

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

FORM 10 Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended APRIL 30, 2000

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 No

Number of shares of Common Stock outstanding as of
June 6, 2000: 22,573,302.

ABM INDUSTRIES INCORPORATED
FORM 10-Q
FOR THE THREE MONTHS AND SIX MONTHS ENDED APRIL 30, 2000

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

	OCTOBER 31, 1999	APRIL 30, 2000
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,139	\$ 2,081
Accounts receivable, net	297,596	316,679
Inventories	23,296	24,814
Deferred income taxes	14,163	14,600
Prepaid expenses and other current assets	30,395	33,530
Total current assets	367,589	391,704
INVESTMENTS AND LONG-TERM RECEIVABLES	14,290	15,568
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land and buildings	4,526	4,557
Transportation equipment	13,104	13,235
Machinery and other equipment	61,390	65,715
Leasehold improvements	14,425	14,328
	93,445	97,835
Less accumulated depreciation and amortization	58,264	61,179
Property, plant and equipment, net	35,181	36,656
INTANGIBLE ASSETS - NET	105,583	109,578
DEFERRED INCOME TAXES	30,388	31,935
OTHER ASSETS	10,353	8,913
Total assets	\$563,384	\$594,354

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share amounts)

	OCTOBER 31, 1999	APRIL 30, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 898	\$ 904
Bank overdraft	4,967	18,544
Trade accounts payable	45,596	35,834
Income taxes payable	7,318	5,718
Accrued Liabilities:		
Compensation	45,170	45,148
Taxes - other than income	16,505	17,492
Insurance claims	35,139	35,418
Other	27,717	28,337
Total current liabilities	183,310	187,395
Long-Term Debt (less current portion)	28,903	42,815
Retirement plans	19,294	21,158
Insurance claims	48,526	49,014
Total liabilities	280,033	300,382
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, \$0.01 par value, 100,000,000 shares authorized; 22,407,000 and 22,526,000 shares issued and outstanding at October 31, 1999 and April 30, 2000, respectively	224	225
Additional capital	93,336	93,725
Accumulated other comprehensive income	(635)	(603)
Retained earnings	184,026	194,225
Total stockholders' equity	276,951	287,572
	\$ 563,384	\$ 594,354

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

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts)

	THREE MONTHS ENDED APRIL 30,		SIX MONTHS ENDED APRIL 30,	
	1999	2000	1999	2000
REVENUES AND OTHER INCOME	\$398,291	\$439,988	\$790,122	\$868,569
EXPENSES:				
Operating Expenses and Cost of Goods Sold	348,063	383,304	689,739	759,002
Selling, General and Administrative	35,582	39,568	73,371	79,053
Interest	466	862	1,020	1,503
Total Expenses	384,111	423,734	764,130	839,558
INCOME BEFORE INCOME TAXES	14,180	16,254	25,992	29,011
INCOME TAXES	5,814	6,374	10,657	11,604
NET INCOME	\$ 8,366	\$ 9,880	\$ 15,335	\$ 17,407
NET INCOME PER COMMON SHARE				
Basic	\$ 0.37	\$ 0.43	\$ 0.69	\$ 0.77
Diluted	\$ 0.35	\$ 0.41	\$ 0.64	\$ 0.73
AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic	21,963	22,442	21,840	22,352
Diluted	23,701	23,660	23,717	23,434
DIVIDENDS PER COMMON SHARE	\$ 0.14	\$ 0.155	\$ 0.28	\$ 0.31

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 SIX MONTHS ENDED APRIL 30, 1999 AND 2000
(In thousands)

	1999	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 782,211	\$ 846,637
Other operating cash receipts	1,234	1,178
Interest received	388	251
Cash paid to suppliers and employees	(749,576)	(834,290)
Interest paid	(1,245)	(1,581)
Income taxes paid	(12,458)	(15,188)
Net cash provided by (used in) operating activities	20,554	(2,993)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(9,038)	(7,558)
Proceeds from sale of assets	585	563
Increase in investments and long-term receivable	(1,059)	(1,278)
Intangible assets acquired	(6,561)	(7,889)
Net cash used in investing activities	(16,073)	(16,162)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued, including tax benefit	8,018	7,199
Common stock repurchased	--	(8,390)
Dividends paid	(6,473)	(7,208)
Increase in cash overdraft	12,724	13,577
Increase in notes payable	55	--
Long-term borrowings	8,008	82,000
Repayments of long-term borrowings	(26,779)	(68,081)
Net cash (used in) provided by financing activities	(4,447)	19,097
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34	(58)
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	1,844	2,139
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 1,878	\$ 2,081

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE SIX MONTHS ENDED APRIL 30, 1999 AND 2000
 (In thousands)

	1999	2000
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net Income	\$ 15,335	\$ 17,407
Adjustments:		
Depreciation and amortization	10,049	11,174
Provision for bad debts	1,101	1,401
Gain on sale of assets	(42)	(179)
Increase in deferred income taxes	(3,825)	(1,984)
Increase in accounts receivable	(8,379)	(20,484)
Decrease (increase) in inventories	256	(1,518)
Increase in prepaid expenses and other current assets	(1,715)	(3,135)
(Increase) decrease in other assets	(870)	1,440
Increase (decrease) in income taxes payable	2,024	(1,600)
Increase in retirement plans accrual	1,812	1,864
Increase in insurance claims liability	538	767
Increase (decrease) in trade accounts payable and other accrued liabilities	4,270	(8,146)
Total adjustments to net income	5,219	(20,400)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 20,554	\$ (2,993)
=====		
SUPPLEMENTAL DATA:		
Non-cash investing activities:		
Common stock issued for net assets of business acquired	\$ 1,710	\$ 1,581
=====		

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

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
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 ABM Industries Incorporated (the Company) financial position as of April 30, 2000, and the results of operations and cash flows for the six 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, 1999 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 dilutive securities equivalents.

	THREE MONTHS ENDED APRIL 30, 1999	2000
	-----	-----
Net Income	\$ 8,366,000	\$ 9,880,000
Preferred Stock Dividends	(128,000)	(128,000)
	-----	-----
	\$ 8,238,000	\$ 9,752,000
	=====	=====
Common shares outstanding - basic	21,963,000	22,442,000
Effect of dilutive securities:		
Stock options	1,601,000	1,095,000
Other	137,000	123,000
	-----	-----
Common shares outstanding - diluted	23,701,000	23,660,000
	=====	=====

	SIX MONTHS ENDED APRIL 30, 1999	2000
	-----	-----
Net Income	\$ 15,335,000	\$ 17,407,000
Preferred Stock Dividends	(256,000)	(256,000)
	-----	-----
	\$ 15,079,000	\$ 17,151,000
	=====	=====
Common shares outstanding - basic	21,840,000	22,352,000
Effect of dilutive securities:		
Stock options	1,735,000	959,000
Other	142,000	123,000
	-----	-----
Common shares outstanding - diluted	23,717,000	23,434,000
	=====	=====

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 six months ended April 30, 2000, options to purchase approximately 1,197,000 shares of common stock at an average price of \$31.22 were excluded from the computation. For the six months ended April 30, 1999, options to purchase approximately 1,100,000 shares of common stock at an average price of \$31.77 were excluded from the computation.

3. COMPREHENSIVE INCOME

Other comprehensive income at October 31, 1999 and April 30, 2000 consists of foreign currency translation adjustments. Comprehensive income for the three and six-month period ended April 30, 2000 approximated net income.

4. ACQUISITIONS

The Company acquired the operations and selected assets of five businesses during the six months ended April 30, 2000. These business combinations were accounted for under the purchase method of accounting. The aggregate consideration paid for these acquisitions was \$5,153,000. The aggregate purchase price does not include payments of contingent consideration based upon the future results of operations of the businesses acquired. As these acquisitions were not significant, pro forma information is not included in these financial statements.

