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

FORM 10-K

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

FOR THE FISCAL YEAR ENDED OCTOBER 31, 1997

OR__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

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 Number)

50 FREMONT STREET, 26TH FLOOR, SAN FRANCISCO, CALIFORNIA 94105
(Address and zip code of principal executive offices)

TELEPHONE: (415) 597-4500

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of December 31, 1997, nonaffiliates of the registrant beneficially owned shares of the registrant's common stock with an aggregate market value of $489,359,354.

As of December 31, 1997, there were 20,611,800 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Proxy Statement to be used by the Company in connection with its 1998 Annual Meeting of Stockholders is incorporated by reference into Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS.

ABM Industries Incorporated ("ABM") is the largest U.S.-based facility services contractor listed on the New York Stock Exchange. With annual revenues exceeding $1.25 billion and more than 52,000 employees, ABM and its subsidiaries (the "Company") provide air conditioning, elevator, engineering, janitorial, lighting, parking and security services to thousands of commercial, industrial and institutional customers who outsource these services in hundreds of cities across North America.

ABM was reincorporated in Delaware on March 19, 1985, as the successor to a business founded in California in 1909. The Corporate Headquarters of the Company is located at 50 Fremont Street, 26th Floor, San Francisco, California 94105, and its telephone number is (415) 597-4500.

BUSINESS SEGMENT INFORMATION

The Company's divisions (consisting of one or more subsidiaries of the Company), listed below, operate in three functionally oriented segments of the building services industry -- Janitorial Divisions, Public Service Divisions and Technical Divisions.

JANITORIAL DIVISIONS	PUBLIC SERVICE DIVISIONS	TECHNICAL DIVISIONS
American Building Maintenance	American Commercial Security Services	ABM Engineering Services
Easterday Janitorial Supply	Ampco System Parking	Amtech Elevator Services
		Amtech Lighting Services
		CommAir Mechanical Services

Additional information relating to the Company's three industry segments appears in Note 15 of Item 8, Financial Statements and Supplementary Data of this Form 10-K. The business activities of the Company's three industry segments and eight operating divisions, as they existed at October 31, 1997, are more fully described below.

JANITORIAL DIVISIONS

The Janitorial Divisions segment provides janitorial cleaning services as well as janitorial supplies and equipment to its customers. Operating from 78 offices throughout the United States and Canada, this segment accounted for approximately 53%, 56% and 57% of the Company's revenues in the fiscal years ended October 31, 1995, 1996 and 1997, respectively.

/ / AMERICAN BUILDING MAINTENANCE (also known as ABM Janitorial Services) provides a wide range of basic janitorial services for a variety of structures and organizations, including office buildings, industrial plants, banks, department stores, theaters, warehouses, educational and health institutions and airport terminals. Services provided include floor cleaning and finishing, wall and window washing, furniture polishing, rug cleaning, dusting, and other building cleaning services. This Division maintains 72 offices in 31 states, the District of Columbia and one Canadian province and operates under thousands of individually negotiated building maintenance contracts, the majority of which are obtained by competitive bidding. Generally, profit margins on maintenance contracts tend to be inversely proportional to the size of the contract. Although many of the Division's maintenance contracts are fixed price agreements, others contain clauses under which the customer agrees to reimburse the Division for the full amount of wages, payroll taxes, insurance premiums and other expenses plus a profit percentage. The majority of the Division's contracts are for one-year periods, contain automatic renewal clauses and are subject to termination by either party upon 30 to 90 days written notice.

/ / EASTERDAY JANITORIAL SUPPLY markets janitorial supplies and equipment through six sales offices located in San Francisco, Los Angeles and Sacramento, California; Portland, Oregon; Reno, Nevada; and Houston, Texas. Easterday has also approved 31 sub-distributors to serve American Building Maintenance in 26 other states and the District of Columbia. Aside from sales to American Building Maintenance, which, in 1997, accounted for approximately 30% of Easterday Janitorial Supply's total revenues, the principal customers for this division are industrial plants, schools, commercial buildings, industrial organizations, transportation terminals, theaters, hotels, retail stores, restaurants, military establishments and janitorial service companies. Among the products sold are paper products, disinfectants, floor cleaners, polishes, glass cleaners, waxes and cleaning equipment. The products sold include a number of nationally advertised brands and, in large part, are manufactured by others. This Division blends certain cleaning agents and waxes which it sells under the Easterday name, but these operations are not significant in relation to Easterday Janitorial Supply as a whole.

PUBLIC SERVICE DIVISIONS

At October 31, 1997, operations of the Company's Public Service Divisions segment provided parking facility management services and commercial security and investigative services to their customers.

The Public Service Divisions operated from 46 offices, which were located throughout the United States. For the fiscal years ended October 31, 1995, 1996 and 1997, this segment accounted for approximately 21%, 21% and 19%, respectively, of the Company's revenues.

The two Public Service Divisions are described below:

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

/ / AMPCO SYSTEM PARKING operates approximately 1,400 parking lots and garages which are either leased from or managed for third parties. The lease terms generally range from 5 to 10 years and usually contain provisions for renewal options. Leases which expire may continue on a month-to-month basis or are replaced by similar leases. Many leases contain provisions for contingent rentals based on revenues. Ampco System Parking currently operates in 24 states, including seven of the 20 busiest international airports in the U.S.: Denver, Honolulu, Los Angeles, Newark, Orlando, Phoenix, and San Francisco.

TECHNICAL DIVISIONS

The Technical Divisions segment provides its customers with a wide range of elevator, engineering, HVAC (heating, ventilation and air conditioning), and lighting services through its four divisions. The Company believes that the offering of such a wide range of services by an affiliated group provides its customers with an attractive alternative to obtaining the services of a larger number of unrelated individual contractors and/or subcontractors. A number of the Divisions' service contracts are for one to three years and are generally renewed after expiration. This segment's primary market consists of retail and commercial businesses with multiple locations scattered over wide geographic areas. Examples of such customers include high-rise office buildings, bank and savings and loan branch systems, shopping centers, restaurant chains, service stations, supermarkets, and convenience, discount and drug store chains.

The Technical Divisions operate from 53 offices located in Arizona, California, Colorado, Florida, Georgia, Illinois, Louisiana, Maryland, Michigan, Nevada, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, and Washington, D.C. For the fiscal years ended October 31, 1995, 1996 and 1997, this segment accounted for approximately 26%, 23% and 24%, respectively, of the Company's revenues.

Operations of the four Technical Divisions during fiscal year 1997 are described below:

/ / ABM ENGINEERING SERVICES (also known as Amtech Engineering Services) provides building owners and managers with staffs of on-site operating engineers to operate, maintain and repair electrical, mechanical, and plumbing systems within a facility. This service is primarily for high-rise office buildings, but customers also include schools, warehouses, factories, shopping malls and universities. ABM Engineering Services maintains five offices, two of which are in California and one each in Chicago, Illinois; Philadelphia, Pennsylvania; and Phoenix, Arizona.

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

/ / AMTECH LIGHTING SERVICES provides relamping, fixture cleaning and periodic maintenance service to its customers. Amtech Lighting Services also repairs, services, designs and installs outdoor signage. This division maintains 21 offices, seven of which are located in California;

five of which are in Texas; and one office in each of the following states: Arizona, Florida, Georgia, Maryland, New Jersey, New Mexico, New York, Louisiana, and Oklahoma.

/ / COMMAIR MECHANICAL SERVICES installs, maintains, and repairs heating, ventilation and air conditioning equipment, and provides energy management services for commercial, industrial and institutional facilities. CommAir Mechanical Services maintains ten offices, nine of which are located in California, and one in Phoenix, Arizona.

TRADEMARKS

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

COMPETITION

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

MARKETING AND SALES

The Company's marketing and sales efforts are conducted by its corporate, division, region and branch offices. Sales and operations personnel in each of these offices participate directly in selling and servicing customers. The broad geographic scope of these offices enables the Company to provide a full range of facility services, through inter-service sales referrals, multi-service "bundled" sales and national account sales.

The Company has a broad customer base including airports, apartment complexes, city centers, colleges and universities, financial institutions, industrial plants, office buildings, retail stores, shopping centers and theme parks. No customer accounted for more than 5% of its revenues during the fiscal year ended October 31, 1997.

EMPLOYEES

The Company employs over 52,000 persons, of whom the vast majority perform air conditioning, elevator, engineering, janitorial, lighting, parking and security services. Approximately 22,700 of these employees are covered under collective bargaining agreements. There are about 3,500 employees with executive, managerial, administrative, professional, sales, marketing, clerical and other office assignments.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company as of December 31, 1997 are as follows:

NAME	AGE	PRINCIPAL OCCUPATIONS AND BUSINESS EXPERIENCE DURING PAST FIVE YEARS
William W. Steele	61	Chief Executive Officer since November 1994; President since November 1991
Martinn H. Mandles	57	Chairman of the Board since December 1997; Chief Administrative Officer since November 1991; Executive Vice President from November 1991 to December 1997.
J. E. Benton, III	57	Senior Vice President since July 1994; Vice President from November 1977 to July 1994
Sherrill F. Sipes, Jr.	62	Senior Vice President since July 1994; Vice President from May 1968 to July 1994
William C. Banner	63	Vice President of the Company, and Chairman of the Security Services Division
Donna M. Dell	49	Vice President & Chief Employment Counsel since July 1994; Vice President and Legal Counsel, Wells Fargo Bank, from February 1990 to June 1994
John F. Egan	61	Vice President of the Company, and President of the Janitorial Services Division
David H. Hebble	62	Vice President & Chief Financial Officer
Harry H. Kahn	54	Vice President, General Counsel & Secretary
Douglas B. Bowlus	53	Treasurer
Vernon E. Skelton	53	Controller & Chief Accounting Officer since April 1997; Assistant Vice President & Director of Accounting for more than five years prior to April 1997

ITEM 2. PROPERTIES.

