

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10 Q

(Mark One)

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

For the quarterly period ended APRIL 30, 1996

OR

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

For the transition period from _____ to _____

Commission file Number 1-8929

ABM INDUSTRIES INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE

94-1369354

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

50 FREMONT STREET, 26TH FLOOR, SAN FRANCISCO, CALIFORNIA

94105

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (415) 597-4500

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

Number of shares of Common Stock outstanding as of April 30, 1996: 9,570,390

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS:	OCTOBER 31, 1995	APRIL 30, 1996
		(Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,840	\$ 1,769
Accounts and other receivables, net	158,075	165,443
Inventories and supplies	19,389	19,034
Deferred income taxes	11,429	12,605
Prepaid expenses	19,134	21,060
Total current assets	209,867	219,911
INVESTMENTS AND LONG-TERM RECEIVABLES	5,988	11,629
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Land and buildings	6,365	6,045
Transportation and equipment	9,825	9,926
Machinery and other equipment	37,076	38,694
Leasehold improvements	8,382	8,407
	61,648	63,072
Less accumulated depreciation and amortization	(39,001)	(39,316)
Property, plant and equipment, net	22,647	23,756
INTANGIBLE ASSETS	69,279	69,208
DEFERRED INCOME TAXES	18,745	19,925
OTHER ASSETS	8,447	9,706
	\$ 334,973	\$ 354,135

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY:	OCTOBER 31, 1995	APRIL 30, 1996
		(Unaudited)
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 679	\$ 679
Bank overdraft	5,361	2,127
Accounts payable, trade	25,453	23,743
Income taxes payable	2,270	2,034
Accrued Liabilities:		
Compensation	25,595	25,258
Taxes - other than income	10,725	10,465
Insurance claims	27,532	29,104
Other	16,625	17,494
Total current liabilities	114,240	110,904
LONG-TERM DEBT (LESS CURRENT PORTION)	22,575	34,550
RETIREMENT PLANS	7,627	8,764
INSURANCE CLAIMS	42,345	42,784
SERIES B 8% SENIOR REDEEMABLE CUMULATIVE PREFERRED STOCK	6,400	6,400
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.1 par value, 500,000 shares authorized; none issued	-	-
Common stock, \$.01 par value, 28,000,000 shares authorized; 9,366,000 and 9,570,000 shares issued and outstanding at October 31, 1995 and April 30, 1996, respectively	94	96
Additional capital	40,627	44,407
Retained earnings	101,065	106,230
Total stockholders' equity	141,786	150,733
	\$ 334,973	\$ 354,135

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In Thousands Except per Share Amounts)

	THREE MONTHS ENDED APRIL 30		SIX MONTHS ENDED APRIL 30	
	1995	1996	1995	1996
REVENUES AND OTHER INCOME	\$ 234,396	\$ 262,069	\$ 466,458	\$ 516,470
EXPENSES:				
Operating Expenses and Cost of Goods Sold	200,989	226,779	400,912	447,236
Selling and Administrative	25,316	26,197	50,874	52,190
Interest	1,293	848	2,034	1,697
Total Expenses	227,598	253,824	453,820	501,123
INCOME BEFORE INCOME TAXES	6,798	8,245	12,638	15,347
INCOME TAXES	2,855	3,545	5,308	6,599
NET INCOME	\$ 3,943	\$ 4,700	\$ 7,330	\$ 8,748
EARNINGS PER COMMON SHARE	\$ 0.40	\$ 0.45	\$ 0.75	\$ 0.85
DIVIDENDS PER COMMON SHARE	\$ 0.15	\$ 0.175	\$ 0.30	\$ 0.35
AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	9,520	10,058	9,461	9,978

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED APRIL 30, 1995 AND 1996
(In Thousands)

	APRIL 30, 1995	APRIL 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 454,074	\$ 507,321
Other operating cash receipts	1,210	1,068
Interest received	240	228
Cash paid to suppliers and employees	(451,260)	(493,391)
Interest paid	(2,231)	(1,934)
Income taxes paid	(7,904)	(9,191)
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Net cash provided by (used in) operating activities	(5,871)	4,101
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CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(4,573)	(6,136)
Proceeds from sale of assets	200	274
(Increase) decrease in investments and long-term receivable	(20)	(4,754)
Intangible assets acquired	(6,416)	(2,497)
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Net cash used in investing activities	(10,809)	(13,113)
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CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued	2,562	3,782
Dividends paid	(3,008)	(3,582)
Increase (Decrease) in cash overdraft	9,800	(3,234)
Long-term borrowings	32,000	61,000
Repayments of long-term borrowings	(30,023)	(49,025)
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Net cash provided by financing activities	11,331	8,941
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,349)	(71)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	7,368	1,840
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CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 2,019	\$ 1,769
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ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED APRIL 30, 1995 AND 1996
(In Thousands)