5. SEGMENT INFORMATION

The Company's operations are grouped into nine industry segments or divisions as defined under Statement of Financial Accounting Standards (SFAS) No. 131. The results of operations from the Company's five operating divisions that are reportable under SFAS 131 for the three months and six months ended April 30, 2000, as compared to the three months and six months ended April 30, 1999, are more fully described below. Included in all other divisions are ABM Facility Services, American Commercial Security, CommAir Mechanical Services, and Easterday Janitorial Supply Company.

	THREE MONTHS ENDED APRIL 30,	
	1999	2000
	-----	-----
	(in thousands)	
Revenues:		
ABM Janitorial Services	\$ 228,527	\$ 256,295
Ampco System Parking	41,210	42,198
ABM Engineering Services	37,275	37,725
Amtech Lighting Services	22,837	29,462
Amtech Elevator Services	23,536	27,950
All Other Divisions	44,728	46,290
Corporate	178	68
	-----	-----
Total Revenues	\$ 398,291	\$ 439,988
	=====	=====
Operating Profit:		
ABM Janitorial Services	\$ 10,311	\$ 13,436
Ampco System Parking	1,871	2,204
ABM Engineering Services	1,858	1,788
Amtech Lighting Services	1,671	2,181
Amtech Elevator Services	1,498	1,650
All Other Divisions	1,265	1,393
Corporate	(3,828)	(5,536)
	-----	-----
Total Operating Profit	\$ 14,646	\$ 17,116
	=====	=====

SIX MONTHS ENDED APRIL 30,
1999 2000

----- -----
(in thousands)

Revenues:		
ABM Janitorial Services	\$ 455,071	\$ 507,265
Ampco System Parking	79,793	82,074
ABM Engineering Services	75,816	76,858
Amtech Lighting Services	45,773	56,303
Amtech Elevator Services	44,472	53,442
All Other Divisions	88,676	92,471
Corporate	521	156
	-----	-----
Total Revenues	\$ 790,122	\$ 868,569
	=====	=====
Operating Profit:		
ABM Janitorial Services	\$ 20,807	\$ 24,064
Ampco System Parking	3,504	3,904
ABM Engineering Services	3,828	3,675
Amtech Lighting Services	3,150	3,804
Amtech Elevator Services	2,584	2,786
All Other Divisions	2,859	2,254
Corporate	(9,720)	(9,973)
	-----	-----
Total Operating Profit	\$ 27,012	\$ 30,514
	=====	=====

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, as well as funding the Company's recent stock repurchase program. 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 April 30, 2000, the total amount outstanding was approximately \$112 million, which was comprised of loans in the amount of \$41 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 addition, the Company has a loan agreement with a major U.S. bank with a balance of \$2.6 million at April 30, 2000. 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 six months ended April 30, 2000 was 7.67%.

At April 30, 2000, working capital was \$ 204.3 million, as compared to \$184.3 million at October 31, 1999.

During the six months ended April 30, 2000, net cash used in operating activities amounted to \$3.0 million, compared to net cash provided by operating activities of \$20.6 million in the same period of 1999. The difference primarily resulted from an increase in accounts receivable, reflecting the higher volume in sales and slower payments by some large customers, and the decrease in accrued liabilities mostly due to timing of certain payments.

Net cash used in investing activities of \$16.2 million in the six months ended April 30, 2000, was comparable to the \$16.1 million used in the same period of the prior year.

Net cash provided by financing activities amounted to \$19.1 million for the first six months of 2000, compared to net cash used in financing activities of \$4.4 million in the first six months of the prior year. The increase was primarily due to new borrowings, which were needed for the repurchase of common stock as well as the increase in accounts receivable mentioned above.

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.

ACQUISITIONS

The operating results of businesses acquired during the six months ended April 30, 2000, have been included in the accompanying condensed consolidated financial statements from their respective dates of acquisition.

Effective November 1, 1999, the Company acquired the operations and selected assets of NPS Corporation, a janitorial services company, with customers located in Anchorage, Fairbanks and Juneau, Alaska. The terms included 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 included a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

Effective January 1, 2000, the Company acquired the operations and selected assets of United Building Services, a janitorial services company, with customers located in Long Beach, California. The terms included a cash downpayment made at closing plus a final payment based on operating profits to be made after one year.

Effective January 1, 2000, the Company acquired the operations and selected assets of Dixie Lighting & Electrical, Inc., with customers located in the greater Southeastern United States from Louisiana to Florida. The terms included a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

Effective March 1, 2000, the Company acquired all issued and outstanding stock of Allied Maintenance Services, Inc., a provider of janitorial, landscaping, parking, parking lot re-sealing and paint-stripping, engineering and related services, with customers located in Hawaii. The terms included a cash downpayment made at closing plus annual contingent payments based on operating profits to be made over five years.

The aggregate consideration paid for these acquisitions was \$5,153,000.

GOVERNMENT INVESTIGATION

During fiscal year 1999, the Company announced that the Audit Committee of its Board of Directors had conducted an internal investigation of alleged questionable payments and related accounting practices in connection with several janitorial service contracts. In an abundance of caution, the Company referred the matter to an appropriate government agency, which reviewed the information provided by the Company and determined not to take any action.

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 second quarter which end on October 31 and April 30, respectively.

THREE MONTHS ENDED APRIL 30, 2000 VS. THREE MONTHS ENDED APRIL 30, 1999

Revenues and other income (hereafter called revenues) increased 10% for the second quarter of 2000 to \$440 million compared to \$398 million for the second quarter of 1999. Higher Janitorial Division revenues contributed nearly \$28 million or 68% of the increase. For the quarter ended April 30, 2000,

revenues relating to acquisitions made during fiscal 1999 were approximately \$7 million, or approximately 17% of the total revenue increase of \$42 million.

As a percentage of revenues, operating expenses and cost of goods sold were 87.1% for the second quarter of 2000, compared to 87.4% for the second quarter of 1999. Consequently, as a percentage of revenues, the Company's gross profit (revenue minus operating expenses and cost of goods sold) of 12.9% in the second quarter of 2000 was slightly higher than the gross profit of 12.6% for the second quarter of 1999. The increase in the gross profit margin was due primarily to proportionally lower labor costs in the second quarter of 2000, because the 2000 quarter had one less workday for which the Company had to pay its hourly workers. In addition, the Company has attempted to increase prices, where possible, to offset rising labor costs. However, several of the Company's segments experienced competitive pressures that either reduced their prices or prevented increases which, in turn, decreased profit margins.

Selling, general and administrative expenses for the second quarter of 2000 were \$39.6 million compared to \$35.6 million for the corresponding three months of 1999. The \$4 million increase in selling, general and administrative expenses for the three months ended April 30, 2000, compared to the same period in 1999, is primarily due to increased labor costs and the amortization of goodwill. As a percentage of revenues, selling, general and administrative expenses increased slightly to 9.0% for the three months ended April 30, 2000, from 8.9% for the same period in 1999.

Interest expense was \$862,000 for the second quarter of 2000 compared to \$466,000 for the same period in 1999, an increase of \$396,000. This increase was primarily due to higher average interest rates and borrowings during the second quarter of 2000.

The pre-tax income for the second quarter of 2000 was \$16.3 million compared to \$14.2 million, an increase of 15% over the same quarter of 1999.

The estimated effective income tax rate for the second quarter of 2000 was 39.2% compared to 41.0% for the second quarter of 1999. The lower tax rate was mostly due to an increase in estimated federal tax credits and slightly lower effective state income tax rates.

Net income for the second quarter of 2000 was \$9.9 million, an increase of 18% from the net income of \$8.4 million for the

second quarter of 1999. Diluted net income per common share rose 17% to 41 cents for the second quarter of 2000 compared to 35 cents for the same period in 1999.