The Company has sales, operations, warehouse and administrative facilities in over 200 locations throughout the United States, and Canada. Thirteen of these facilities are owned by the Company and the remainder are leased. At October 31, 1997, the real estate owned by the Company had an aggregate net book value of $3,480,000 and was located in: Phoenix, Arizona; San Francisco and Fresno, California; Jacksonville and Tampa, Florida; Elko, Nevada; Portland, Oregon; Houston and San Antonio, Texas; Kennewick, Seattle, Spokane and Tacoma, Washington.

Rental payments under long and short-term lease agreements amounted to $97,229,000 for the fiscal year ended October 31, 1997. Of this amount, $78,828,000 in rental expense was attributable to the Ampco System Parking Division for public parking lots and garages that it leases and operates. The remaining rent expense was for equipment, vehicles, office and warehouse space.

ITEM 3. LEGAL PROCEEDINGS.

Not applicable.

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

Not applicable.

PART II

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

MARKET INFORMATION AND DIVIDENDS

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

	FISCAL QUARTER				
	FIRST	SECOND	THIRD	FOURTH	YEAR
1996					
Price range of common stock:					
High	$14 1/4	$17 5/8	$20 1/4	$19 3/8	
Low	$13 1/8	$13 1/2	$17 1/8	$15 1/2	
Dividends per share	$0.0875	$0.0875	$0.0875	$0.0875	$0.35
1997					
Price range of common stock:					
High	$19 3/4	$19 1/2	$23 3/16	$29 3/16	
Low	$15 1/2	$17 3/8	$18 3/8	$23 1/8	
Dividends per share	$0.10	$0.10	$0.10	$0.10	$0.40

All share and per share amounts have been restated to retroactively reflect the two-for-one common stock split on July 15, 1996.

At December 31, 1997, there were approximately 5,500 holders of the Company's common stock.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below is derived from the Company's consolidated financial statements for each of the years in the five-year period ended October 31, 1997:

(in thousands, except per share amounts and ratios)	1993	1994	1995	1996	1997
OPERATIONS					
Revenues and other income	$ 773,312	$ 884,633	$ 965,381	$1,086,925	$ 1,252,472
Expenses					
Operating expenses and cost of goods sold	658,503	760,056	830,749	940,296	1,076,078
Selling, general and administrative	93,136	97,017	100,481	105,943	126,755
Interest	1,431	2,501	2,739	2,581	2,675
	753,070	859,574	933,969	1,048,820	1,205,508
Income before income taxes	20,242	25,059	31,412	38,105	46,964
Income taxes	7,596	9,890	13,193	16,385	19,725
Net income	$ 12,646	$ 15,169	$ 18,219	$ 21,720	$ 27,239
Net income per common share	$ 0.73	$ 0.82	$ 0.92	$ 1.05	$ 1.22
Common and common equivalent shares	17,291	17,816	19,179	20,241	21,872
FINANCIAL STATISTICS					
Dividends per common share	$ 0.25	$ 0.26	$ 0.30	$ 0.35	$ 0.40
Stockholders' equity per common share	$ 6.28	$ 6.87	$ 7.57	$ 8.43	$ 9.67
Working capital	$ 76,613	$ 90,165	$ 95,627	$ 119,957	$ 137,757
Current ratio	1.85	1.91	1.84	2.05	1.88
Long-term debt	$ 20,937	$ 25,254	$ 22,575	$ 33,664	$ 38,402
Redeemable cumulative preferred stock	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400
Stockholders' equity	$ 110,188	$ 124,331	$ 141,786	$ 164,293	$ 197,813
Total assets	$ 268,140	$ 299,470	$ 334,973	$ 379,770	$ 467,152
Property, plant and equipment -- net	$ 17,043	$ 19,819	$ 22,647	$ 22,570	$ 26,584
Capital expenditures	$ 6,187	$ 8,539	$ 10,225	$ 10,751	$ 13,272
Depreciation and amortization	$ 7,158	$ 9,300	$ 11,527	$ 13,651	$ 16,118
Accounts receivable -- net	$ 127,908	$ 140,788	$ 158,075	$ 183,716	$ 234,464

All share and per share amounts have been restated to retroactively reflect a two-for-one common stock split in 1996.

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

FINANCIAL CONDITION

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

Funds provided from operations and bank borrowings have historically been the sources for meeting working capital requirements, financing capital expenditures, acquisitions and paying cash dividends. Management believes that funds from these sources will remain available and adequately serve the Company's liquidity needs. The Company has an unsecured revolving credit agreement with a syndicate of U.S. banks. This agreement has a $125 million line of credit expiring July 1, 2002. Effective November 1, 1997, the agreement was amended to increase the amount available to $150 million. At the Company's option, the credit facility provides interest at the prime rate or IBOR+.35%. As of October 31, 1997, the total amount outstanding was approximately $105 million, which was comprised of loans in the amount of $34 million and standby letters of credit of $71 million. This agreement requires the Company to meet certain financial ratios, places some limitations on outside borrowing and prohibits declaring or paying cash dividends exceeding 50% of the Company's net income for any fiscal year. In February 1996, the Company entered into a loan agreement with a major U.S. bank which provides a seven-year term loan of $5 million. This loan bears interest at a fixed rate of 6.78% with annual payments of principal, in varying amounts, and interest due February 15, 1997 through February 15, 2003. The Company's effective interest rate for all long-term debt borrowings for the year ended October 31, 1997 was 7.1 %.

Operating activities generated cash flows in 1995, 1996 and 1997 of $13.8 million, $16.7 million and $27.7 million respectively. Cash paid for acquisitions during the fiscal years ended October 31, 1995, 1996 and 1997 including payments pursuant to contractual arrangements involved in prior acquisitions, were approximately $12.5 million, $13.0 million and $28.6 million, respectively. Capital expenditures during fiscal years 1995, 1996, and 1997 were $10.2 million, $10.8 million, and $13.3 million, respectively. Cash dividends paid to stockholders of common and redeemable preferred stock were approximately $6.1 million in 1995, $7.2 million in 1996 and $8.6 million in 1997. At October 31, 1997, working capital was $137.8 million as compared to $120.0 million at October 31, 1996.

RECENT ACCOUNTING PRONOUNCEMENTS

EARNINGS PER SHARE: In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share. The statement specifies the computation, presentation and disclosure requirements for earnings per share and is effective for periods ending after December 15, 1997. This statement will be adopted by the Company in fiscal year 1998. The Company has not determined the impact of this statement on its consolidated financial statements.

REPORTING COMPREHENSIVE INCOME: In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income, which establishes standards for reporting and displaying comprehensive income and its components. The statement is effective for fiscal years beginning after December 15, 1997 and will be adopted by the Company in fiscal year 1999. The Company does not believe this statement will have a material impact on its consolidated financial statements.

DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION: In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, disclosures about Segments of an Enterprise and Related Information, which establishes standards for the way the public business enterprises are to report information about operating segments in the annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports issued to stockholders. The statement is effective for periods beginning after December 15, 1997, and will be adopted by the Company in fiscal year 1999. The Company does not believe this statement will have a material impact on its consolidated financial statements.

EFFECT OF INFLATION

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

ENVIRONMENTAL MATTERS

The nature of the Company's operations, primarily services, would not ordinarily involve it in environmental contamination. However, the Company's operations are subject to various federal, state and/or local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, such as discharge into soil, water and air, and the generation, handling, storage, transportation and disposal of waste and hazardous substances.

These laws generally have the effect of increasing costs and potential liabilities associated with the conduct of the Company's operations, although historically they have not had a material adverse effect on the Company's financial position 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; and, one involving alleged potential soil and groundwater contamination at a former dry-cleaning facility leased by the company in Nevada. While it is difficult to predict the ultimate outcome of these matters, based on information currently available, management believes that none of these matters, individually or in the aggregate, are reasonably likely to have a material adverse affect on the Company's financial position or its results of operations.

YEAR 2000 ISSUE

The Company has identified the software it uses which is not year 2000 compliant and has begun its effort to coordinate the identification, evaluation, and implementation of changes to its computer systems and applications necessary to achieve a year 2000 date conversion. The total cost of compliance and its effect on the Company's financial condition and future results of operations have not been determined.

ACQUISITIONS

The operating results of businesses acquired have been included in the accompanying consolidated financial statements from their respective dates of acquisition and are fully discussed on Note 12 to the Consolidated Financial Statements. Acquisitions made in the three fiscal years ending October 31, 1997 contributed approximately $123 million to fiscal 1997 revenues.

RESULTS OF OPERATIONS

COMPARISON OF 1997 TO 1996

The Company reported record revenues and earnings for 1997. Revenues and other income (hereinafter called "revenues") were $1.252 billion in 1997, up $165 million or 15%, from $1.087 billion reported in 1996. The 15% increase in revenues in 1997 over 1996 was attributable to volume and price increases as well as revenues generated from acquisitions. Acquisitions made during 1997 accounted for approximately $60 million, or approximately 36% of the total revenue increase of $165 million for 1997. Gross profit (revenues minus operating expenses and cost of goods sold) increased $29 million to $176 million from $147 million a year ago. The gross profit as a percentage of revenues increased slightly to 14.1% in 1997 from 13.5% in 1996. The increase in gross profit amount was primarily due to increases in revenues and decreases in labor and labor related costs relative to sales, particularly the Company's self insurance costs. As discussed in previous years, the Company's continued emphasis on safety training and education programs, along with aggressively settling claims, has helped management to control the insurance expenses.

Selling, general and administrative expense increased $20.9 million from $105.9 million in 1996 to $126.8 million in 1997 but increased slightly as a percentage of revenues from 9.7% to 10.1% in 1997. The dollar amount of increase in selling, general and administrative expense is due to increases in marketing expenses as well as legal, accounting, and goodwill amortization expenses associated with acquisitions.

In 1997, interest expense was $2,675,000 as compared to $2,581,000 in 1996, an increase of $94,000. Although average debt was lower in 1997 than 1996, the effective interest rate was slightly higher during the current year: 7.1% in 1997 as compared to 6.9% in 1996. Therefore, the increase was mostly due to certain other components of interest expense not related to long term debt.

The income before income tax (pretax income) for 1997 was $47.0 million, an increase of 23% over the prior year. The growth in pre-tax income outpaced the revenue growth for 1997 primarily due to continued implementation of cost controls, contribution from acquisitions made over the past few years, and stable insurance expenses.

