributed significantly to ABM’s management team overall. Dixie’s two former owners have become managers in the southeast and have played a significant role in our ability to assimilate SLI Lighting Solutions.

We also completed the acquisition of Arcade Building Maintenance, based in New York City, and CarpetMaster, in upstate New York. Arcade helps ABM fill in an existing market and cleans more than 25 million square feet of floor space in nearly 100 major high-rise office buildings and other facilities. Among its contracts is Rockefeller Center. CarpetMaster, a major regional provider of janitorial and related services, takes us into a new market—Albany and the surrounding Capital District of New York.

For strategic reasons we divested the operations of our Easterday Janitorial Supply division. The divestiture enables us to focus entirely on our building maintenance and other operational services.

**ABM Global Alliance: An international marketing network that distinguishes the company from its competitors**

Last year the ABM Global Alliance, which we formed to create a network of world-class facility service providers, began operations. These providers share ABM’s uncompromis-
ing standards of good corporate citizenship, quality control, environmental compliance, advanced technology, and respect for employees and training.

ABM already had all the required resources in place—a leadership position in electronic information systems, standardized reporting systems and quality control assurance. As a result, the alliance is enabling the company to offer domestic customers with overseas operations the same consistent, high-quality performance they receive in the U.S.

The program currently serves more than 20 countries in Europe and Asia, and we plan additional alliances in South America. ABM held its first Global Alliance Conference early last year in Bangkok. More than a dozen participants attended the meeting to discuss growth and service opportunities in the international marketplace.

As Henrik Slipsager, president and chief executive office of ABM, has said: "ABM and its alliance partners are in a unique position to deliver extraordinary value to our present and prospective customers. Building owners and managers can now consolidate a wide range of facility services on a global basis, and do so with a high degree of service standardization and management information. No other company in our industry can provide such extensive geographic coverage and electronic technology."

**ABM’s Family of Services: ‘One-stop’ shopping offers convenience for customers, growth opportunity for company**

When customers think in terms of national and global contracts, shared information technology, multi-service sales and single-source purchasing, they turn to ABM. The ABM Family of Services is managed by a diverse team of national marketing officers. Their efforts, emphasizing the breadth of ABM’s services and the depth of the company’s ability to coordinate these services using a common management and technology platform, quickly resulted in new sales, some involving multiple services and regions.

The objectives of Family of Services are to develop new marketing opportunities; expand ABM’s brand identity; listen and respond to customers’ needs and objectives; and increase inter-division sales, communication, cooperation and standardization.

Already served by the ABM Global Alliance are: Austria, Belgium, Brazil, China, France, Germany, Great Britain, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Portugal, Puerto Rico, Singapore, South Korea, Spain, Switzerland, Taiwan and Thailand.
Investor relations: Direct, regular communication a personal priority of top management

When Henrik Slipsager became president and chief executive officer in November 2000, he immediately pledged that the company would enhance and expand its relations with the investment community. As a result, we regularly communicate with the investing public to keep them aware of ABM’s financial performance.

Sharing Slipsager’s commitment to vital communications with investors and analysts is George Sundby, who in fiscal 2001 joined the company as senior vice president and chief financial officer.

In December 2000, ABM hosted its first Internet teleconference for investors and analysts during which senior management discussed company performance and answered questions from a panel of independent analysts. Investor webcasts are now an integral part of the company’s quarterly reports.

A strong technological infrastructure, face-to-face interaction: Critical tools for communications with employees, customers

Fast, thorough communications with employees and customers is fundamental to the company’s success. To this end, ABM continues to make substantial investments in its technological infrastructure.

The company is well into implementing a multi-year, multi-million dollar system to establish a common platform between divisions. Called Enterprise Resource Planning software, this system has already begun to improve the company’s ability to disseminate information internally. ABM also accelerated its focus on job-site technology to provide state-of-the-art services throughout the company.

Call centers have become an important dimension in managing ABM’s various businesses. The company’s Service Network has established its main call center in San Francisco, which now operates 24 hours a day, seven days a week. Using proprietary software, call center personnel can track the status of work orders from placement through completion. Many clients also have a ‘read only’ option to access the status of specific requests.