SEGMENT INFORMATION

Revenues for ABM Janitorial Services (also known as American Building Maintenance) increased by 12.2% during the second quarter of 2000 as compared to the same quarter of 1999 as a result of increased business nationwide and a number of acquisitions during the second half of 1999 and first quarter of 2000. This Division's operating profits increased 30.3% during the second quarter when compared to the same period last year. The increase in operating profits is substantially higher than the increase in revenues because the current quarter had one less workday compared to the second quarter of 1999. Management estimates that one day of labor expense on this Division's fixed price contracts is in excess of \$1 million.

Ampco System Parking (also known as Ampco System Airport Parking and Ampco Express Airport Parking) revenues increased by 2.4% while its operating profits increased 17.8% during the second quarter of 2000 compared to the second quarter of 1999. The increase in revenues was primarily due to newly acquired parking contracts in California and small acquisitions in Florida and Texas along with revenue growth of its off-airport parking operations. The increase in operating profits resulted from additional business, but was disproportionately higher because a number of leased lot contracts were converted to a management fee basis. In management fee contracts, only the fee is recorded as revenues.

ABM Engineering Services' revenues increased slightly by 1.2% while its operating profits decreased 3.8% for the second quarter of 2000 compared to the same period in 1999. The small revenue increase was due primarily to strong competition, which held down price increases, as well as a loss of work in the Midwest. The decrease in operating profits is due to increased general and administrative labor and computer related costs.

Amtech Lighting Services (also known as Sica Lighting & Electrical Services in the Northeast) reported a 29.0% revenue increase and a 30.5% operating profits increase during the second quarter of 2000 compared to the same quarter of the prior year. The increase in revenues was primarily due to obtaining a significant contract in New York City, which started November 1, 1999, increased business in both its Florida and Texas regions,

and the acquisition of Dixie Lighting & Electrical on January 1, 2000. Profit margins increased slightly between quarters due to a reduction in labor and material costs as a percentage of sales.

Revenues for Amtech Elevator Services increased by 18.8% in the second quarter of 2000 compared to the same period in 1999 primarily due to new work secured in Atlanta, Chicago and Denver. The Division reported a 10.2% increase in operating profit for the second quarter compared to the corresponding quarter of 1999. This proportionally smaller increase in operating profits can be attributed primarily to higher operating expenses including insurance and computer related expenses.

SIX MONTHS ENDED APRIL 30, 2000 VS. SIX MONTHS ENDED APRIL 30, 1999

Revenues for the first six months of 2000 were \$869 million compared to \$790 million for the first six months of 1999, a 10% increase over the same period of the prior year. Higher Janitorial revenues contributed \$52 million or 66% of this \$79 million increase. For the six months ended April 30, 2000, revenues relating to acquisitions made during fiscal 1999 were approximately \$14 million or 17% of the total revenue increase of \$79 million.

As a percentage of revenues, operating expenses and cost of goods sold were 87.4% for the first half of 2000, compared to 87.3% for the first half of 1999. Consequently, as a percentage of revenues, the Company's gross profit of 12.6% in the first six months of 2000 was slightly lower than the gross profit of 12.7% for the first six months of 1999. The gross profit percentage declined mostly due to higher labor and related costs. The Company will continue to pursue price increases from its customers to help offset any rising costs.

Selling, general and administrative expenses for the first six months of 2000 were \$79.1 million compared to \$73.4 million for the corresponding six months of 1999. As a percentage of revenues, selling, general and administrative expenses decreased slightly, from 9.3% for the six months ended April 30, 1999, to 9.1% for the same period in 2000, primarily due to costs that do not increase at the same rate as sales. The \$5.7 million increase in the dollar amount of selling, general and administrative expenses for the six months ended April 30, 2000, compared to the same period in 1999, is primarily due to expenses related to growth including amortization of goodwill and, to a

somewhat lesser extent, expenses associated with the installation of a new enterprise resource plan.

Interest expense was \$1,503,000 for the first six months of 2000 compared to \$1,020,000 for the same period in 1999, an increase of \$483,000. This increase was primarily due to higher weighted average borrowings and interest rates during the first six months of 2000.

The pre-tax income for the first six months of 2000 was \$29 million compared to \$26 million, an increase of nearly 12% over the same period in 1999. The growth in pre-tax income outpaced revenue growth for the first half of 2000 as a result of lower selling, general and administrative expenses as a percentage of revenues.

The estimated effective income tax rate for the first six months of 2000 was 40%, compared to 41% in the first six months of 1999. The lower tax rate was due for the most part to an increase in the estimated federal tax credits and slightly lower effective state income tax rates.

As a result, net income for the first six months of 2000 was \$17.4 million, an increase of 14%, from the net income of \$15.3 million for the same period of 1999. Diluted net income per common share also rose 14% to 73 cents for the first six months of 2000, compared to 64 cents for the same period in 1999.

SEGMENT INFORMATION

Revenues for ABM Janitorial Services increased by 11.5% during the first six months of 2000 as compared to the same period of 1999 as a result of increased business nationwide but particularly in the Mid-Atlantic, Midwest, Northwest and Southeast regions and a number of acquisitions during the second half of 1999 and first quarter of 2000. This Division's operating profits increased 15.7% when compared to the same period in 1999. The increase in operating profits is principally due to increased revenues. Operating profits increased at a higher rate than revenues due primarily to lower labor and labor-related costs including insurance as a percentage of revenues.

Ampco System Parking's revenues increased by 2.9%, while its operating profits increased 11.4% during the first six months of 2000 compared to the first six months of 1999. The increase in revenues was primarily due to newly acquired parking contracts in California and small acquisitions in Florida and Texas along with revenue growth of its off-airport parking operations, which also

increased operating profits. The increase in operating profits resulted from additional business, but was disproportionately higher because a number of leased lot contracts were converted to a management fee basis. In management fee contracts, only the fee is recorded as revenues.

ABM Engineering Services' revenues increased by 1.4%, while its operating profits decreased 4.0% for the first six months of 2000 compared to the same period in 1999. The small revenue increase was due primarily to strong competition, which held down price increases, and a loss of work in the Midwest, Northeast and Northern California. The decrease in operating profits is due to increased general and administrative expense.

Amtech Lighting Services reported a 23.0% revenue increase, and operating profits increased by 20.8% during the first six months of 2000 compared to the same six months of the prior year. The increase in revenues and operating profits was primarily due to obtaining a significant contract in New York City, which started November 1, 1999, increased business in both its Florida and Texas regions, and the acquisition of Dixie Lighting & Electrical on January 1, 2000.

Revenues for Amtech Elevator Services increased by 20.2% in the first six months of 2000 compared to the same period in 1999 primarily due to new work secured in Atlanta, Chicago, Denver and North Carolina. The Division reported a 7.8% increase in operating profit for the first six months compared to the corresponding six months of 1999. This proportionally smaller increase in operating profits can be attributed primarily to higher operating expenses including insurance and computer related expenses.

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) inability to employ entry level personnel due to labor shortages, (11) 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, 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 outstanding debt and related interest expense, market risk in interest rate exposure in the United States is currently not material.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF STOCKHOLDERS

a) The Annual Meeting of Stockholders was held on March 21, 2000.

b) The following directors nominated by management were elected by a vote of stockholders: Linda Chavez, Martinn H. Mandles, Theodore Rosenberg, and William W. Steele. Mr. Mandles will serve for a term ending in the year 2002. Ms. Chavez and Messrs. Rosenberg and Steele will serve for a term ending in the year 2003.