The effective income tax rate decreased from 43% in 1996 to 42% in 1997, due for the most part to increased various federal and state tax credits.

Net income increased to $27.2 million in 1997, or 25%, from $21.7 million in 1996. Earnings per share for the current year increased to $1.22 from $1.05 in 1996 which represents a 16% increase. The average number of shares used for the calculation of earnings per share increased from approximately 20.2 million to 21.9 million. The increase in common and common equivalent shares resulted mainly from the exercise of stock options, higher common stock equivalents due to a higher average share price, and purchases made by employees under the Company's Employee Stock Purchase Plan. Earnings per share calculations also include the effect of a preferred stock dividend deduction of $512,000 in both 1997 and 1996.

The results of operations from the Company's three industry segments and its operating divisions for 1997 as compared to 1996 are more fully described below:

Revenues for the Janitorial Divisions segment in 1997 were $713 million, an increase of $106 million or 17% over 1996, while its operating profits increased 18% over 1996. The Janitorial Divisions segment, which includes American Building Maintenance and Easterday Janitorial Supply, accounted for approximately 57% of the Company's consolidated revenues for 1997. Revenues of American Building Maintenance increased by 17% in 1997 as compared to 1996 primarily as a result of significant increases in its Midwest, Northeast, Northern California, and Southwest regions; moderate increases in Southeast, Gulf Central, and Ohio Valley regions; offset by slight decreases in its Canadian, Mid-Pacific, Mid-Atlantic, and South Central regions. Revenues also increased approximately $29 million from acquisitions made during the fiscal year 1997 including acquisition of all the building maintenance operations in New York City from Ogden Corporation on August 1, 1997. This Division's operating profits (revenues minus total expenses) increased by 18% when compared to 1996. The increase in operating profits is principally due to the increased revenues, particularly from the acquisition in New York City, and slightly lower insurance costs. Easterday Janitorial Supply Division's revenues to non-affiliates for 1997 increased by approximately 17% compared to 1996 generally due to increases in its customer base particularly in Portland, Oregon and Sacramento, California. Operating profits increased 13% as a result of the increased sales volume though at somewhat lower margins.

Revenues in 1997 from the Public Service Divisions segment, which includes the American Commercial Security Services and Ampco System Parking Divisions, were $243 million, an increase of 7% over 1996. Public Service Divisions accounted for approximately 19% of the Company's consolidated revenues in 1997. The operating profits of this segment were up 3%. American Commercial Security Services reported an increase in revenues of 7% in 1997 as compared to 1996 primarily due to obtaining new customers, particularly in the Southwest and Midwest Regions. However, the Division's operating profits decreased by 10% compared to 1996 due primarily to certain large contracts which were bid at smaller margins in order to remain competitive, and an increase in labor costs due to overtime. Ampco System Parking Division's revenues increased by approximately 7% in 1997 when compared to 1996 and its operating profits increased by 14%. The primary factors accounting for the growth in revenues were increased business at its airport operations and new parking locations in the Northwest region. The improvement of 14% in operating profits is largely due to the increased business in the Northwest and increases in profit margins on its Southern California business as building occupancy improves.

The Company's Technical Divisions segment includes ABM Engineering Services, Amtech Elevator Services, Amtech Lighting Services, and CommAir Mechanical Services. The Technical Divisions segment through its four divisions reported revenues of $296 million, an increase of approximately 17% over last year. These revenues represent approximately 24% of the Company's consolidated revenues for 1997. Operating profits of the Technical Divisions increased approximately 30% in 1997 over 1996. ABM Engineering Services Division reported increased revenues of 18% and a 6% increase in operating profits for 1997 as compared to 1996, mostly due to new business in the Northeast region obtained through the Company's acquisition of the on-site engineering operations from Ogden Corporation. The proportionately lower operating profits increase reflects the lower margins on the business acquired in the Northeast. For 1997, Amtech Elevator Services Division reported a 10% increase in revenues when compared to the prior year essentially due to strong growth in the service and repair business. This Division's operating profits were up 121%, primarily due to the absence of losses reported in the prior year by its Mexican subsidiary, which was sold May 31, 1996, and lower insurance costs, offset by continuing start up costs of new branches. Amtech Lighting Services Division's revenues for 1997 increased by 23% while its operating profits increased by 34%. Revenues and operating profits were up as a result of the acquisition of Sica Electrical and Maintenance of New York in November 1, 1996. CommAir Mechanical Services Division's revenues and operating profits in 1997 increased by 18% and 8%, respectively, over the prior year. The revenue increase is attributable to an increase in construction project work as well as the acquisition on March 1, 1997 of Preferred Mechanical Service in Southern California. A relatively smaller percentage increase in operating profits for the current year is a result of lower margins from larger projects as well as a slight increase in selling, general and administrative expenses.

COMPARISON OF 1996 TO 1995

The Company's revenues and other income were $1.087 billion in 1996, up $122 million or 13%, from $965 million reported in 1995. The 13% increase in revenues in 1996 over 1995 was attributable to volume and price increases as well as revenues generated from acquisitions. Acquisitions made during 1996 accounted for approximately $15 million, or approximately 12% of the total revenue increase of $122 million for 1996. Gross profit increased $12 million to $147 million from $135 million a year ago. The ratio of gross profit to revenues declined slightly to 13.5% in 1996 from 13.9% in 1995. The increase in gross profit amount was primarily due to increases in revenues and was partially offset by increases in labor and labor related costs. Even with increased revenues, the Company's insurance cost did not substantially increase in 1996. As discussed in previous years, the Company's continued emphasis on safety training and education programs, along with aggressively settling claims, has helped management to control the insurance expenses.

Selling, general and administrative expense increased $5.5 million from $100.4 million in 1995 to $105.9 million in 1996 but decreased slightly as a percentage of revenues from 10.4% to 9.7% in 1996. The dollar amount of increase in selling, general and administrative expense is due to increases in marketing expenses as well as legal, accounting, and goodwill amortization expenses associated with acquisitions. The percentage of selling, general and administrative expense in relation to revenues, decreased for 1996 as a result of management's successful cost control measures, coupled with economies of scale.

In 1996, interest expense was $2,581,000 as compared to $2,739,000 in 1995, a decrease of $158,000. Although the average debt was higher in 1996 than 1995, the effective interest rate was lower during the current year: 6.9% in 1996 as compared to 7.8% in 1995. Consequently, the lower effective rate in 1996 helped to offset the interest expense caused by higher average borrowing. Interest expense was also higher in 1995 because the Company paid interest on fully accrued state and federal income taxes.

The pretax income for 1996 was $38.1 million, an increase of 21% over the prior year. The growth in pre-tax income outpaced the revenue growth for 1996 primarily due to continued implementation of cost controls, contribution from acquisitions made over the past few years, and stable insurance expenses.

The effective income tax rate was 43% in 1996 and 42% in 1995. The higher rate in 1996 reflects the loss of certain tax credits and higher non-deductible expenses for tax purposes.

Net income increased to $21.7 million in 1996, or 19%, from $18.2 million in 1995. Earnings per share for the current year increased to $1.05 from $0.92 in 1995 which represents a 14% increase. The average number of shares used for the calculation of earnings per share increased from approximately 19.2 million to 20.2 million. The increase in common and common equivalent shares resulted mainly from the exercise of stock options, higher common stock equivalents due to a higher average share price, and purchases made by employees under the Company's Employee Stock Purchase Plan. Earnings per share calculations also includes the effect of a preferred stock dividend deduction of $512,000 for 1996 and 1995.

The results of operations from the Company's three industry segments and its operating divisions for 1996 as compared to 1995 are more fully described below:

Revenues for the Janitorial Divisions segment in 1996 were $607 million, an increase of $96 million or 19% over 1995, while its operating profits increased 20% over 1995. The Janitorial Divisions segment, which includes American Building Maintenance and Easterday Janitorial Supply, accounted for approximately 56% of the Company's consolidated revenues for 1996. Revenues of American Building Maintenance increased by 19% in 1996 as compared to 1995 primarily as a result of significant increases in its Northeast, Midwest, and Northern California Regions; moderate increases in Southeast, Gulf Central, South Central, Northwest, Ohio Valley, and Southwest Regions; offset by slight decreases in its Canadian and Mid-Atlantic Regions. Revenues also increased approximately $13 million from acquisitions made during the fiscal year 1996. This Division's operating profits increased by 20% when compared to 1995. The increase in operating profits is principally due to the increased revenues, cost controls of its selling and administrative expenses, contributions from recent acquisitions, partially offset by increased direct labor and labor related expenses. Easterday Janitorial Supply Division's revenues for 1996 increased by approximately 14% as compared to 1995 generally due to increases in its customer base and additional sales generated by outside brokers. Operating profits increased 18% as a result of increased sales volume and cost containment efforts, partially offset by lower margins from brokerage sales.

Revenues in 1996 from the Public Service Divisions segment, which includes the American Commercial Security Services and Ampco System Parking Divisions, were $226 million, an increase of 10% over 1995. Public Service Divisions accounted for approximately 21% of the Company's consolidated revenues in 1996. The operating profits of this segment were up 14%. American Commercial Security Services reported an increase in revenues of 20% in 1996 as compared to 1995 primarily due to obtaining new customers, particularly in the Southwest and South Central Regions, as well as from an acquisition in Minneapolis. The Division's operating profits increased by 16% over 1995. Operating profit increased at a lower rate than sales due primarily to the larger contracts obtained in 1996 which were bid at smaller margins in order to remain competitive. Ampco System Parking Division's revenues increased by approximately 4% in 1996 when compared to 1995 and its operating profits increased by 13%. The primary factors accounting for the growth in revenues were increased business at its airport operations, an increase in management fee income, and partially offset by lower monthly parking revenues in the downtown Los Angeles market due to higher vacancy rates in office buildings. An impressive improvement of 13% in operating profits is largely due to a higher gross margin contribution from the Division's airport operations as well as an increase in management fee income.