Similarly, ABM’s Lighting Division operates a large customer Care Center in Orange County, California. Retailers and other clients can call an 800 number to obtain service at any of their locations throughout the country. The division’s system also includes an Inter-
The terrorist attack on the World Trade Center in New York City was a national tragedy and a personal loss for ABM. Among the thousands of fatalities were 17 employees of ABM subsidiaries. The company continues to grieve for their families, and we again extend our heartfelt sympathy to them.

The World Trade Center was the company’s largest single job site. Annual sales were approximately $65 million, or about three percent of ABM’s consolidated revenues. Upwards of 800 operating engineers, janitorial personnel and lighting and electrical technicians from three subsidiaries worked at the World Trade Center on various shifts throughout the day and night.

The financial consequences of the loss will be mitigated by new business and insurance proceeds.

Following the September 11 tragedy, the company established the ABM Family Fund. Combined with ABM’s $250,000 contribution, the fund received and distributed more than $500,000 to the families of the fatally injured employees. While some contributions totaled $1,000 or more, most were smaller, coming from many employees and friends who wanted to help. We thank them all.

September 11, 2001

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## Consolidated Balance Sheets

October 31
In thousands, except share amounts

### Assets
- **Cash and cash equivalents**: $3,052 / $2,000
- **Trade accounts receivable (less allowances of $9,420 and $8,825)**: 367,201 / 353,017
- **Inventories**: 25,974 / 25,513
- **Deferred income taxes**: 26,806 / 17,531
- **Prepaid expenses and other current assets**: 42,508 / 38,758
- **Total current assets**: 465,541 / 436,819
- **Investments and long-term receivables**: 13,871 / 13,920
- **Property, plant and equipment (less accumulated depreciation of $65,951 and $65,753)**: 42,936 / 40,734
- **Goodwill (less accumulated amortization of $73,264 and $61,693)**: 113,199 / 109,407
- **Deferred income taxes**: 35,400 / 32,537
- **Other assets**: 12,153 / 8,568
- **Total assets**: 683,100 / 641,985

### Liabilities
- **Current portion of long-term debt**: $10,877 / $865
- **Bank overdraft**: — / 15,952
- **Trade accounts payable**: 50,671 / 45,312
- **Income taxes payable**: 6,816 / 8,083
- **Accrued liabilities:
  - Compensation**: 62,854 / 54,901
  - Taxes—other than income**: 20,409 / 18,195
  - Insurance claims**: 48,193 / 43,361
  - Other**: 36,179 / 25,951
  - **Total current liabilities**: 235,999 / 212,620
- **Long-term debt (less current portion)**: 942 / 36,811
- **Retirement plans**: 21,483 / 22,386
- **Insurance claims**: 63,499 / 47,459
- **Total liabilities**: 321,923 / 319,276

### Series B 8% Senior redeemable cumulative preferred stock,
- 6,400 shares authorized, issued and outstanding, stated at redemption value, $1,000 per share at October 31, 2000
  - — / 6,400

### Stockholders' equity
- **Preferred stock, $.01 par value; 500,000 shares authorized; none issued**: — / —
- **Common stock, $.01 par value; 100,000,000 shares authorized; 24,389,000 and 22,999,000 shares issued and outstanding at October 31, 2001 and 2000, respectively**: 244 / 230
- **Additional paid-in capital**: 131,242 / 102,902
- **Accumulated other comprehensive income**: (763) / (653)
- **Retained earnings**: 230,454 / 213,830
- **Total stockholders' equity**: 361,177 / 316,309
- **Total stockholders' equity**: 683,100 / 641,985
CONSOLIDATED STATEMENTS OF INCOME

Years ended October 31
In thousands, except per share amounts

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
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<td>Revenues and other income</td>
<td>$1,950,038</td>
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<td>Operating expenses and cost of goods sold</td>
<td>$1,722,334</td>
<td>$1,573,998</td>
<td>$1,413,541</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>$172,157</td>
<td>$157,546</td>
<td>$146,984</td>
</tr>
<tr>
<td>Interest</td>
<td>$2,602</td>
<td>$3,320</td>
<td>$1,959</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$1,897,093</td>
<td>$1,734,864</td>
<td>$1,562,484</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$52,945</td>
<td>$72,693</td>
<td>$67,232</td>
</tr>
<tr>
<td>Net income</td>
<td>$20,119</td>
<td>$28,350</td>
<td>$27,565</td>
</tr>
<tr>
<td>Net income per common share</td>
<td>$32,826</td>
<td>$44,343</td>
<td>$39,667</td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common and common equivalent shares</td>
<td>$1.36</td>
<td>$1.94</td>
<td>$1.77</td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY (CONDENSED)