	APRIL 30, 1995	APRIL 30, 1996
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	\$ 7,330	\$ 8,748
Adjustments:		
Depreciation and amortization	5,487	6,608
Provision for bad debts	809	853
Gain on sale of assets	(56)	(187)
Deferred income taxes	(1,476)	(2,356)
Increase in accounts and other receivables	(11,598)	(8,208)
(Increase)decrease in inventories and supplies	(1,693)	355
Increase in prepaid expenses	(3,185)	(1,926)
Increase in other assets	(2,506)	(1,259)
Decrease in income taxes payable	(1,120)	(236)
Increase in retirement plans accrual	812	1,137
Increase in insurance claims liability	3,229	2,011
Decrease in accounts payable and other accrued liabilities	(1,904)	(1,439)
Total Adjustments to net income	(13,201)	(4,647)
Net Cash Provided by (Used in) Operating Activities	\$ (5,871)	\$ 4,101

ABM INDUSTRIES INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. GENERAL

In the opinion of management, the accompanying unaudited consolidated financial statements contain all material adjustments which are necessary to present fairly the Company's financial position as of April 30, 1996 and the results of operations and cash flows for the six months then ended.

These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10K filed for the fiscal year ended October 31, 1995 with the Securities and Exchange Commission.

2. EARNINGS PER SHARE

NET INCOME PER COMMON SHARE: Net income per common and common equivalent share, after the reduction for preferred stock dividends in the amount of \$256,000 during the six months ended April 30, 1996, 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.

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

FINANCIAL CONDITION

Funds provided from operations and bank borrowings have historically been the sources for meeting working capital requirements, financing capital expenditures and acquisitions, and paying cash dividends. Management believes that funds from these sources will remain available and adequately serve the Company's liquidity needs. On September 22, 1994, the Company signed a \$100 million unsecured revolving credit agreement with a syndicate of U.S. banks. This agreement expires September 22, 1998, and at the Company's option, may be extended one year. The credit facility provides, at the Company's option, interest at the prime rate or IBOR+.45%. This agreement was amended effective May 1, 1995 to increase the facility to \$125 million. As of April 30, 1996, the total amount outstanding under this facility was approximately \$99 million which was comprised of loans in the amount of \$28 million and standby letters of credit of \$71 million. The effective interest rate on bank borrowings for the quarter ended April 30, 1996 was approximately 6.5%. This agreement requires the Company to meet certain financial ratios and places some limitations on dividend payments and outside borrowing. The Company is prohibited from declaring or paying cash dividends exceeding 50% of its net income for any fiscal year. On February 13, 1996, the Company entered into a loan agreement with a major U.S. bank which provides a seven-year term loan of \$5 million. The Company borrowed this amount on February 29, 1996 at a fixed interest rate of 6.78% with annual payments of principal, in varying amounts, including interest due February 15, 1997 through February 15, 2003.

In connection with the acquisition of System Parking, the Company assumed a note payable in the amount of \$3,818,000. Interest on this note is payable at an annual rate of 9.35% with principal amounts of \$636,000 due annually through October 1, 1998. At April 30, 1996, the balance remaining on this note was \$1,909,000.

At April 30, 1996, working capital was \$109.0 million, as compared to \$95.6 million at October 31, 1995.

EFFECT OF INFLATION

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

ENVIRONMENTAL MATTERS

The 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 various stages of environmental investigation and/or remediation relating to certain current and former company facilities. While it is difficult to predict the ultimate outcome of these investigations, or to assess the likelihood and scope of further investigation and remediation activities, based on information currently available, management believes that the costs of these matters are not reasonably likely to have a material adverse affect on the Company's financial position or its results of operations.

ACQUISITIONS AND DISPOSITIONS

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

Effective November 1, 1995, the Company's ABM Janitorial Services Division acquired substantially all of the maintenance service contracts from Corporate Custodial of America of San Diego, California for a cash downpayment made at the time of closing plus annual contingent payments based upon the gross profit of acquired contracts to be made over a four-year period. For the fiscal year ending October 31, 1996, this acquisition is expected to add approximately \$3.5 million in revenues for ABM Janitorial Services' Southwest Region which is based in Los Angeles.

Effective April 1, 1996, the Company's ABM Janitorial Division acquired the maintenance service contracts of Al-Brite Janitorial Services of Tucson, Arizona for a cash downpayment made at the time of closing plus annual contingent payments based upon the gross profit of acquired contracts to be made over a four year period. For the fiscal year ending October 31, 1996, this acquisition is also expected to add approximately \$870,000 to revenues of ABM Janitorial's Southwest Region.

Two additional acquisitions were consummated after the close of the quarter ended April 30, 1996. The maintenance and security contracts of CBM Industries of Minneapolis, Minnesota were acquired effective May 1, 1996,

and are expected to contribute approximately \$9.5 million in janitorial service revenues and \$4 million in security service revenues annually. The maintenance service contracts of Total Building Services of Detroit, Michigan were acquired effective June 1, 1996, and are expected to contribute approximately \$13 million in janitorial service revenues annually. The terms of purchase for both these acquisitions were cash down payments made at the time of closing plus annual contingent payments based on the gross profit of acquired contracts to be made over a four year period for Total Building Services and a five year period for CBM Industries.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements of the Company. All information in the discussion and references to the years and quarters are based on the Company's fiscal year and second quarter which end on October 31 and April 30, respectively.