The Company's Technical Divisions segment includes ABM Engineering Services, Amtech Elevator Services, Amtech Lighting Services, and CommAir Mechanical Services. The Technical Divisions segment through its four divisions reported revenues of $253 million, an increase of approximately 2% over last year. These revenues represent approximately 23% of the Company's consolidated revenues for 1996. Operating profits of the Technical Divisions increased approximately 5% in 1996 over 1995. ABM Engineering Services Division reported increased revenues of 12% and a 28% increase in operating profits for 1996 as compared to 1995. Revenue increases were posted by all its regions in 1996 mainly due to geographic expansion and penetration into new markets. The increase in operating profits continues to result from increased volume, reductions in payroll related costs including insurance expense, and containment of selling, general and administrative expenses. For 1996, Amtech Elevator Services Division reported a 5% decrease in revenues when compared to the prior year. The decrease in revenues is primarily due to management's decision to gradually phase out of the construction business, the sale of the Company's Mexican subsidiary on May 31, 1996, and offset partially by a strong growth in maintenance service base. This Division's operating profits were negatively impacted by operating losses of its Mexican business prior to disposal, increased marketing expenses to expand its maintenance service base, and start-up costs incurred in opening three new branches in 1996. Amtech Lighting Services Division's revenues for 1996 decreased by 2% while its operating profits decreased by 5%. Revenues were down as a result of lower project oriented types of sales. The operating profit was negatively impacted from lower revenues in 1996 as well as competitive market conditions. CommAir Mechanical Services Division's revenues and operating profits in 1996 increased by 5% and 2%, respectively, over the prior year. The revenue increase is attributable to energy management category of sales, service contracts, and partially offset by decrease in installation contracts. A relatively smaller percentage increase in operating profits for the current year is a result of lower margins from larger energy management projects as well as a slight increase in operating 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) the widespread failure of commercial real estate occupancy to improve in the Company's major markets since it relates directly to the need for janitorial and other buildings services, (2) the loss or bankruptcy of one or more of the Company's major customers, which could adversely affect the Company's ability to collect deferred costs or its accounts receivable, (3) the untimely departure of one or more of the Company's key executives, which could affect retention of customers as well as the day to day management of operations, (4) any major labor disruptions that may cause loss of revenue or cost increases that non-union companies can use to their advantage in obtaining market share, (5) significant shortfall in achieving any acquisition plan to acquire either businesses in new markets or expand customer base in existing ones, (6) any legislation or other government action that severely impacts one or more of the Company's lines of business, such as price controls that could prevent cost recovery and fuel restrictions that might increase the cost to deliver services, (7) the reduction or revocation of the Company's lines of credit which would increase interest expense or the cost of capital, (8) the cancellation or non-renewal of the Company's primary insurance policies, as many customers retain services based on the provider's ability to provide adequate insurance including performance bonds and proof of adequate insurance, (9) any catastrophic uninsured or underinsured claims against the Company, which also might include insurance companies financially incapable of paying claims, (10) the inability to recruit and hire entry level personnel due to labor shortages, and (11) 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors
ABM Industries Incorporated:

We have audited the accompanying consolidated balance sheets of ABM Industries Incorporated and subsidiaries as of October 31, 1996 and 1997, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, 1997. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ABM Industries Incorporated and subsidiaries as of October 31, 1996 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended October 31, 1997, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule II, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG Peat Marwick LLP San Francisco, California
December 15, 1997

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED BALANCE SHEETS

OCTOBER 31 (in thousands of dollars except share amounts)	1996	1997
ASSETS		
Cash and cash equivalents	$ 1,567	$ 1,783
Accounts receivable (less allowances of $4,442 and $5,923)	183,716	234,464
Inventories	16,492	21,197
Deferred income taxes	11,684	10,968
Prepaid expenses and other current assets	20,296	26,005
Total current assets	233,755	294,417
Investments and long-term receivables	15,941	12,900
Property, plant and equipment -- net	22,570	26,584
Intangible assets (less accumulated amortization of $23,995 and $30,595)	76,366	100,313
Deferred income taxes	22,046	25,426
Other assets	9,092	7,512
	$ 379,770	$ 467,152
LIABILITIES		
Current portion of long-term debt	$ 902	$ 1,393
Bank overdraft	4,935	12,975
Trade accounts payable	27,091	34,555
Income taxes payable	1,864	4,265
Accrued liabilities:		
Compensation	27,862	35,965
Taxes -- other than income	9,952	12,609
Insurance claims	23,256	25,479
Other	17,936	29,419
Total current liabilities	113,798	156,660
Long-term debt	33,664	38,402
Retirement plans	10,140	13,413
Insurance claims	51,475	54,464
Total liabilities	209,077	262,939
SERIES B 8% SENIOR REDEEMABLE CUMULATIVE PREFERRED STOCK, 6,400 shares authorized, issued and outstanding, stated at redemption value, $1,000 per share	6,400	6,400
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value; 500,000 shares authorized; none issued	--	--
Common stock, $.01 par value; 28,000,000 shares authorized; 19,489,000 and 20,464,000 shares issued and outstanding in 1996 and 1997, respectively	195	205
Additional capital	48,548	63,416
Retained earnings	115,550	134,192
Total stockholders' equity	164,293	197,813
	$ 379,770	$ 467,152

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

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED OCTOBER 31 (in thousands, except per share amounts)	1995	1996	1997
REVENUES AND OTHER INCOME	$ 965,381	$1,086,925	$ 1,252,472
EXPENSES			
Operating expenses and cost of goods sold	830,749	940,296	1,076,078
Selling, general and administrative	100,481	105,943	126,755
Interest	2,739	2,581	2,675
	933,969	1,048,820	1,205,508
INCOME BEFORE INCOME TAXES	31,412	38,105	46,964
Income taxes	13,193	16,385	19,725
NET INCOME	$ 18,219	$ 21,720	$ 27,239
NET INCOME PER COMMON SHARE	$ 0.92	$ 1.05	$ 1.22
COMMON AND COMMON EQUIVALENT SHARES	19,179	20,241	21,872

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED OCTOBER 31, 1995, 1996 AND 1997 (in thousands, except per share amounts)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL CAPITAL	RETAINED EARNINGS
BALANCE OCTOBER 31, 1994	9,049	$ 90	$ 35,334	$ 88,907
Net income				18,219
Dividends:				
Common stock				(5,549)
Preferred stock				(512)
Stock issued under employees' stock purchase and option plans	317	4	5,293	
BALANCE OCTOBER 31, 1995	9,366	94	40,627	101,065
Net income				21,720
Dividends:				
Common stock				(6,723)
Preferred stock				(512)
Two-for-one stock split	9,669	97	(97)	
Stock issued under employees' stock purchase and option plans	454	4	8,018	
BALANCE OCTOBER 31, 1996	19,489	195	48,548	115,550
Net income				27,239
Dividends:				
Common stock				(8,085)
Preferred stock				(512)
Stock issued under employees' stock purchase and option plans and for acquisition	975	10	14,868	
BALANCE OCTOBER 31, 1997	20,464	$ 205	$ 63,416	$ 134,192

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

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED OCTOBER 31 (in thousands of dollars)	1995	1996	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 944,570	$ 1,055,112	$ 1,203,314
Other operating cash receipts	1,931	1,270	1,126
Interest received	489	449	552
Cash paid to suppliers and employees	(913,577)	(1,017,329)	(1,154,572)
Interest paid	(3,136)	(2,418)	(2,685)
Income taxes paid	(16,438)	(20,355)	(19,988)
Net cash provided by operating activities	13,839	16,729	27,747
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(10,225)	(10,751)	(13,272)
Proceeds from sale of assets	590	777	660
Increase (decrease) in investments and long-term receivables	853	(5,657)	3,041
Intangible assets acquired	(12,499)	(13,044)	(28,606)
Net cash used in investing activities	(21,281)	(28,675)	(38,177)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Common stock issued	5,297	8,022	8,778
Dividends paid	(6,061)	(7,235)	(8,597)
Increase (decrease) in bank overdraft	5,361	(426)	8,035
Increase (decrease) in notes payable	(4)	223	491
Long-term borrowings	89,000	110,777	115,654
Repayments of long-term borrowings	(91,679)	(99,688)	(113,715)
Net cash provided by financing activities	1,914	11,673	10,646
Net (decrease) increase in cash and cash equivalents	(5,528)	(273)	216
Cash and cash equivalents beginning of year	7,368	1,840	1,567
CASH AND CASH EQUIVALENTS END OF YEAR	$ 1,840	$ 1,567	$ 1,783
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income	$ 18,219	$ 21,720	$ 27,239
ADJUSTMENTS:			
Depreciation and amortization	11,527	13,651	16,118
Impairment of long-lived assets	--	--	2,700
Provision for bad debts	1,536	2,039	2,988
Gain on sale of assets	(127)	(314)	(257)
Deferred income taxes	(3,554)	(3,556)	(2,664)
Increase in accounts receivable	(18,823)	(26,890)	(50,312)
Decrease (increase) in inventories	(1,969)	516	(4,069)
Increase in prepaid expenses and other current assets	(6,906)	(1,170)	(5,628)
Decrease (increase) in other assets	(1,434)	(645)	1,580
(Decrease) increase in income taxes payable	309	(414)	2,401
Increase in retirement plans accrual	1,649	2,513	3,273
Increase in insurance claims liability	4,462	4,854	5,212
Increase in trade accounts payable and other accrued liabilities	8,950	4,425	29,166
Total adjustments to net income	(4,380)	(4,991)	508
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 13,839	$ 16,729	$ 27,747
SUPPLEMENTAL DATA:			
Non-cash investing activities:			
Common stock issued for net assets of business acquired	--	--	$ 6,100

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

INTANGIBLE ASSETS: Intangible assets consist of goodwill in the amount of $128,595,000 and other intangible assets in the amount of $2,313,000, net of accumulated amortization of $30,595,000. Goodwill, which represents the excess of cost over fair value of tangible assets of businesses acquired, is amortized on a straight-line basis over periods not exceeding 40 years. It is the Company's policy to carry goodwill applicable to acquisitions prior to 1971 of $1,450,000 at cost until such time as there may be evidence of diminution in value.