The following directors remained in office: Maryellen B. Cattani, Luke S. Helms, Charles T. Horngren, Henry L. Kotkins, Jr., and William E. Walsh.

c) Proposal 1 - Election of Directors

Nominee	For	Against or Withheld	Abstentions	Broker Nonvotes
Linda Chavez	18,273,084	261,191	0	0
Martinn H. Mandles	18,441,973	92,302	0	0
Theodore Rosenberg	18,363,361	170,914	0	0
William W. Steele	18,436,566	97,709	0	0

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 3.1 - Restated Certificate of Incorporation of ABM Industries Incorporated, dated March 22, 2000

Exhibit 27.1 - Financial Data Schedule

(b) Reports on Form 8-K: No reports on Form 8-K were filed during the quarter ended April 30, 2000.

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

June 14, 2000

/s/ David H. Hebble

Senior Vice President and
Chief Financial Officer,
Principal Financial Officer

EXHIBIT INDEX

NUMBER - - - - -	DESCRIPTION - - - - -
Exhibit 3.1	Restated Certificate of Incorporation of ABM Industries Incorporated, dated March 22, 2000
Exhibit 27.1	Financial Data Schedule

RESTATED CERTIFICATE OF INCORPORATION
OF
ABM INDUSTRIES INCORPORATED
A DELAWARE CORPORATION

ABM Industries Incorporated, a corporation organized and existing under the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: The name of the Corporation is ABM Industries Incorporated and the name under which the Corporation was originally incorporated was American Building Maintenance Industries, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of Delaware on March 19, 1985.

SECOND: The Restated Certificate of Incorporation of ABM Industries Incorporated in the form attached hereto as Exhibit A restates and integrates but does not further amend the Certificate of Incorporation of ABM Industries Incorporated. and there is no discrepancy between the provisions of the Corporation's Certificate of Incorporation as heretofore amended or supplemented and the provisions of the Restated Certificate of Incorporation attached hereto, which has been duly adopted in accordance with the provisions of Sections 245 of the General Corporation Law of the State of Delaware by the affirmative vote of a majority of the directors of the Corporation at a meeting of the Board of Directors duly noticed and held on March 20, 2000, at which a quorum was present.

THIRD: The Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF, we have hereunto set our hands as President and Secretary, respectively, of ABM Industries Incorporated and hereby affirm under penalties of perjury that the foregoing is our act and deed and the facts herein stated are true, and accordingly have hereunto set forth our hands this 22nd day of March, 2000.

/s/ William W. Steele

William W. Steele, President

ATTEST: /s/ Harry H. Kahn

Harry H. Kahn, Secretary

RESTATED CERTIFICATE OF INCORPORATION
OF
ABM INDUSTRIES INCORPORATED

FIRST: The name of this corporation is: ABM Industries Incorporated.

SECOND: The address of the registered office of the corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, and the name of its registered agent at that address is The Corporation Trust Company.

THIRD: (omitted)

FOURTH: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FIFTH: (a) The corporation is authorized to issue two classes of shares to be designated, respectively, "Preferred Stock" and "Common Stock." The number of shares of Preferred Stock authorized to be issued is Five Hundred Thousand (500,000) and the number of shares of Common Stock authorized to be issued is One Hundred Million (100,000,000). The stock, whether Preferred Stock or Common Stock, shall have a par value of \$0.01 per share.

(b) The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is authorized, by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, including but not limited to the fixing or alteration of the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of shares of Preferred Stock; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Certificates of Designation heretofore adopted are attached as Attachment 1 and Attachment 2.

SIXTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind from time to time any or all of the by-laws of the corporation; including by-law amendments increasing or reducing the authorized number of directors. In addition, new by-laws may be adopted or the by-laws may be amended or repealed by a vote of not less than seventy percent (70%) of the outstanding stock of the corporation entitled to vote thereon.

SEVENTH: (a) The number of directors which shall constitute the whole Board of Directors of this corporation shall be as specified in the by-laws of this corporation, subject to the provisions of Article SIXTH hereof and this Article SEVENTH.

(b) The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected; provided, however, that each initial director in Class I shall hold office until the annual meeting of stockholders in 1986; each initial director in Class II shall hold office until the annual meeting of stockholders in 1987; and each initial director in Class III shall hold office until the annual meeting of stockholders in 1988. Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal.

(c) In the event of any increase or decrease in the authorized number of directors, (1) each director then serving as such shall nevertheless continue as a director of the class of which he is a member until the expiration of his current term, or his earlier resignation, removal from office or death, and (2) the newly created or eliminated directorship resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal as possible.

EIGHTH: No action shall be taken by the stockholders except at an annual or special meeting of stockholders. No action shall be taken by stockholders by written consent.

NINTH: Special meetings of the stockholders of this corporation 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 powers and authority, as provided in a resolution of the Board of Directors or in the by-laws of this corporation, include the power to call such meetings, but such special meetings may not be called by any other person or persons.

TENTH: 1. The affirmative vote of the holders of not less than seventy percent (70%) of the outstanding shares of "Voting Stock" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of this corporation or any subsidiary of this corporation with any "Related Person" (as hereinafter defined), notwithstanding the fact that no vote may be required or that a lesser percentage may be specified by law, in any agreement with any national securities exchange or otherwise; provided, however, that the seventy percent (70%) voting requirement shall not be applicable and such Business Combination shall require only such affirmative vote as is required by law, any agreement with any national securities exchange or otherwise if:

(a) The "Continuing Directors" (as hereinafter defined) of this corporation by at least a majority vote have expressly approved such Business Combination either in advance of or subsequent to such Related Person becoming a Related Person; or

(b) All of the following conditions are met:

(i) The cash or "Fair Market Value" (as hereinafter defined) as of the date of the consummation of the Business Combination (the "Combination Date") of the property, securities or other consideration to be received per share by holders of a particular class or series of capital stock, as the case may be, of this corporation in the Business Combination is not less than the highest of:

(A) the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Related Person in acquiring beneficial ownership of any of its holdings of such class or series of capital stock of this corporation (i) within the two-year period immediately prior to the Combination Date or (ii) in the transaction or series of transactions in which the Related Person became a Related Person, whichever is higher; or

(B) the Fair Market Value per share of the shares of capital stock being acquired in the Business Combination (i) as the Combination Date or (ii) the date on which the Related Person became a Related Person, whichever is higher; or

(C) in the case of Common Stock, the per share book value of the Common Stock as reported at the end of the fiscal quarter immediately prior to the Combination Date, and in the case of Preferred Stock, the highest preferential amount per share to which the holders of shares of such class or series of Preferred Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, regardless of whether the Business Combination to be consummated constitutes such an event.

The provision of this paragraph 1(b)(i) shall be required to be met with respect to every class or series of outstanding capital stock, whether or not the Related Person has previously acquired any shares of a particular class or series of capital stock. In all of the above instances, appropriate adjustments shall be made for recapitalizations and for stock dividends, stock splits and like distributions; and

(ii) The consideration to be received by holders of a particular class or series of capital stock shall be in cash or in the same form as previously has been paid by or on behalf of the Related Person in connection with its direct or indirect acquisition of beneficial ownership of shares of such class or series of stock. If the consideration so paid for any such share varied as to form, the form of consideration for such shares shall be either cash or the form used to acquire beneficial ownership of the largest number of shares of such class or series of capital stock previously acquired by the Related Person; and

(iii) After such Related Person has become a Related Person and prior to the consummation of such Business Combination: (a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on the outstanding Preferred Stock; (b) there shall have been (1) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Continuing Directors, and (2) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and (c) such Related Person shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Related Person becoming a Related Person; and

(iv) After such Related Person has become a Related Person, such Related Person shall not have received the benefit, directly or indirectly (except as proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise; and