Years ended October 31, 2001, 2000 and 1999
In thousands

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock Shares</td>
<td>24,389</td>
<td>24,499</td>
<td>24,499</td>
</tr>
<tr>
<td>Common Stock Amount</td>
<td>$244</td>
<td>$131,242</td>
<td>$763</td>
</tr>
<tr>
<td>Additional Paid-In Capital</td>
<td>$131,242</td>
<td>$763</td>
<td>$230,454</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Income</td>
<td>$230,454</td>
<td>$361,177</td>
<td>$361,177</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>$32,826</td>
<td>$44,343</td>
<td>$39,667</td>
</tr>
<tr>
<td>Total</td>
<td>$230,454</td>
<td>$361,177</td>
<td>$361,177</td>
</tr>
</tbody>
</table>
### CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years ended October 31**  
**In thousands**

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received from customers</td>
<td>$1,918,558</td>
<td>$1,739,297</td>
<td>$1,589,775</td>
</tr>
<tr>
<td>Other operating cash receipts</td>
<td>5,523</td>
<td>2,347</td>
<td>1,491</td>
</tr>
<tr>
<td>Interest received</td>
<td>859</td>
<td>580</td>
<td>870</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(1,822,629)</td>
<td>(1,686,988)</td>
<td>(1,522,495)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(2,991)</td>
<td>(3,209)</td>
<td>(2,025)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(33,524)</td>
<td>(33,102)</td>
<td>(32,311)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>65,796</td>
<td>18,925</td>
<td>35,305</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to property, plant and equipment</td>
<td>(16,922)</td>
<td>(18,717)</td>
<td>(19,451)</td>
</tr>
<tr>
<td>Proceeds from sale of assets</td>
<td>1,253</td>
<td>1,164</td>
<td>922</td>
</tr>
<tr>
<td>Decrease (increase) in investments and long-term receivables</td>
<td>49</td>
<td>370</td>
<td>(1,885)</td>
</tr>
<tr>
<td>Purchase of businesses</td>
<td>(23,401)</td>
<td>(14,191)</td>
<td>(10,980)</td>
</tr>
<tr>
<td>Proceeds from sale of business</td>
<td>12,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(27,021)</td>
<td>(31,374)</td>
<td>(31,394)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock issued, including tax benefit</td>
<td>26,688</td>
<td>16,381</td>
<td>17,178</td>
</tr>
<tr>
<td>Common stock purchases</td>
<td>—</td>
<td>(8,390)</td>
<td>(5,448)</td>
</tr>
<tr>
<td>Preferred stock redemption</td>
<td>(6,400)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(16,202)</td>
<td>(14,539)</td>
<td>(13,055)</td>
</tr>
<tr>
<td>Increase (decrease) in bank overdraft</td>
<td>(15,952)</td>
<td>10,985</td>
<td>2,492</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>108,000</td>
<td>126,000</td>
<td>57,064</td>
</tr>
<tr>
<td>Repayments of long-term borrowings</td>
<td>(133,857)</td>
<td>(118,127)</td>
<td>(61,847)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by financing activities</strong></td>
<td>(37,723)</td>
<td>12,310</td>
<td>(3,616)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>1,052</td>
<td>(139)</td>
<td>295</td>
</tr>
<tr>
<td>Cash and cash equivalents beginning of year</td>
<td>2,000</td>
<td>2,139</td>
<td>1,844</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents end of year</strong></td>
<td>$3,052</td>
<td>$2,000</td>
<td>$2,139</td>
</tr>
</tbody>
</table>