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

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

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

NET INCOME PER COMMON SHARE: Net income per common share and common equivalent share (principally outstanding stock options), after the reduction for preferred stock dividends in the amount of $512,000 in 1995, 1996 and 1997, is based on the weighted average number of shares outstanding during the year and the common stock equivalents that have a dilutive effect. Net income per common share assuming full dilution is not significantly different than net income per share as shown.

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

STOCK-BASED COMPENSATION: Effective November 1, 1996, the Company adopted Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, and has elected to account for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. See Note 10.

2. INSURANCE

Certain insurable risks such as general liability, property damage and workers' compensation are self-insured by the Company. However, the Company has umbrella insurance coverage for certain risk exposures subject to specified limits. Accruals for claims under the Company's self-insurance program are recorded on a claim-incurred basis. Under this program, the estimated liability for claims incurred but unpaid at October 31, 1996 and 1997 was $74,731,000 and $79,943,000, respectively. In connection with certain self-insurance agreements, the Company has standby letters of credit at October 31, 1997 supporting the estimated unpaid liability in the amounts of $69,905,000.

3. INVENTORIES

The inventories at October 31, consisted of the following:

(in thousands of dollars)	1996	1997
Janitorial supplies and equipment held for sale	$ 4,095	$ 4,562
Parts and materials	10,971	13,643
Work in process	1,426	2,992
	$16,492	$21,197

4. PROPERTY, PLANT AND EQUIPMENT -- NET

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

(in thousands of dollars)	1996	1997
Land	$ 960	$ 911
Buildings	3,790	3,773
Transportation equipment	9,750	11,211
Machinery and other equipment	39,899	46,147
Leasehold improvements	8,202	10,476
	62,601	72,518
Less accumulated depreciation and amortization	40,031	45,934
	$22,570	$26,584

5. LONG-TERM DEBT AND CREDIT AGREEMENT

During the third quarter of 1997, the Company replaced its $125,000,000 syndicated line of credit expiring September 22, 1999 with a new $125,000,000 syndicated line of credit expiring July 1, 2002. Effective November 1, 1997, the agreement was amended to increase the amount available to $150,000,000. The unsecured revolving credit facility provides, at the Company's option, interest at the prime rate or IBOR+.35%. The facility calls for a commitment fee payable quarterly, in arrears, of .12% based on the average, daily, unused portion. For purposes of this calculation, irrevocable standby letters of credit issued in conjunction with the Company's self-insurance program plus cash borrowings are considered to be outstanding amounts. As of October 31, 1997, the total outstanding amount under this facility was $104,610,000 comprised of $34 million in loans and $70,610,000 in standby letters of credit. The interest rate at October 31, 1997 on loans outstanding under this agreement ranged from 6.04% to 6.10%. The Company is required, under this agreement to maintain financial ratios and places certain limitations on dividend payments. The Company is prohibited from paying cash dividends exceeding 50% of its net income for any fiscal year.

In February 1996, the Company entered into a loan agreement with a major U.S. bank which provides a seven-year term loan of $5 million. This loan bears interest at a fixed rate of 6.78% with annual payments of principal, in varying amounts, and interest due February 15, 1997 through February 15, 2003.

The long-term debt of $39,795,000 matures in the years ending October 31 as follows: $1,393,000 in 1998; $783,000 in 1999; $836,000 in 2000; $860,000 in 2001, $34,896,000 in 2002, and $1,027,000 in subsequent years.

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

(in thousands of dollars)	1996	1997

Notes payable to bank with interest at 5.83 - 8.25%	$28,000	$34,000
Note payable to bank with interest at 6.78%	5,000	4,777
Note payable to insurance company with interest at 9.35%	1,273	636
Notes payable with interest at 8.75%	293	238
Other		144
	34,566	39,795
Less current portion	902	1,393
	$33,664	$38,402

6. EMPLOYEE BENEFIT PLANS

(A) RETIREMENT AGREEMENTS

The Company has unfunded retirement agreements for 36 current and former directors and senior executives, all of which are fully vested. The agreements provide for annual benefits for ten years commencing with the respective retirement dates of those executives. The benefits are accrued over the period these directors and senior executives are expected to be employed by the Company. During 1995, 1996 and 1997, amounts accrued under these agreements were $417,000 $398,000, and $509,000 respectively. Payments were made in 1995, 1996, and 1997 in the amounts of $322,000, $124,000 and $124,000, respectively.

(B) 401(K) AND PROFIT SHARING PLAN

The Company has a profit sharing and 401(k) plan covering all nonmanual employees (except highly compensated individuals) not covered under collective bargaining agreements, which includes employer participation in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The plan allows participants to make pretax contributions and the Company matches certain percentages of employee contributions depending on the participant's length of service. The profit sharing portion of the plan is discretionary and noncontributory. All amounts contributed to the plan are deposited into a trust fund administered by independent trustees.

The Company provided for profit sharing contributions of $920,000, $1,084,000 and $1,336,000 for 1995, 1996 and 1997, respectively. The Company's matching 401(k) contributions required by the 401(k) plan for 1995, 1996 and 1997 were approximately $602,000, $664,000 and $873,000, respectively.

(C) SERVICE AWARD BENEFIT PLAN

The Company established an unfunded service award benefit plan effective November 1, 1989, with a retroactive vesting period of five years. This plan is a "severance pay plan" as defined by the Employee Retirement Income Security Act (ERISA) and covers all highly compensated nonmanual employees excluded from the Profit Sharing and Employee Savings Plan discussed above. The plan provides participants, upon termination, with a guaranteed seven days pay for each year of employment subsequent to November 1, 1989. The Company, at its discretion, may also award additional days each year.

Net cost of the plan is comprised of:

(in thousands of dollars)	1995	1996	1997
Service cost	$ 352	$ 371	$ 298
Interest	139	176	233
Net cost	$ 491	$ 547	$ 531
Actuarial present value of:			
Vested benefit obligation	$ 1,863	$ 2,436	$ 2,964
Accumulated benefit obligation	$ 1,949	$ 2,522	$ 3,102
Projected benefit obligation	$ 2,470	$ 3,064	$ 3,853

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

(in thousands of dollars)	1995	1996	1997
Weighted average discount rate	7%	7%	7%
Rate of increase in compensation level	5%	5%	5%

(D) PENSION PLAN UNDER COLLECTIVE BARGAINING

Certain employees of the Company are covered under union-sponsored collectively bargained multi-employer defined benefit plans. Contributions for these plans were approximately $10,100,000, $11,900,000 and $16,800,000 in 1995, 1996 and 1997, respectively. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts.

7. LEASE COMMITMENTS AND RENTAL EXPENSE

The Company is obligated under noncancelable operating leases for various facilities and equipment. Assets held under these leases consist of offices, warehouses, vehicles and parking facilities.

As of October 31, 1997, future minimum lease commitments under noncancelable operating leases are as follows:

Years ending (in thousands of dollars)

1998	$ 36,650
1999	21,349
2000	13,984
2001	9,862
2002	7,135
Thereafter	25,898
Total minimum lease commitments	$ 114,878

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

(in thousands of dollars)	1995	1996	1997
Minimum rentals under noncancelable leases	$ 47,114	$ 50,834	$ 52,997
Contingent rentals	16,400	29,470	32,031
Short-term rental agreements	23,835	11,364	12,201
	$ 87,349	$ 91,668	$ 97,229

Contingent rentals are applicable to leases of parking lots and garages and are based on percentages of the gross receipts attributable to the related facilities.

8. COMMITMENTS AND CONTINGENCIES

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

9. REDEEMABLE CUMULATIVE PREFERRED STOCK

On June 23, 1993, the Company authorized 6,400 shares of preferred stock having a par value of $0.01 per share. These shares designated as Series B 8% Senior Redeemable Cumulative Preferred Stock (Series B Preferred Stock) shall be entitled to one vote per share on all matters upon which common stockholders are entitled to vote and have a redemption price of $1,000 per share, together with accrued and unpaid dividends thereon. Redemption of the Series B Preferred Stock is at the option of the holders for any or all of the outstanding shares after September 1, 1998 or at the option of the Company after September 1, 2002. The total redemption value of the shares outstanding at October 31, 1996 and 1997 in an amount of $6,400,000 is classified on the Company's balance sheet as redeemable cumulative preferred stock. In the event of any liquidation, dissolution or winding up of the affairs of the Company, holders of the Series B Preferred Stock shall be paid the redemption price plus all accrued dividends to the date of liquidation, dissolution or winding up of affairs before any payment to other stockholders.

On September 1, 1993, the Company issued 6,400 shares of its Series B Preferred Stock in conjunction with the acquisition of System Parking. The acquisition agreement provided that one-half, or 3,200 shares, of the Series B Preferred Stock be placed in escrow and will be released upon certain earnout requirements. As of October 31, 1997, none of these shares have been released.

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

10. CAPITAL STOCK

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

On June 18, 1996, the Company's Board of Directors approved a two-for-one stock split, payable to shareholders of record as of the close of business on July 15, 1996. A total of 9,669,000 shares of common stock were issued in connection with the stock split. The stated par value of the shares was not changed from $0.01. A total of $96,690 was reclassified from the Company's additional paid in capital account to the Company's common stock account. All share and per share amounts have been restated to retroactively reflect the stock split.

On April 22, 1988, the Company distributed a dividend of one-half of one right for each outstanding share of common stock. The rights are attached to all outstanding shares of common stock. Each right entitles the holder to purchase 1/100 of a share of the Series A Junior Participating Preferred Stock for $80, subject to adjustment. The rights are exercisable only after a third party (other than Sydney and Theodore Rosenberg, individually or as members of a group, or their permitted transferees) acquires 20% or more or commences a tender offer which would result in such party's acquiring 30% or more of the Company's common stock.