(v) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

2. For purposes of this Article Tenth:

(a) The term "Business Combination" shall mean any (i) merger or consolidation of this corporation or a Subsidiary (as hereinafter defined) of this corporation with a Related Person or any other corporation which is or after such merger or consolidation would be an "Affiliate" or "Associate" (as hereinafter defined) of a Related Person, (ii) sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) with any Related Person or any Affiliate or Associate of any Related Person, of all or any "Substantial Part" (as hereinafter defined) of the assets of this corporation or of a Subsidiary of this corporation to a Related Person or any Affiliate or Associate of any Related Person, (iii) adoption of any plan or proposal for the liquidation or dissolution of this corporation proposed by or on behalf of a Related Person or any Affiliate or Associate of any Related Person, (iv) sale, lease, exchange or other disposition, including without limitation a mortgage or other security device, of all or any Substantial Part of the assets of a Related Person or any Affiliate or Associate of any Related Person to this corporation or a Subsidiary of this corporation, (v) issuance or pledge of securities of this corporation or a Subsidiary of this corporation to or with a Related Person or

any Affiliate or Associate of any Related Person, (vi) reclassification of securities (including any reverse stock split) or recapitalization of this corporation or any other transaction that would have the effect, either directly or indirectly, of increasing the proportionate share of any class of equity or convertible securities of this corporation or any subsidiary of this corporation which is directly or indirectly beneficially owned by any Related Person or any Affiliate or Associate of any Related Person, and (vii) agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(b) The term "person" shall mean any individual, firm, corporation or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Voting Stock of this corporation.

(c) The term "Related Person" shall mean any person (other than this corporation, or any Subsidiary and other than any profit-sharing, employee stock ownership or other employee benefit plan of this corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which:

(i) is the beneficial owner (as hereinafter defined) of ten percent (10%) or more of the Voting Stock;

(ii) is an Affiliate or Associate of this corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of ten percent (10%) or more of the Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to the beneficial ownership of any shares of Voting Stock which were at any time within the two-year period immediately prior to such time beneficially owned by any Related Person, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(d) A person shall be a "beneficial owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such person or any of its Affiliates or Associates has, directly or indirectly, (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement

or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

(e) For the purposes of determining whether a person is a Related Person pursuant to sub-paragraph (c) of this paragraph 2, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of sub-paragraph (d) of this paragraph 2 but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or option, or otherwise.

(f) The terms "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1985.

(g) The term "Subsidiary" means any corporation of which a majority of any class of equity securities is owned, directly or indirectly, by this corporation; provided, however, that for the purposes of the definition of Related Person set forth in sub-paragraph (c) of this paragraph 2, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity securities is owned, directly or indirectly, by this corporation.

(h) The term "Continuing Director" means any member of the Board of Directors, while such person is a member of the Board of Directors, who is not an Affiliate, Associate or a representative of the Related Person involved in a proposed Business Combination and was a member of the Board of Directors prior to the time that the Related Person became a Related Person, and any successor of a Continuing Director, while such successor is a member of the Board of Directors, who is not an Affiliate, Associate or a representative of the Related Person and is recommended or elected to succeed a Continuing Director by a majority of Continuing Directors. Each initial director of this corporation elected by the incorporator of this corporation shall be a Continuing Director for purposes of this Article Tenth.

(i) The term "Substantial Part" shall mean more than twenty percent (20%) of the Fair Market Value, as determined by a majority of the Continuing Directors, of the total consolidated assets of this corporation and its Subsidiaries taken as a whole as of the end of its most recent fiscal year ended prior to the time the determination is being made.

(j) For the purposes of paragraph 1(b) (i) of this Article Tenth, the term "other consideration to be received" shall include, without limitation, capital stock retained by the shareholders.

(k) The term "Voting Stock" shall mean all of the outstanding shares of Common Stock and the outstanding shares of Preferred Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by such shares voting as one class.

(1) The term "Fair Market Value" means: (i) in case of capital stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for the New York Stock Exchange Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such stock exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any successor system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined in good faith by a majority of the Continuing Directors; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined in good faith by a majority of the Continuing Directors.

(m) A Related Person shall be deemed to have acquired a share of the Voting Stock of this corporation at the time when such Related Person became the beneficial owner thereof. If a majority of the Continuing Directors is not able to determine the price at which a Related Person has acquired a share of Voting Stock of this corporation, such price shall be deemed to be the Fair Market Value of the shares in question at the time when the Related Person becomes the beneficial owner thereof. With respect to shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Related Person under the foregoing definition of Related Person, the price deemed to be paid therefor by such Related Person shall be the price paid upon the acquisition thereof by such Affiliate, Associate or other person, or, if such price is not determinable by a majority of the Continuing Directors, the Fair Market Value of the shares in question at the time when the Affiliate, Associate, or other such person became the beneficial owner thereof.

3. The fact that any Business Combination complies with the provisions of paragraph 1(b) of this Article Tenth shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member thereof, to approve such Business Combination or recommend its adoption or approval to the shareholders of this corporation, nor shall such compliance limit, prohibit or otherwise restrict in any manner the Board of Directors, or any member thereof, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

4. A majority of the Continuing Directors of the corporation shall have the power and duty to determine for the purposes of this Article Tenth, on the basis of information known to them after reasonable inquiry, (A) whether a person is a Related Party, (B) the number of shares of Voting Stock beneficially owned by any person, and (C) whether a person is an Affiliate or Associate of another. A majority of the Continuing Directors of the corporation shall have the further power to interpret all of the terms and provisions of this Article Tenth.

ELEVENTH: Advance notice of stockholder nominations for the election of directors shall be given in the manner provided in the by-laws of this corporation.

TWELFTH: (a) Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office (and not by Stockholders), even though less than a quorum of the Board of Directors. Any Director elected in accordance with the preceding sentence shall hold office until the next election of directors by the stockholders and until such director's successor shall have been elected and qualified. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) Any director may be removed from office by the affirmative vote of the holders of 70% of the outstanding stock of the corporation entitled to vote generally in the election of directors, provided that such removal is for cause.

THIRTEENTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation. Notwithstanding the foregoing, the provisions set forth in Articles SIXTH, SEVENTH, EIGHTH, NINTH, TENTH, ELEVENTH, TWELFTH and this Article THIRTEENTH may not be repealed or amended in any respect unless such repeal or amendment is approved by the affirmative vote of not less than seventy percent (70%) of the total voting power of all outstanding shares of stock in this corporation entitled to vote thereon.

FOURTEENTH: No director of the corporation shall be personally liable to the corporation or any stockholder for monetary damages for breach of fiduciary duty as a director, except for any matter in respect of which such director shall be liable under Section 174 of the General Corporation Law of the State of Delaware or any amendment thereto or shall be liable by reason that, in addition to any and all other requirements for such liability, such director (i) shall have breached the duty of loyalty to the corporation or its stockholders, (ii) shall not have acted in good faith, or, in failing to act, shall not have acted in good faith, (iii) shall have acted in a manner involving intentional misconduct or a knowing violation of law or, in failing to act, shall have acted in a manner involving intentional misconduct or a knowing violation of law or (iv) shall have derived an improper personal benefit. Neither the amendment nor repeal of this Article Fourteenth, nor the adoption of any provision of this certificate of incorporation inconsistent with this Article Fourteenth, shall eliminate or reduce the effect of this Article Fourteenth in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article Fourteenth would accrue or arise, prior to such amendment repeal or adoption of an inconsistent provision.

CERTIFICATE OF DESIGNATIONS, PREFERENCES,
RELATIVE RIGHTS, QUALIFICATIONS, LIMITATIONS
AND RESTRICTIONS

OF

SERIES B 8% SENIOR REDEEMABLE CUMULATIVE
PREFERRED STOCK

OF

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

American Building Maintenance Industries, Inc., a Delaware corporation (the "Corporation"), certifies that pursuant to the authority contained in Article Fifth of its Certificate of Incorporation, as amended (the "Certificate of Incorporation"), and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation at a meeting duly called and held on June 23, 1993 adopted the following resolution which resolution remains in full force and effect on the date hereof:

RESOLVED, that there is hereby established a series of authorized preferred stock having a par value of \$0.01 per share, which series shall be designated as "Series B 8% Senior Cumulative Redeemable Preferred Stock" (the "Series B Preferred Stock"), shall consist of 6,400 shares and shall have the following voting powers, preferences and relative rights, qualifications, limitations and restrictions as follows:

1. Certain Definitions.

Unless the context otherwise requires, the terms defined in this paragraph 1 shall have, for all purposes of this resolution, the meanings herein specified (with terms defined in the singular having comparable meanings when used in the plural).