**Reconciliation of net income to net cash provided by operating activities:**

<table>
<thead>
<tr>
<th>Net income</th>
<th>$32,826</th>
<th>$44,343</th>
<th>$39,667</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>13,710</td>
<td>12,265</td>
<td>10,815</td>
</tr>
<tr>
<td>Amortization</td>
<td>12,618</td>
<td>11,259</td>
<td>9,883</td>
</tr>
<tr>
<td>Provision for bad debts</td>
<td>6,134</td>
<td>2,971</td>
<td>2,257</td>
</tr>
<tr>
<td>Gain on sale of assets</td>
<td>(41)</td>
<td>(265)</td>
<td>(160)</td>
</tr>
<tr>
<td>Gain on sale of business</td>
<td>(718)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Increase in deferred income taxes</td>
<td>(12,138)</td>
<td>(5,517)</td>
<td>(6,537)</td>
</tr>
<tr>
<td>Increase in trade accounts receivable</td>
<td>(24,340)</td>
<td>(65,555)</td>
<td>(39,304)</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(3,223)</td>
<td>(2,217)</td>
<td>(331)</td>
</tr>
<tr>
<td>Increase in prepaid expenses and other current assets</td>
<td>(3,045)</td>
<td>(1,200)</td>
<td>(1,950)</td>
</tr>
<tr>
<td>Increase (decrease) in other assets</td>
<td>40</td>
<td>2,475</td>
<td>(3,295)</td>
</tr>
<tr>
<td>Increase (decrease) in income taxes payable</td>
<td>(1,267)</td>
<td>765</td>
<td>1,791</td>
</tr>
<tr>
<td>Increase (decrease) in retirement plans accrual</td>
<td>(903)</td>
<td>3,092</td>
<td>3,320</td>
</tr>
<tr>
<td>Increase in insurance claims liability</td>
<td>18,872</td>
<td>7,155</td>
<td>4,500</td>
</tr>
<tr>
<td>Increase in trade accounts payable and other accrued liabilities</td>
<td>27,271</td>
<td>9,354</td>
<td>14,649</td>
</tr>
<tr>
<td><strong>Total adjustments to net income</strong></td>
<td>32,970</td>
<td>(25,418)</td>
<td>(4,362)</td>
</tr>
</tbody>
</table>

| **Net cash provided by operating activities** | $65,796 | $18,925 | $35,305 |

**Supplemental data:**

**Non-cash investing activities:**

| Common stock issued for net assets of business acquired | $1,666 | $1,581 | $1,710 |
SEGMENT INFORMATION

In thousands

<table>
<thead>
<tr>
<th></th>
<th>ABM Janitorial</th>
<th>Ampco System Engineering</th>
<th>ABM Elevator</th>
<th>Amtech Lighting</th>
<th>Other Segments</th>
<th>Corporate</th>
<th>Eliminations</th>
<th>Consolidated Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the year ended October 31, 2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues and other income</td>
<td>$1,159,914</td>
<td>$165,940</td>
<td>$171,008</td>
<td>$144,319</td>
<td>$121,371</td>
<td>$186,168</td>
<td>$1,318</td>
<td>—</td>
</tr>
<tr>
<td>Intersegment revenues</td>
<td>572</td>
<td>—</td>
<td>—</td>
<td>217</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$1,160,486</td>
<td>$165,940</td>
<td>$171,008</td>
<td>$144,536</td>
<td>$121,371</td>
<td>$191,981</td>
<td>$1,318</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit</td>
<td>$59,862</td>
<td>$4,050</td>
<td>$9,035</td>
<td>$11,038</td>
<td>$4,820</td>
<td>$8,000</td>
<td>$41,258</td>
<td>—</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(917)</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
<td>(1,667)</td>
<td>(6,602)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$58,945</td>
<td>$4,050</td>
<td>$9,028</td>
<td>$11,036</td>
<td>$4,818</td>
<td>$8,000</td>
<td>$35,646</td>
<td>—</td>
</tr>
<tr>
<td>Identifiable assets</td>
<td>$285,979</td>
<td>$86,837</td>
<td>$47,948</td>
<td>$82,528</td>
<td>$42,127</td>
<td>$38,371</td>
<td>$99,310</td>
<td>—</td>
</tr>
</tbody>
</table>