After the rights become exercisable, if the Company is acquired and is not the surviving corporation or 50% or more of its assets or its earnings power is transferred, each right will entitle its holder to purchase shares of the acquiring company at a 50% discount. If the Company is acquired and is the surviving corporation, or a 20% or greater holder engages in "self-dealing" transactions or increases its beneficial ownership of the Company by more than 1% in a transaction involving the Company, each right will entitle its holder, other than the acquirer, to purchase common stock of the Company at a similar 50% discount. The rights expire on April 22, 1998, and may be redeemed at a price of $.01 under certain circumstances.

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

Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, requires the disclosure of pro forma net earnings and earnings per share had the Company adopted the fair value method as of the beginning of fiscal year ended October 31, 1996. Under SFAS 123, the fair value of stock-based awards to employees is calculated through the use of option pricing models. The use of these models requires subjective assumptions, including future stock price volatility and expected time to exercise, which can have a significant effect on the calculated values. The Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions: expected lives of 9.8 years and 6.4 years from the date of grant in fiscal 1997 and 1996, respectively; expected stock price volatility of 19.5%; expected dividend yield of 2.6%; and risk free interest rates of 6.5 % and 6.8% in fiscal 1997 and 1996, respectively.

The Company's calculations are based on a single option valuation approach and forfeitures are recognized as they occur. If the computed fair values of the fiscal 1997 and 1996 awards had been amortized to expense over the vesting period of the awards, pro forma net earnings would have been $24,376,000 ($1.09 per share) for fiscal 1997 and $19,948,000 ($0.96 per share) in fiscal 1996. The impact of outstanding stock options granted prior to fiscal 1996 has been excluded from the pro forma calculation; accordingly, the fiscal 1997 and 1996 pro forma adjustments are not indicative of future period pro forma adjustments, when the calculation will apply to all future applicable stock grants.

1984 "AGE-VESTED" STOCK OPTION PLAN

In 1984, the Company adopted an executive stock option plan whereby 680,000 shares were reserved for grant. In March of 1996, another 1,000,000 shares were reserved for grant under the plan. As amended December 20, 1994, options which have been granted at fair market value are 50% exercisable when the option holders reach their 61st birthday and the remaining 50% vest on their 64th birthday. To the extent vested, the options may be exercised at any time prior to one year after termination of employment. Options which terminate without being exercised may be reissued. At October 31, 1997, 1,033,000 shares remained available for grant.

Transactions under this plan, restated for the two-for-one stock split, are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance October 31, 1994	458,000	$5.92
Granted	209,000	11.31
Exercised	(12,000)	5.72
Balance October 31, 1995	655,000	7.64
Terminated	(16,000)	11.25
Balance October 31, 1996	639,000	7.55
Granted (Weighted average fair value of $6.65)	6,000	19.44
Terminated	(22,000)	11.25
Balance October 31, 1997	623,000	7.53

	Outstanding			Exercisable	
Range of Prices	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$5.72 - 8.72	446,000	6	$ 5.92	110,000	$ 6.13
$11.25 - 13.28	171,000	10	$ 11.32	18,000	$ 11.25
$19.44	6,000	14	$ 19.44	--	--

1987 "TIME-VESTED" STOCK OPTION PLAN

In 1987, the Company adopted a stock option plan under which 1,200,000 shares were reserved for grant until December 31, 1996. In March 1994, this plan was amended to reserve an additional 1,000,000 shares. In March 1996, the plan was amended again to reserve another 2,000,000 shares. Options are granted at fair market value, and those which terminate without being exercised may be reissued. At October 31, 1997, 1,278,000 shares remained available for grant under this plan.

Transactions under this plan, restated for the two-for-one stock split, are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance October 31, 1994	1,793,000	$8.14
Granted	36,000	10.92
Exercised	(55,000)	7.74
Terminated	(44,000)	8.94
Balance October 31, 1995	1,730,000	8.19
Granted (Weighted average fair value of $4.93)	928,000	18.59
Exercised	(195,000)	7.96
Terminated	(65,000)	9.32
Balance October 31, 1996	2,398,000	12.21
Granted (Weighted average fair value of $4.55)	89,000	19.83
Exercised	(108,000)	8.70
Terminated	(64,000)	13.28
Balance October 31, 1997	2,315,000	12.41

Outstanding				Exercisable	
Range of Prices	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$4.78 - 6.06	265,000	1.2	$ 5.42	265,000	$ 5.42
$8.49 - 13.32	1,097,000	5.6	$ 8.96	873,000	$ 8.87
$18.75 - 25.59	953,000	8.8	$ 18.85	248,000	$ 18.73

1996 "PRICE-VESTED" STOCK OPTION PLAN

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

During 1997, 1,120,000 options were granted at a weighted average exercise price of $20.40 per share, and 40,000 options terminated at $20.00 per share. For purposes of the SFAS No. 123 calculation, the weighted average fair value of each option was $6.32, which will be amortized over eight years. At October 31, 1997, 1,080,000 options were outstanding of which 270,000 were vested and none were exercisable. At October 31, 1997, 420,000 shares remained available for grant under this plan.

EMPLOYEE STOCK PURCHASE PLAN

In 1985, the Company instituted an employee stock purchase plan under which sale of 5 million shares of its common stock has been authorized. In March of 1996, the sale of an additional 1,200,000 shares under this plan was authorized. The purchase price of the shares under the plan is the lesser of 85% of the fair market value at the commencement of each plan year or 85% of the fair market value on the date of purchase. Employees may designate up to 10% of their compensation for the purchase of stock. During 1995, 1996 and 1997, 283,000, 562,000 and 520,000 shares of stock were issued under the plan for an aggregate purchase price of $4,805,000, $6,437,000, and $7,841,000 respectively. At October 31, 1997, 856,530 shares remained unissued under the plan.

11. INCOME TAXES

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

(in thousands of dollars)	1995	1996	1997

Current			
Federal	$ 14,631	$ 17,368	$ 21,345
State	2,016	2,521	3,050
Foreign	100	52	8
Deferred			
Federal	(3,238)	(3,250)	(4,279)
State	(316)	(306)	(399)
	$ 13,193	$ 16,385	$ 19,725

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

	1995	1996	1997
Statutory rate	35.0%	35.0%	35.0%
State and local taxes on income, net of federal tax benefit	3.4%	3.8%	3.4%
Targeted job tax credits	(1.5)%	(0.1)%	(0.9)%
Nondeductible expenses and other -- net	5.1%	4.3%	4.5%
	42.0%	43.0%	42.0%

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

(in thousands of dollars)	1996	1997
Deferred tax assets:		
Self-insurance claims	$ 27,260	$ 29,217
Bad debt allowance	2,015	--
Deferred and other compensation	4,316	5,161
Intangible amortization	878	2,314
State taxes	955	1,103
Other	1,358	2,177
Total gross deferred tax assets	36,782	39,972
Deferred tax liabilities:		
Union pension contributions	(2,900)	(3,569)
Depreciation	(152)	(9)
Total gross deferred tax liabilities	(3,052)	(3,578)
Net deferred tax assets	$ 33,730	$ 36,394

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

At October 31, 1997, ABM has a capital loss carryover of $1,283,262, which can be carried forward to offset capital gains, if any, to reduce future federal income taxes through October 31, 2001.

12. ACQUISITIONS AND DIVESTITURES

All acquisitions have been accounted for using the purchase method of accounting; operations of the companies and businesses acquired have been included in the accompanying consolidated financial statements from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is generally included in goodwill. Most purchase agreements provide for contingent payments based on the annual pretax income for subsequent periods ranging generally from three to five years. Any such future payments are generally capitalized as goodwill when paid. Cash paid for acquisitions, including any contingent amounts based on subsequent earnings, were approximately $12.5 million in 1995, $13 million in 1996, and $28.6 million in 1997. Acquisitions and dispositions made during the fiscal year 1997 are discussed below:

Effective November 1, 1996, the Company, through one of its subsidiaries, acquired the operations and net assets of Sica Electrical and Maintenance Corp., of Ozone Park, New York. Sica Electrical and Maintenance Corp. is an electrical and lighting maintenance company which operates in the greater New York City metropolitan area, New Jersey, up-state New York, Pennsylvania, and Connecticut. In connection with this acquisition, the Company issued 348,323 of its common shares at the time of closing and will make additional payments in common shares over a five-year period based on the operating profits (income before taxes and interest) of the acquired business. A maximum of 348,323 common shares may be issued in connection with future payments. Effective November 1, 1996, the Company's earnings per common share calculation includes the 696,646 shares issued and to be issued under the contract with the sellers. In 1997 this acquisition contributed approximately $16 million in revenues.

Effective February 1, 1997, the Company acquired maintenance contracts and selected assets of SMK Corp. of Las Vegas (also known as DeLuca Building Maintenance), with customers located in Las Vegas, Nevada and the surrounding area. The terms of the purchase for this acquisition were a cash downpayment made at the time of the closing plus annual contingent payments based on revenues of acquired contracts for the first year after acquisition. In fiscal 1997 this acquisition contributed approximately $1 million in revenues.

Effective March 1, 1997, the Company acquired HVAC (heating, ventilation, and air conditioning) customer contracts, assets and certain liabilities from Preferred Mechanical Services of Northridge, California. Most of the business acquired was in Southern California, plus a few contracts in Las Vegas, Nevada. The terms of purchase for this acquisition were a cash payment for net assets at closing, plus annual contingent payments based on the operating profit to be made over a period of five years. This acquisition contributed approximately $6 million in revenues in fiscal year 1997.

Effective April 1, 1997, the Company acquired janitorial contracts and selected assets of Geoserv of Phoenix, Inc. and Janus, Inc., with customers in the metropolitan areas of Albuquerque, New Mexico, Phoenix and Tucson, Arizona. The terms of purchase for this acquisition were a cash downpayment at closing, plus annual contingent payments based on the operating profit to be made over a period of five years. In 1997, this acquisition contributed approximately $3 million in revenues.

Effective May 1, 1997, the Company acquired the janitorial contracts and selected assets of Polaris, Inc., with customers in the metropolitan areas of Indianapolis, Indiana, and Columbus and Cincinnati, Ohio. The terms of purchase for this acquisition were a cash downpayment at closing, plus annual contingent payments based on the operating profit to be made over a period of five years. This acquisition contributed approximately $3 million in revenues in fiscal year 1997.