Business Day. The term "Business Day" shall mean a day other than a Saturday or Sunday or any federal holiday.

Common Stock. The term "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Corporation.

Common Stocks. The term "Common Stocks" shall mean all shares now or hereafter authorized of any class of common stock of the Corporation, including the Common Stock, and any other stock of the Corporation, howsoever designated, authorized after the Initial Issue Date,

which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in subparagraph 2(b) below.

Dividend Period. The term "Dividend Period" shall mean the period from, and including, the Initial Issue Date to, but not including, the first Dividend Payment Date and thereafter, each quarterly period from, and including, the Dividend Payment Date to, but not including the next Dividend Payment Date.

Initial Issue Date. The term "Initial Issue Date" shall mean the date that shares of Series B Preferred Stock are first issued by the Corporation.

Junior Stocks. The term "Junior Stocks" shall mean the Common Stocks, the authorized Series A Junior Participating Preferred Stock, \$0.01 par value, of the Corporation and any other series of preferred stock established by the Board of Directors of the Corporation.

Liquidation Preference. The term "Liquidation Preference" shall mean \$1,000 per share.

Person. The term "Person" shall mean any corporation, association, partnership, joint venture, organization, individual, trust, estate or other entity.

Record Date. The term "Record Date" shall mean the date designated by the Board of Directors of the Corporation at the time a dividend is declared on the Series B Preferred Stock; provided, however, that such Record Date shall not be more than thirty (30) days nor less than ten (10) days prior to the respective Dividend Payment Date or such other date designated by the Board of Directors for the payment of dividends on the Series B Preferred Stock.

Redemption Date. The term "Redemption Date" shall have the meaning set forth in subparagraph 4(a) below.

Redemption Notice. The term "Redemption Notice" shall have the meaning set forth in paragraph 4(b) below.

Redemption Price. The term "Redemption Price" shall mean a price per share equal to the Liquidation Preference, together with accrued and unpaid dividends thereon to the Redemption Date.

2. Dividends.

(a) The record holders of Series B Preferred Stock shall be entitled to receive dividends, when and as declared by the Board of Directors of the Corporation, out of funds legally available

for the payment of dividends. Such dividends shall be payable by the Corporation in cash at the rate of eight percent (8%) per annum of the Liquidation Preference.

(b) Dividends on shares of Series B Preferred Stock shall accrue and be cumulative from the date of issuance of such shares. Dividends when and as declared by the Board of Directors of the Corporation shall be payable quarterly in arrears on November 1, February 1, May 1 and August 1 of each year (a "Dividend Payment Date"), commencing on November 1, 1993. If any Dividend Payment Date occurs on a day that is not a Business Day, any accrued dividends otherwise payable on such Dividend Payment Date shall be paid on the next succeeding Business Day. The amount of dividends payable on Series B Preferred Stock for each full Dividend Period shall be computed by dividing by four (4) the annual rate per share set forth in subparagraph 2(a) above. Dividends shall be paid to the holders of record of the Series B Preferred Stock as their names shall appear on the share register of the Corporation on the Record Date for such dividend. Dividends payable in any Dividend Period which is less than a full Dividend Period in length will be computed on the basis of a ninety (90) day quarterly period and actual days elapsed in such Dividend Period. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time to holders of record on the Record Date therefor. For any Dividend Period in which dividends are not paid in full on the Dividend Payment Date first succeeding the end of such Dividend Period, then on such Dividend Payment Date such accrued and unpaid dividends shall be added (solely for the purpose of calculating dividends payable on the Series B Preferred Stock) to the Liquidation Preference of the Series B Preferred Stock effective at the beginning of the Dividend Period succeeding the Dividend Period as to which such dividends were not paid and shall thereafter accrue additional dividends in respect thereof at the rate set forth in this subparagraph 2(b) until such accrued and unpaid dividends have been paid in full.

(c) So long as any shares of Series B Preferred Stock shall be outstanding, the Corporation shall not declare, pay or set apart for payment on any Junior Stocks any dividends whatsoever, whether in cash, property or otherwise (other than dividends payable in shares of the class or series upon which such dividends are declared or paid, or payable in shares of Common Stock with respect to Junior Stocks other than Common Stock, together with cash in lieu of fractional shares), nor shall the Corporation make any distribution on any Junior Stocks, nor shall any Junior Stocks be purchased, redeemed or otherwise acquired by the Corporation or any of its subsidiaries of which it owns not less than a majority of the outstanding voting power (other than repurchases in the ordinary course of business pursuant to repurchase provisions of an employee benefit plan of the corporation provided that all such repurchases, in the aggregate, do not materially adversely affect the Corporation's ability to pay dividends in arrears or redeem the Series B Preferred Stock pursuant to subparagraph 4(b)), nor shall any monies be paid or made available for a sinking fund for the purchase or redemption of any Junior Stocks, unless (i) all dividends to which the holders of Series B Preferred Stock shall have been entitled for all previous Dividend Periods shall have been paid or declared and a sum of money sufficient for the payment thereof has been set apart and (ii) all payments to which any holder of Series B Preferred Stock shall have been entitled pursuant to a redemption of any such shares pursuant to paragraph 4 hereof shall have been made.

(d) Subject to the provisions hereof and applicable law, the Board of Directors (i) may declare and the Corporation may pay or set apart for payment dividends on any Junior Stocks, (ii) may make any payment on account of or set apart payment for a sinking fund or other similar fund or agreement for the purchase or other acquisition, redemption, retirement or other requirement of, or with respect to, any Junior Stocks or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stocks, (iii) may make any distribution in respect to any Junior Stocks or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stocks, whether directly or indirectly, and whether in cash, obligations or securities of the Corporation or other property and (iv) may purchase or otherwise acquire, redeem or retire any Junior Stocks or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Stocks, and the holders of the shares of the Series B Preferred shall not be entitled to share therein.

(e) In the event that full dividends are not paid or made available to the holders of all outstanding shares of Series B Preferred Stock and funds available for payment of dividends shall be insufficient to permit payment in full to holders of all such stock of the full preferential amounts to which they are then entitled, then the entire amount available for payment of dividends shall be distributed ratably among all such holders of Series B Preferred Stock in proportion to the full amount to which they would otherwise be respectively entitled.

3. Distributions Upon Liquidation, Dissolution or Winding Up.

(a) In the event of any voluntary or involuntary liquidation, dissolution or other winding up of the affairs of the Corporation, before any payment or distribution shall be made to the holders of any Junior Stocks, the holders of Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation in cash the Liquidation Preference per share plus an amount equal to all dividends accrued and unpaid thereon to the date of such liquidation or dissolution or such other winding up. Except as provided in this paragraph, holders of Series B Preferred Stock shall not be entitled to any other distribution in the event of liquidation, dissolution or winding up of the affairs of the Corporation.

(b) If upon any such liquidation, dissolution or other winding up of the affairs of the Corporation the assets of the Corporation shall be insufficient to permit the payment in full of the Liquidation Preference per share plus an amount equal to all dividends accrued and unpaid on the Series B Preferred Stock, then the assets of the Corporation shall be ratably distributed among the holders of Series B Preferred Stock in proportion to the full amounts to which they would otherwise be respectively entitled if all amounts thereon were paid in full.