For the year ended October 31, 2000

<table>
<thead>
<tr>
<th></th>
<th>ABM Janitorial</th>
<th>Ampco System Engineering</th>
<th>ABM Elevator</th>
<th>Amtech Lighting</th>
<th>Other Segments</th>
<th>Corporate</th>
<th>Eliminations</th>
<th>Consolidated Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and other income</td>
<td>$1,052,865</td>
<td>$172,427</td>
<td>$156,314</td>
<td>$118,054</td>
<td>$114,409</td>
<td>$193,073</td>
<td>$415</td>
<td>—</td>
</tr>
<tr>
<td>Intersegment revenues</td>
<td>546</td>
<td>—</td>
<td>302</td>
<td>—</td>
<td>—</td>
<td>11,954</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$1,053,411</td>
<td>$172,427</td>
<td>$156,314</td>
<td>$118,356</td>
<td>$114,409</td>
<td>$205,027</td>
<td>$415</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit</td>
<td>$53,050</td>
<td>$8,726</td>
<td>$8,164</td>
<td>$10,088</td>
<td>$6,362</td>
<td>(17,209)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(9)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(10)</td>
<td>(3,300)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$53,041</td>
<td>$8,726</td>
<td>$8,164</td>
<td>$10,088</td>
<td>$6,352</td>
<td>(19,509)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Identifiable assets</td>
<td>$274,704</td>
<td>$92,401</td>
<td>$45,459</td>
<td>$65,160</td>
<td>$37,356</td>
<td>$56,120</td>
<td>$70,785</td>
<td>—</td>
</tr>
</tbody>
</table>

For the year ended October 31, 1999

<table>
<thead>
<tr>
<th></th>
<th>ABM Janitorial</th>
<th>Ampco System Engineering</th>
<th>ABM Elevator</th>
<th>Amtech Lighting</th>
<th>Other Segments</th>
<th>Corporate</th>
<th>Eliminations</th>
<th>Consolidated Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and other income</td>
<td>$933,293</td>
<td>$162,358</td>
<td>$153,758</td>
<td>$95,521</td>
<td>$96,618</td>
<td>$187,306</td>
<td>$862</td>
<td>—</td>
</tr>
<tr>
<td>Intersegment revenues</td>
<td>374</td>
<td>—</td>
<td>188</td>
<td>270</td>
<td>—</td>
<td>12,567</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$933,667</td>
<td>$162,358</td>
<td>$153,946</td>
<td>$95,791</td>
<td>$96,618</td>
<td>$200,873</td>
<td>$862</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit</td>
<td>$49,017</td>
<td>$8,385</td>
<td>$8,352</td>
<td>$7,457</td>
<td>$6,651</td>
<td>$7,128</td>
<td>(17,799)</td>
<td>—</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(13)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,936)</td>
<td>(1,959)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$49,004</td>
<td>$8,385</td>
<td>$8,352</td>
<td>$7,457</td>
<td>$6,651</td>
<td>$7,118</td>
<td>(19,735)</td>
<td>—</td>
</tr>
<tr>
<td>Identifiable assets</td>
<td>$242,117</td>
<td>$84,360</td>
<td>$34,864</td>
<td>$59,921</td>
<td>$32,411</td>
<td>$52,798</td>
<td>$56,913</td>
<td>—</td>
</tr>
</tbody>
</table>

Certain prior year amounts have been restated to conform to the current year’s presentation. Intersegment revenues are recorded at prices negotiated between the entities. *Includes the $20 million insurance charge recorded in the fourth quarter of fiscal year 2001.

INDEPENDENT AUDITORS’ REPORT

December 21, 2001

Board of Directors
ABM Industries Incorporated

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of ABM Industries Incorporated as of October 31, 2001 and 2000, and 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, 2001. Such consolidated financial statements and our report thereon dated December 17, 2001, expressing an unqualified audit opinion (which are not included herein) are included on Form 10-K filed with the Securities and Exchange Commission on December 21, 2001.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP
San Francisco, California
December 21, 2001


**BOARD OF DIRECTORS**

Martinn H. Mandles (a)
Chairman of the Board & Chief Administrative Officer of the Company
Los Angeles, California