Effective August 1, 1997, the Company acquired from Ogden Corporation all of Ogden's building maintenance and on-site engineering operations in New York City. This acquisition contributed approximately $29 million in revenues in fiscal year 1997.

Effective October 1, 1997, the Company acquired the janitorial contracts and selected assets of The Grawert Co., with customers in Southern Florida, and Orlando, Florida. The terms of purchase for this acquisition were a cash downpayment at closing, plus annual contingent payments based on the operating profit to be made over a period of five years. This acquisition contributed approximately $1 million in revenues in fiscal year 1997.

13. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

14. QUARTERLY INFORMATION (UNAUDITED)

(in thousands, except earnings per share)

	FISCAL QUARTER				
OPERATIONS	FIRST	SECOND	THIRD	FOURTH	YEAR
1996					
Revenues and other income	$254,401	$262,069	$281,911	$288,544	$ 1,086,925
Gross profit	33,944	35,290	37,310	40,085	146,629
Net income	4,048	4,700	6,036	6,936	21,720
Net income per common share	0.20	0.23	0.29	0.33	1.05
1997					
Revenues and other income	$291,638	$294,309	$308,471	$358,054	$ 1,252,472
Gross profit	38,887	41,054	43,733	52,720	176,394
Net income	4,840	5,849	7,486	9,064	27,239
Net income per common share	0.22	0.26	0.34	0.40	1.22

Per share amounts have been restated to retroactively reflect the two for one common stock split on July 15, 1996.

15. SEGMENT INFORMATION

The operations of the Company are divided into the following three business segments of the building services industry for financial reporting purposes:

JANITORIAL DIVISIONS: Provides janitorial cleaning services as well as janitorial supplies and equipment to its customers. Services provided include floor cleaning and finishing, wall and window washing, furniture polishing, rug cleaning, dusting, and other building cleaning services. In addition, this segment markets janitorial supplies and equipment which include paper products, disinfectants, floor cleaners, polishes, glass cleaners, waxes and cleaning equipment.

PUBLIC SERVICE DIVISIONS: Operates approximately 1,400 parking lots and garages which are either leased from or managed for third parties. This segment also provides commercial security guards and special investigative and security consulting services.

TECHNICAL DIVISIONS: Provides a wide range of elevator, engineering, HVAC&R (heating, ventilation, air conditioning and refrigeration) and lighting services through its four divisions. This includes on-site operating engineers to operate, maintain and repair electrical, mechanical, and plumbing systems primarily for high-rise office buildings. It also provides installation, repair and maintenance of elevators and escalators, indoor and outdoor lighting fixtures, and HVAC&R equipment as well as energy management consulting services.

SEGMENT INFORMATION (in thousands of dollars):

FOR THE YEAR ENDED OCTOBER 31, 1995	JANITORIAL DIVISIONS	PUBLIC SERVICE DIVISIONS	TECHNICAL DIVISIONS	CORPORATE	ELIMINATIONS	CONSOLIDATED TOTALS
Revenues and other income	$511,801	$205,578	$247,748	$ 254	$	$965,381
Intersegment revenues	11,135	75	239		(11,449)	--
Total Revenues	$522,936	$205,653	$247,987	$ 254	$(11,449)	$965,381
Operating profit	$ 24,211	$ 8,449	$ 14,665	$(13,174)	$	$ 34,151
Interest, expense	(34)	(11)	(93)	(2,601)		(2,739)
Income before income taxes	$ 24,177	$ 8,438	$ 14,572	$(15,775)	$	$ 31,412
Identifiable assets	$130,657	$ 82,580	$ 90,403	$ 31,333	$	$334,973
Depreciation expense	$ 2,706	$ 1,701	$ 1,964	$ 563	$	$ 6,934
Amortization expense	$ 1,832	$ 2,085	$ 676	$	$	$ 4,593
Capital expenditures	$ 3,871	$ 3,405	$ 2,248	$ 701	$	$ 10,225
FOR THE YEAR ENDED OCTOBER 31, 1996						
Revenues and other income	$607,355	$226,312	$252,854	$ 404	$	1$,086,925
Intersegment revenues	12,829	65	350		(13,244)	--
Total Revenues	$620,184	$226,377	$253,204	$ 404	$(13,244)	1$,086,925
Operating profit	$ 29,006	$ 9,626	$ 15,469	$(13,415)	$	$ 40,686
Interest, expense	(29)	(11)	4	(2,545)		(2,581)
Income before income taxes	$ 28,977	$ 9,615	$ 15,473	$(15,960)	$	$ 38,105
Identifiable assets	$157,656	$ 90,129	$ 85,872	$ 46,113	$	$379,770
Depreciation expense	$ 3,565	$ 2,176	$ 2,080	$ 589	$	$ 8,410
Amortization expense	$ 2,506	$ 2,085	$ 650	$ 0	$	$ 5,241
Capital expenditures	$ 5,607	$ 2,902	$ 1,858	$ 384	$	$ 10,751
FOR THE YEAR ENDED OCTOBER 31, 1997						
Revenues and other income	$713,366	242,943	295,653	510		1,252,472
Intersegment revenues	13,430	108	1,152		(14,690)	0
Total Revenues	$726,796	$243,051	$296,805	$ 510	$(14,690)	1$,252,472
Operating profit	$ 34,173	$ 9,961	$ 20,155	$(14,650)	$	$ 49,639
Interest, expense	(24)	(13)	1	(2,639)		(2,675)
Income before income taxes	$ 34,149	$ 9,948	$ 20,156	$(17,289)	$	$ 46,964
Identifiable assets	$206,456	$ 91,893	$120,858	$ 47,945	$	$467,152
Depreciation expense	$ 3,869	$ 2,446	$ 2,372	$ 634	$	$ 9,321
Amortization expense	$ 3,537	$ 2,431	$ 829	$ 0	$	$ 6,797
Capital expenditures	$ 4,882	$ 4,257	$ 3,432	$ 1,167	$	$ 13,738

Intersegment revenues are recorded at prices negotiated between the entities.

SCHEDULE II

ABM Industries Incorporated and Subsidiaries

CONSOLIDATED VALUATION ACCOUNTS

Years Ended October 31, 1995, 1996 and 1997
(in thousands of dollars)

	BALANCE BEGINNING OF YEAR	CHARGES TO COSTS AND EXPENSES	DEDUCTIONS NET OF RECOVERIES	OTHER ADDITIONS (REDUCTIONS)	BALANCE END OF YEAR
Allowance for Doubtful Accounts					
Years ended October 31:					
1995	$ 3,067	$ 1,536	$ (848)	--	$ 3,755
1996	3,755	2,039	(1,352)	--	4,442
1997	4,442	2,988	(1,507)	--	5,923

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this item is incorporated by reference to the information set forth under the caption "Election of Directors" contained in the Proxy Statement to be used by the Company in connection with its 1998 Annual Meeting of Stockholders. See also the cover page of this Form 10-K and item 1.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to the information set forth under the caption "Executive Compensation" contained in the Proxy Statement to be used by the Company in connection with its 1998 Annual Meeting of Stockholders.

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

The information required by this item is incorporated by reference to the information set forth under the caption "Principal Stockholders" contained in the Proxy Statement to be used by the Company in connection with its 1998 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this item is incorporated by reference to the information set forth under the captions "Executive Compensation" and "Certain Relationships and Related Transactions" contained in the Proxy Statement to be used by the Company in connection with the 1998 Annual Meeting of Stockholders.

PART IV

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

(A) THE FOLLOWING DOCUMENTS ARE FILED AS PART OF THIS FORM 10-K:

1. and 2. Consolidated Financial Statements and Consolidated Financial Statement Schedule.

The following consolidated financial statements of ABM Industries Incorporated and subsidiaries are included in Item 8:

Independent Auditors' Report

Consolidated Balance Sheets -- October 31, 1996 and 1997

Consolidated Statements of Income -- Years ended October 31, 1995, 1996 and 1997

Consolidated Statements of Stockholders' Equity -- Years ended October 31, 1995, 1996 and 1997

Consolidated Statements of Cash Flows -- Years ended October 31, 1995, 1996 and 1997

Notes to Consolidated Financial Statements -- October 31, 1997.

The following consolidated financial statement schedule of ABM Industries Incorporated and subsidiaries is included in Item 8.

Schedule II -- Consolidated Valuation Accounts-- Years ended October 31, 1995, 1996 and 1997.

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

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

3. Exhibits:

Exhibit Number		Description
3.1	[j]	Certificate of Incorporation, as amended.
3.2	[a]	Restated Bylaws, as amended effective September 19, 1995.
4.1	[k]	Credit Agreement, dated June 25, 1997, between Bank of America National Trust and Savings Association and the Company.
4.2		First Amendment to Credit Agreement dated as of October 21, 1997.
4.5	[c]	Business Loan Agreement dated February 13, 1996.
10.2	[j]*	1985 Employee Stock Purchase Plan as amended effective December 19, 1995.
10.3	[b]*	Supplemental Medical and Dental Plan.
10.4	[j]*	1984 Executive Stock Option Plan as amended effective December 19, 1995.
10.7	[f]*	Executive Employment Agreement with Sydney J. Rosenberg.
10.9	[f]*	Short Form Deed of Trust and Assignment of Rents (dated December 17, 1991) between the Company and John F. Egan, together with the related Promissory Note (dated January 1, 1992).
10.13	[j]*	1987 Stock Option Plan as amended effective December 19, 1995.
10.16	[d]	Rights Agreement, dated as of April 11, 1988, between the Company and Bank of America National Trust and Savings Association, as Rights Agent with Chemical Trust Company of California as successor-in-interest to Bank of America as Rights Agent.
10.19	[e]*	Service Award Plan.
10.20	[f]*	Executive Employment Agreement with William W. Steele.
10.21	[f]*	Amended and Restated Retirement Plan for Outside Directors.
10.22	[f]*	Amendment No. 1 to Service Award Plan.
10.23	[g]*	Form of Outside Director Retirement Agreement (dated June 16, 1992).
10.24	[g]*	Executive Employment Agreement with John F. Egan.
10.25	[g]*	Executive Employment Agreement with Jess. E. Benton, III.
10.27	[h]	Guaranty of American Building Maintenance Industries, Inc.
10.28	[i]*	Deferred Compensation Plan.
10.29	[i]*	Form of Existing Executive Employment Agreement Other Than Those Named Above.
10.30	[l]*	Executive Employment Agreement with Martinn H. Mandles, as amended by Amendments One and Two.
10.31	[l]*	Amendment of Corporate Executive Employment Agreement with William W. Steele.
10.32	[l]*	First and Second Amendments of Corporate Executive Employment Agreement with John F. Egan.
10.33	[l]*	Amendment of Corporate Executive Employment Agreement with Sydney J. Rosenberg.
10.34	[l]*	First and Second Amendments of Corporate Executive Employment Agreement with Jess E. Benton, III.
10.35	[l]*	Form of Amendments of Corporate Executive Employment Agreements with Other Than Those Named Above.
10.36	[m]*	Form of Indemnification for Directors
10.37	*	Second Amendment of Corporate Executive Employment Agreement with William W. Steele.