(c) Neither the consolidation or merger of the Corporation into or with another corporation or corporations, nor the sale, lease, transfer or conveyance of all or substantially all of the assets of the Corporation to another corporation or any other entity shall be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph 3.

4. Redemption by the Corporation.

(a) The Series B Preferred Stock may be redeemed, in whole or from time to time in part, at any time after eight years following the Initial Issue Date at the option of the Corporation at the Redemption Price. Each date fixed for redemption pursuant to this subparagraph 4(a) or subparagraph 4(b) below is called a "Redemption Date."

(b) At any time on or after five years following the Initial Issue Date, the Corporation shall, to the extent permitted by law and from funds legally available therefor, redeem any or all of the outstanding shares of Series B Preferred Stock for the Redemption Price from any holder thereof, not later than thirty (30) days after receipt of written notice (a "Redemption Notice") from such holder that such holder desires to redeem the number of shares of Series B Preferred Stock set forth in such Redemption Notice. Each Redemption Notice shall be accompanied by the certificate or certificates representing the shares of Series B Preferred Stock to be redeemed pursuant to such Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired. All shares of the Series B Preferred Stock being redeemed will cease to accrue dividends as of the Redemption Date. In the event less than all of the shares of Series B Preferred Stock held by a holder are redeemed pursuant to the provisions of this subparagraph 4(b), a new certificate or certificates shall be issued representing the unredeemed shares provided that, such holder shall pay any tax which may be payable with respect to the issuance or delivery of such new certificate and no such issuance or delivery shall be made unless and until the holder shall have paid to the Corporation the amount of any and all such taxes or shall have established to the satisfaction of the Corporation that all such taxes have been paid in full. After the Redemption Date, holders of Series B Preferred Stock shall no longer be treated as stockholders of the Corporation with respect to the shares of Series B Preferred Stock so redeemed. If on a Redemption Date the funds of the Corporation legally available for such redemption shall be insufficient to redeem all shares required to be redeemed pursuant to this subparagraph (b) on such Redemption Date, funds to the maximum extent legally available for such purposes shall be utilized to redeem the maximum number of outstanding shares of Series B Preferred Stock delivered to the Corporation with a Redemption Notice on such date, on a pro rata basis among the holders who have given a Redemption Notice on such date, based on the number of such shares of Series B Preferred Stock tendered pursuant to such Redemption Notices. If, because sufficient funds are not legally available, the Corporation shall fail to redeem all shares required to be redeemed on a Redemption Date, then the Corporation shall redeem such shares tendered for redemption (on a pro rata basis among all shares of Series B Preferred Stock tendered on such Redemption Date, as described in the preceding sentence) as promptly as practicable after funds are legally available therefor. No redemptions of any shares of Series B Preferred Stock tendered on a Redemption Date shall be made until all such shares tendered for redemption on an earlier Redemption Date shall have been redeemed by the Corporation. All outstanding shares of Series B Preferred Stock shall continue to accrue dividends as set forth in subparagraph 2(b) until redeemed by the Corporation.

(c) In case of a redemption pursuant to subparagraph 4(a) of less than all shares of Series B Preferred Stock at the time outstanding, the shares to be redeemed shall be selected pro rata, by

lot or by any other method as determined by the Board of Directors of the Corporation to be equitable.

(d) Notice of any redemption pursuant to subparagraph 4(a) shall be sent by or on behalf of the Corporation not more than sixty (60) days nor less than thirty (30) days prior to the Redemption Date, by first class mail, postage prepaid, to all holders of record of the Series B Preferred Stock at their respective last addresses as they shall appear on the books of the Corporation; provided, however, that no failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption pursuant to subparagraph 4(a) of any shares of Series B Preferred Stock, except as to the holder to whom the Corporation has failed to give notice or except as to the holder to whom notice was defective. In addition to any information required by law or by the applicable rules of any exchange upon which Series B Preferred Stock may be listed or admitted to trading, such notice shall state: (i) that such redemption is a mandatory redemption; (ii) the Redemption Date; (iii) the Redemption Price; (iv) the number of shares of Series B Preferred to be redeemed and, if less than all shares held by such holder are to be redeemed, the number of such shares to be redeemed; (v) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (vi) that dividends on the shares to be redeemed will cease to accrue on the Redemption Date. Upon the mailing of any such notices of redemption, the Corporation shall become obligated to redeem at the time of redemption specified thereon all shares called for redemption.

(e) If notice of a redemption pursuant to subparagraph 4(a) has been mailed in accordance with subparagraph 4(d) above and provided that on or before the Redemption Date specified in such notice, all funds necessary for such redemption shall have been set aside by the Corporation in accordance with subparagraph 4(f) below, separate and apart from its other funds in trust for the pro rata benefit of the holders of the shares so called for redemption, so as to be, and to continue to be available therefor, then, from and after the Redemption Date, dividends on the shares of the Series B Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding and shall not have the status of shares of Series B Preferred Stock, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. Upon surrender, in accordance with said notice, of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price without additional interest. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares without cost to the holder thereof except for any tax which may be payable in respect of any transfer involved in the issuance or delivery of such new certificate in a name other than that which such shares of Series B Preferred Stock were registered immediately prior to such redemption, and no such issuance or delivery shall be made unless and until the person requesting such issuance or delivery shall have paid to the Corporation the amount of any and all such taxes or shall have established to the satisfaction of the Corporation that all such taxes have been paid in full.

(f) Any funds deposited with a bank or trust company for the purpose of redeeming Series B Preferred Stock shall be irrevocable except that:

(i) the Corporation shall be entitled to receive from such bank or trust company the interest or other earnings, if any, earned on any funds so deposited in trust, and the holders of any shares redeemed shall have no claim to such interest or other earnings; and

(ii) any balance of funds so deposited by the Corporation and unclaimed by the holders of the Series B Preferred Stock entitled thereto at the expiration of two (2) years from the applicable Redemption Date shall be repaid, together with any interest or other earnings earned thereon, to the Corporation, and after any such repayment, the holders of the shares entitled to the funds so repaid to the Corporation shall look only to the Corporation for payment without interest or other earnings.

(g) No Series B Preferred Stock may be redeemed except with funds legally available for the payment of the Redemption Price.

(h) Notwithstanding the foregoing provisions of this paragraph 4, unless the full cumulative dividends on all outstanding shares of Series B Preferred Stock shall have been paid or contemporaneously are declared and paid for all past dividend periods, none of the shares of Series B Preferred Stock shall be redeemed unless all outstanding shares of Series B Preferred Stock are redeemed concurrently in accordance with paragraph 4.

(i) All shares of Series B Preferred Stock redeemed pursuant to this paragraph 4 shall be retired and shall be restored to the status of authorized and unissued shares of preferred stock, without designation as to series and may thereafter be reissued as shares of any series of preferred stock; provided, however, that so long as any shares of Series B Preferred Stock remain outstanding, any such other preferred stock that is so reissued shall be Junior Stocks.

5. Voting Rights.

The holders of record of Series B Preferred Stock shall have no right to vote except (i) as provided by law and (ii) such holders shall be entitled to vote with the Common Stock (and not as a separate class) on all matters upon which holders of the Common Stock are entitled to vote and shall be entitled to one vote per share of Series B Preferred Stock.

6. Prohibition on Creation of Certain Securities.

No preferred stock or other class of equity securities of the Corporation ranking senior to or on parity with the Series B Preferred Stock, whether with respect to dividends, or upon liquidation, dissolution or winding up or otherwise, shall be created.

7. Exclusion of Other Rights.

Except as may otherwise be required by law, the shares of Series B Preferred Stock shall not have any voting powers, preferences or other rights, except as specifically set forth in this resolution (as such resolution may be amended from time to time in accordance with its terms) and in the Certificate of Incorporation. The shares of Series B Preferred Stock shall have no preemptive rights, subscription rights or conversion rights.