Linda L. Chavez (d)
President
Center for Equal Opportunity
Washington, DC

Luther S. Helms (c, d)
Managing Partner
Sonata Capital Management
Seattle, Washington

Maryellen C. Herringer, Esq. (b, c)
Attorney at Law, and former Executive Vice President & General Counsel, APL Ltd.
Piedmont, California

Charles T. Horngren (c)
Edmund W. Littlefield Professor of Accounting, Emeritus
Stanford Business School
Stanford, California

Henry L. Kotkins, Jr. (b, d)
President & Chief Executive Officer
Skyway Luggage Company
Seattle, Washington

Theodore T. Rosenberg (a)
Former Chairman of the Board of the Company
Daly City, California

Henrik C. Slipsager (a)
President & Chief Executive Officer of the Company
San Francisco, California

William W. Steele (a)
Former President & Chief Executive Officer of the Company
Seattle, Washington

William E. Walsh (b)
Former Coach & General Manager
San Francisco 49ers
Santa Clara, California

Front row: Ted Rosenberg, Bill Steele, Henrik Slipsager and Martinn Mandles.
Back row: Skip Kotkins, Maryellen Herringer, Chuck Horngren, Linda Chavez, Bill Walsh and Luke Helms

(a) Executive Committee
(b) Executive Officer
Compensation & Stock Option Committee
(c) Audit Committee
(d) Nominating, Succession & Governance Committee
EXECUTIVE OFFICERS

Henrik C. Slipsager (a)  
President & Chief Executive Officer

Martinn H. Mandles (a)  
Chairman of the Board &  
Chief Administrative Officer

Jess E. Benton  
Executive Vice President &  
Chief Operating Officer

Donna M. Dell, Esq.  
Senior Vice President of Human  
Resources & Chief Employment Counsel

Harry H. Kahn, Esq.  
Senior Vice President, General Counsel  
& Corporate Secretary

George B. Sundby  
Senior Vice President, Chief Financial  
Officer & Treasurer

Gary R. Wallace  
Senior Vice President, Director of  
Business Development & Chief Marketing  
Officer

Maria P. Y. de la Peña  
Vice President, Controller & Chief  
Accounting Officer

Anthony D. Lackey  
Vice President, Director of Electronic  
Services & Chief Technology Officer

Terry D. McNeil  
Vice President & Director of  
Insurance Services

Eleonora C. Walsh  
Vice President & Director of  
Administrative Services

SPECIAL NOTES

Listings
New York Stock Exchange

Ticker Symbol
ABM

Registrars and Transfer Agents
Mellon Investor Services LLC  
235 Montgomery Street, 23rd Floor  
San Francisco, CA 94104

Auditors
KPMG LLP  
Three Embarcadero Center  
San Francisco, CA 94111

10-K Report
Additional copies available to stockholders at no charge upon request to:  
ABM Corporate Communications  
Post Office Box 193224  
San Francisco, CA 94119

Stockholders
As of December 31, 2001, there were 4,706 registered holders of the Company’s Common Stock, in addition to stockholders in street name.

Annual Meeting
The Annual Meeting of Stockholders of ABM Industries Incorporated will be held on Tuesday, March 12, 2002, at 10:00 a.m. at the Concordia-Argonaut Club, 1142 Van Ness Avenue, San Francisco, California 94109.

Dividends
The Company has paid quarterly cash dividends on its Common Stock without interruption since 1965. The Board of Directors considers the payment of cash dividends on a quarterly basis, subject to the Company’s earnings, financial condition and other factors.
Industries Incorporated

Internet Website
www.abm.com

Corporate Headquarters
160 Pacific Avenue, Suite 222
San Francisco, CA 94111
Telephone: (415) 733-4000
Facsimile: (415) 733-7333

Corporate Office
Suite 3160, North Tower
2029 Century Park East
Los Angeles, CA 90067
Telephone: (310) 553-3030
Facsimile: (310) 553-7471

Business
Facility Services

Employees
Approximately 60,000

Founded
San Francisco 1909

Branch Offices
Over 200

Divisions
ABM Engineering Services
ABM Janitorial Services
ABM Service Network
ACSS Commercial Security Services
Ampco System Parking
Amtech Elevator Services
Amtech Lighting Services
CommAir Mechanical Services