10.38	*	Second Amendment of Corporate Executive Employment Agreement with Sydney J. Rosenberg
10.39	*	Third Amendment of Corporate Executive Employment Agreement with Martinn H. Mandles
21.1		Subsidiaries of the Registrant.
23.1		Consent of Independent Certified Public Accountants.
27.1		Financial Data Schedule.

(FOOTNOTES ON FOLLOWING PAGE.)

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[a] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1995.

[b] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1984.

[c] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended January 31, 1996.

[d] Incorporated by reference to exhibit 1 to the Company's report on Form 8-K dated April 11, 1988.

[e] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1990.

[f] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1991.

[g] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1992.

[h] Incorporated by reference to the exhibit bearing the same numeric reference which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1993.

[i] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1993.

[j] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended April 30, 1996.

[k] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended July 31, 1997.

[l] Incorporated by reference to the exhibit bearing the same numeric description which was filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended October 31, 1994.

[m] Incorporated by reference to exhibit 10.20 which was filed as an exhibit to the Company's quarterly report on Form 10-Q for the fiscal quarter ended April 30, 1991.

* Management contract, compensatory plan or arrangement.

(B) REPORTS ON FORM 8-K:

No reports on Form 8-K have been filed during the last quarter of the period covered by this report.

SIGNATURES

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

ABM INDUSTRIES INCORPORATED

By: /s/ William S. Steele

William W. Steele
President, Chief Executive Officer and Director
January 27, 1998

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

/s/ William W. Steele William W. Steele President, Chief Executive Officer and Director (Principal Executive Officer) January 27, 1998	/s/ Martinn H. Mandles Martinn H. Mandles Chairman of the Board, Chief Administrative Officer and Director January 27, 1998
/s/ David H. Hebble David H. Hebble Vice President & Chief Financial Officer (Principal Financial Officer) January 27, 1998	/s/ Vernon E. Skelton Vernon E. Skelton Controller & Chief Accounting Officer (Principal Accounting Officer) January 27, 1998
/s/ Maryellen B. Cattani Maryellen B. Cattani Director January 27, 1998	/s/ Linda Chavez Linda Chavez Director January 27, 1998
/s/ John F. Egan John F. Egan Vice President and Director January 27, 1998	/s/ Luke S. Helms Luke S. Helms Director January 27, 1998
/s/ Charles T. Horngren Charles T. Horngren Director January 27, 1998	/s/ Henry L. Kotkins, Jr. Henry L. Kotkins, Jr. Director January 27, 1998
/s/ Theodore Rosenberg Theodore Rosenberg Chairman of the Executive Committee and Director January 27, 1998	/s/ William E. Walsh William E. Walsh Director January 27, 1998

EXHIBIT 4.2

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT ("AMENDMENT"), dated as of October 21, 1997, is entered into by and among ABM INDUSTRIES INCORPORATED (the "COMPANY"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for the Banks (the "AGENT"), and the several financial institutions from time to time party to the Credit Agreement (collectively, the "BANKS"; individually, a "BANK").

RECITALS

A. The Company, the Banks, and the Agent are parties to a Credit Agreement dated as of June 25, 1997 (the "CREDIT AGREEMENT") pursuant to which the Agent and the Banks have extended to the Company a revolving credit facility including letters of credit.

B. The Company has requested the Banks to increase the amount of credit they have committed to extend under the revolving credit facility and, in conjunction with such increase, the Company and the Banks have agreed to amend the negative covenant set forth in Section 8.5 of the Credit Agreement in order to permit the Company to incur certain Indebtedness in addition to that already permitted by Section 8.5 and to add a new financial covenant to Section 8.14 of the Credit Agreement.

C. The Banks are willing to amend the Credit Agreement in order to increase the amount of each Bank's Commitment and to reflect the other changes described in Recital B above, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINED TERMS. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT.

(a) The following new defined terms shall be added in alphabetical order to Section 1.1 of the Credit Agreement:

"ADJUSTED CONSOLIDATED EBITDA" means, for any period, for the Company and its Subsidiaries on a consolidated basis, Consolidated EBITDA for such period MINUS all cash dividends paid to stockholders during such period on a basis consistent with past practice.

"ADJUSTED CONSOLIDATED INDEBTEDNESS" means, for any period, Indebtedness of the Company and its Subsidiaries on a consolidated basis as of the end of such period; PROVIDED that the term "Adjusted Consolidated Indebtedness" shall only include obligations of the types described in CLAUSE (i), CLAUSE (ii), CLAUSE (iv), and CLAUSE (v) of the definition of the term "Indebtedness."

(b) Section 8.5 of the Credit Agreement shall be amended by deleting the word "and" at the end of Section 8.5(c), by replacing the period at the end of Section 8.5(d) with a semicolon followed by the word "and", and by adding the following new Section 8.5(e):

(e) Indebtedness that (i) does not at any time exceed $15,000,000 and (ii) consists only of (A) obligations as lessee under capital leases or (B) obligations under notes (if any) executed to evidence contingent obligations incurred in connection with Acquisitions, PROVIDED that in each case such Acquisition was otherwise permitted under this agreement.

(c) The following new Section 8.14(c) shall be added to the Credit Agreement:

(c) RATIO OF ADJUSTED CONSOLIDATED INDEBTEDNESS TO ADJUSTED CONSOLIDATED EBITDA. Permit the ratio of Adjusted Consolidated Indebtedness to Adjusted Consolidated EBITDA to exceed 3.00 to 1.00 for any four consecutive fiscal quarter period ending on or after January 31, 1998.

(d) The respective amounts set forth opposite the Banks' names on the signature pages of the Credit Agreement under the caption "Commitment" are hereby increased to the following amounts:

BANK	AMOUNT OF COMMITMENT
Bank of America National Trust and Savings Association	$60,000,000
KeyBank National Association	$30,000,000
United States National Bank of Oregon	$30,000,000
Bank of America National Trust and Savings Association, doing business as Seafirst Bank	$30,000,000

3. REPRESENTATIONS AND WARRANTIES. The Company hereby represents and warrants to the Agent and the Banks as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.

(c) All representations and warranties of the Company contained in the Credit Agreement are true and correct.

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.

4. EFFECTIVE DATE. This Amendment will become effective as of November 1, 1997 (the "EFFECTIVE DATE"), PROVIDED that each of the following conditions is satisfied:

(a) The Agent has received from the Company and the Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment.

(b) The Agent has received from the Company a copy of a resolution passed by the board of directors of such corporation, certified by the Secretary or an Assistant Secretary of such corporation as being in full force and effect on the date hereof, authorizing the execution, delivery and performance of this Amendment.

(c) All representations and warranties contained herein are true and correct as of the Effective Date.

5. RESERVATION OF RIGHTS. The Company acknowledges and agrees that neither the Agent's nor the Banks' willingness to enter into this Amendment, nor the execution and delivery by the Agent and the Banks of this Amendment, shall be deemed to create a course of dealing or other otherwise obligate the Agent or the Banks to execute similar amendments under similar circumstances in the future.

6. MISCELLANEOUS.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 11.1 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Agent and the Banks, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment, including without limitation appraisal, audit, search and filing fees incurred in connection therewith.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

COMPANY: ABM INDUSTRIES INCORPORATED

By: /s/ David H. Hebble

Title: V.P. Finance

By: /s/ Douglas B. Bowlus

Title: Treasurer

AGENT: BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Agent

By: /s/ Christine Cordi

Title: Vice President

ISSUING BANK: BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Issuing Bank

By: /s/ Hagop Bouldoukian

Title: Vice President

BANKS: BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as a Bank

By: /s/ Hagop Bouldoukian

Title: Vice President

KEYBANK NATIONAL ASSOCIATION, as a Bank

By: /s/ Kevin McBride

Title: Vice President

UNITED STATES NATIONAL BANK OF OREGON, as a Bank

By: /s/ Aaron Gordon

Title: Assistant Vice President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
doing business as SEAFIRST BANK, as a Bank

By: /s/ Susan C. Hayes

Title: Vice President

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT
as of 10/31/97

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

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

+ Inactive companies.

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors
ABM Industries Incorporated:

We consent to incorporation by reference in the following Registration Statements on Form S-8 of ABM Industries Incorporated of our report dated December 15, 1997, relating to the consolidated balance sheets of ABM Industries Incorporated and subsidiaries as of October 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, 1997, and related financial statement Schedule II, which report appears in the October 31, 1997, annual report on Form 10-K of ABM Industries Incorporated.

Registration No.	Form	Plan
2-86666	S-8	Executive Stock Option Plan
2-96416	S-8	1985 Employee Stock Purchase Plan
33-14269	S-8	1987 Stock Option Plan

/s/ KPMG Peat Marwick LLP

San Francisco, California
January 26, 1998

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1,000

YEAR
OCT-31-1997
OCT-31-1997
1,783
0
240,387
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6,400
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197,608
467,152
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1,252,472
1,076,078
1,076,078
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2,988
2,675
46,964
19,725
27,239
0
0
0
27,239
1.22
1.22