8. Rules and Regulations.

The Board of Directors shall have the right and authority from time to time to prescribe rules and regulations as it may determine to be necessary or advisable, as the Board of Directors may determine in good faith, for the administration of the Series B Preferred Stock in accordance with the provisions hereof and applicable law.

9. Headings of Subdivisions.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

10. Severability of Provisions.

If any voting powers, preferences or other rights of the Series B Preferred Stock or any qualifications, limitations or restrictions thereon set forth in this resolution (as such resolution may be amended from time to time in accordance with its terms) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other voting powers, preferences and rights of Series B Preferred Stock and qualifications, limitations and restrictions thereon set forth in this resolution (as so amended) which can be given effect without the invalid, unlawful or unenforceable voting powers, preferences or other rights of Series B Preferred Stock and qualifications, limitations and restrictions thereon shall, nevertheless, remain in full force and effect, and no voting powers, preferences and other rights of Series B Preferred Stock and qualifications, limitations and restrictions thereon herein set forth shall be deemed dependent upon any other such voting powers, preferences and other rights of Series B Preferred Stock and qualifications, limitations and restrictions thereon unless so expressed herein.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be duly executed by Sydney J. Rosenberg, Chairman of the Board and Chief Executive Officer and attested by Harry H. Kahn its Secretary, this day ____ of August, 1993.

AMERICAN BUILDING MAINTENANCE
INDUSTRIES, INC.

By: /s/ Sydney J. Rosenberg

Sydney J. Rosenberg
Chairman of the Board and
Chief Executive Officer

ATTEST:

By: /s/ Harry H. Kahn

Harry H. Kahn, Secretary

CERTIFICATE OF DESIGNATION AND TERMS
OF PARTICIPATING PREFERRED STOCK
OF
ABM INDUSTRIES INCORPORATED

Pursuant to Section 151 of the General
Corporation Law of the State of Delaware

We, the undersigned, William W. Steele and Harry H. Kahn, the
President and Secretary, respectively, of ABM industries Incorporated, a
Delaware corporation (the "Corporation"), do hereby certify as follows:

Pursuant to authority granted by Article Fifth of the Certificate
of Incorporation, as amended, of the Corporation and in accordance with the
provisions of Section 151 of the General Corporation Law of the State of
Delaware, the Board of Directors of the Corporation has adopted the following
resolutions fixing the designation and certain terms, powers, preferences and
other rights of a new series of the Corporation's Preferred Stock, par value
\$.01 per share, and certain qualifications, limitations and restrictions
thereon:

RESOLVED, that there is hereby established a series of
Preferred Stock, par value \$.01 per share, of the Corporation, and the
designation and certain terms, powers, preferences and other rights of
the shares of such series, and certain qualifications, limitations and
restrictions thereon, are hereby fixed as follows:

(i) The distinctive serial designation of this series shall
be "Participating Preferred Stock" (hereinafter called "this
Series"). Each share of this Series shall be identical in all
respects with the other shares of this Series except as to the
dates from and after which dividends thereon shall be cumulative.

(ii) The number of shares in this Series shall initially be
50,000, which number may from time to time be increased or
decreased (but not below the number then outstanding) by the Board
of Directors. Shares of this Series purchased by the Corporation
shall be cancelled and shall revert to authorized but unissued
shares of Preferred Stock undesignated as to series. Shares of
this Series may be issued in fractional shares, which fractional
shares shall entitle the holder, in proportion to such holder's
fractional share, to all rights of a holder of a whole share of
this Series.

(iii) The holders of full or fractional shares of this
Series shall be entitled to receive, when and as declared by the
Board of Directors, but only out of funds legally available
therefor, dividends, (A) on each date that dividends or other
distributions (other than dividends or distributions payable in
Common

Stock of the Corporation) are payable on or in respect of Common Stock comprising part of the Reference Package (as defined below), in an amount per whole share of this Series equal to the aggregate amount of dividends or other distributions (other than dividends or distributions payable in Common Stock of the Corporation) that would be payable on such date to a holder of the Reference Package (as hereinafter defined) and (B) on the last day of March, June, September and December in each year, in an amount per whole share of this Series equal to the excess (if any) of \$2.50 over the aggregate dividends paid per whole share of this Series during the three month period ending on such last day. Each such dividend shall be paid to the holders of record of shares of this Series on the date, not exceeding sixty days preceding such dividend or distribution payment date, fixed for the purpose by the Board of Directors in advance of payment of each particular dividend or distribution. Dividends on each full and each fractional share of this Series shall be cumulative from the date such full or fractional share is originally issued; provided that any such full or fractional share originally issued after a dividend record date and on or prior to the dividend payment date to which such record date relates shall not be entitled to receive the dividend payable on such dividend payment date or any amount in respect of the period from such original issuance to such dividend payment date.

The term "Reference Package" shall initially mean 1,000 shares of Common Stock, \$.01 par value per share ("Common Stock"), of the Corporation. In the event the Corporation shall at any time after the close of business on April 22, 1998 (A) declare of pay a dividend on any Common Stock payable in Common Stock, (B) subdivide any Common Stock or (C) combine any Common Stock into a smaller number of shares, then and in each such case the Reference Package after such event shall be the Common Stock that a holder of the Reference Package immediately prior to such event would hold thereafter as a result thereof.

Holders of shares of this Series shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided on this Series.

So long as any shares of this series are outstanding, no dividends (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to this Series as to dividends or upon liquidation, nor shall any Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or

exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation), unless, in each case, the full cumulative dividends (including the dividend to be due upon payment of such dividend, distribution, redemption, purchase or other acquisition) on all outstanding shares of this Series shall have been, or shall contemporaneously be, paid.

(iv) In the event of any merger, consolidation, reclassification or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of this Series shall at the same time be similarly exchanged or changed in an amount per whole share equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, that a holder of the Reference Package would be entitled to receive as a result of such transaction.

(v) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of full and fractional shares of this Series shall be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to this Series upon liquidation, to be paid in full an amount per whole share of this Series equal to the greater of (A) \$100 or (B) the aggregate amount distributed or to be distributed prior to such date in connection with such liquidation, dissolution or winding up to a holder of the Reference Package (such greater amount being hereinafter referred to as the "Liquidation Preference"), together with accrued dividends to such distribution or payment date, whether or not earned or declared. If such payment shall have been made in full to all holders of shares of this Series, the holders of shares of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to the first paragraph of this Section (v), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such liquidation, dissolution or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

Upon the liquidation, dissolution or winding up of the Corporation, the holders of shares of this Series then outstanding shall be entitled to be paid out of assets of the Corporation available for distribution to its Stockholders all amounts

to which such holders are entitled pursuant to the first paragraph of this Section (v) before any payment shall be made to the holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to this Series.

For the purposes of this Section (v), the consolidation or merger of, or binding share exchange by, the Corporation with any other corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(vi) The shares of this Series shall not be redeemable.

(vii) In addition to any other vote or consent of Stockholders required by law or by the Restated Certificate of Incorporation, as amended, of the Corporation, each whole share of this Series shall, on any matter, vote as a class with any other capital stock comprising part of the Reference Package and voting on such matter and shall have the number of votes thereon that a holder of the Reference Package would have.

IN WITNESS WHEREOF, the undersigned have signed and attested this certificate on the 17th day of March, 1998.

/s/ William W. Steele

President
William W. Steele

Attest:

/s/ Harry H. Kahn

Secretary
Harry H. Kahn

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1,000

6-MOS

OCT-31-2000	
APR-30-2000	2,081
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	316,679
	0
	24,814
391,704	97,835
	61,179
	594,354
187,395	42,815
0	6,400
	225
	287,572
594,354	868,569
	868,569
	759,002
	759,002
	79,053
	0
	1,503
	29,011
	11,604
17,407	0
	0
	0
	17,407
	0.77
	0.73