SIX MONTHS ENDED APRIL 30, 1996 VS. SIX MONTHS ENDED APRIL 30, 1995

Revenues and other income (hereafter called revenues) for the first six months of fiscal year 1996 were \$516 million compared to \$466 million in 1995, an 11% increase over the same period of the prior year. The 11% growth in revenues for the first six months of 1996 over the same period of the prior year was attributable to new business and price increases as well as revenues generated from acquisitions.

Net income for the first six months of 1996 was \$8,748,000, an increase of 19%, compared to the net income of \$7,330,000 for the first six months of 1995. Based on the increased average number of common and common equivalent shares outstanding, earnings per share rose 13% to 85 cents for the first six months of 1996 compared to 75 cents for the same period in 1995. Cost controls, coupled with the revenue growth, enabled the Company to realize improved earnings. As a percentage of revenues, operating expenses and cost of goods sold increased to 86.6% for the first six months of 1996 compared to 85.9% in 1995. Consequently, as a percentage of revenues, the Company's gross profit (revenue minus operating expenses and cost of goods sold) was 13.4% compared to the prior year's 14.1% reflecting the stiff competition in the market place faced generally by most of the Company's divisions and the impact from certain larger Ampco System Division contracts which have lower gross profit percentages.

Selling and administrative expense for the first six months of fiscal year 1996 was \$52.2 million compared to \$50.9 million for the corresponding six months of fiscal year 1995. As a percentage of revenues, selling and administrative expense decreased from 10.9% for the six months ended April 30, 1995, to 10.1% for the same period in 1996 primarily as a result of management's cost containment measures. The increase in the dollar amount of selling and administrative expense for the six months ended April 30, 1996, compared to the same period in 1995, is primarily due to expenses necessary for growth and to a lesser extent various expenses associated with acquisitions.

Interest expense was \$1,697,000 for the first six months of fiscal year 1996 compared to \$2,034,000 in 1995, a decrease of \$337,000 over the same period of the prior fiscal year. Interest expense was higher in 1995 primarily due to the interest paid on fully accrued state and federal taxes.

The pre-tax income for the first six months of 1996 was \$15,347,000 compared to \$12,638,000, an increase of 21% over the corresponding period in 1995. The growth in pre-tax income outpaced the revenue growth for the first half of 1996 due primarily to benefits arising from the realization of certain operating consolidation economies related to recent acquisitions and partly due to lower selling and administrative expenses as a percentage of revenues resulting from management's continued cost containment efforts.

The effective income tax rates for the first six months of fiscal years 1996 and 1995 were 43% and 42%, respectively. The higher rate in the current year reflects the loss of certain tax credits and higher non-deductible expenses.

The results of operations from the Company's three industry segments and its eight operating divisions for the six months ended April 30, 1996, as compared to the six months ended April 30, 1995, are more fully described below:

Revenues of the Janitorial Divisions segment, which includes ABM Janitorial Services and Easterday Janitorial Supply, for the first six months of fiscal year 1996 were \$287 million, an increase of approximately \$39 million, or 16% over the first six months of fiscal 1995, while its operating profits increased by 24% over the comparable period in 1995. This segment accounted for approximately 56% of the Company's total revenues for the first half of the 1996 fiscal year. ABM Janitorial Services' revenues increased by 16% during the first six months of fiscal year 1996 as compared to the same period in 1995 both as a result of acquisitions made during fiscal year 1995 and the first six months of 1996, as well as internal revenue growth throughout the majority of its regions except the Canadian and Mid Atlantic Regions. This Division's operating profits increased 24%

when compared to the same period last year. The increase in operating profits is principally due to the revenue increase, as well as cost controls of its selling and administrative expenses. Easterday Janitorial Supply Division's revenue for the first six months increased by approximately 15% compared to the same period in 1995 generally due to a volume increase by obtaining new customers, particularly in the Los Angeles metropolitan market. Operating profits increased 18% due to the increase in sales volume and an effective cost containment of selling and administrative expenses.

Revenues of the Public Services Divisions segment, which includes Ampco System Parking and American Commercial Security Services (also known as ABM Security Services), for the first six months of 1996 were approximately \$108 million, an 11% increase over the same period in fiscal year 1995. The Public Services Divisions segment accounted for approximately 21% of the Company's revenues. The operating profits of this segment increased by 13% as both its divisions posted higher profits when compared to the first six months of the prior year. Ampco System Parking Division's revenues increased by 5% and its profits increased 17% during the first six months of fiscal year 1996. The increase in revenues resulted primarily from the inclusion of an acquisition made in January 1995 that reflects six months of operations in 1996 versus only four months in 1995. The revenues also increased from higher sales reported by most of its regions. An impressive operating profit increase was due to contributions made by its airport operations and the acquisition made in January 1995. American Commercial Security Services reported an increase in revenues of 22% and its profits were up by 7% in the first six months of 1996 compared to the same period of 1995. The revenue growth was largely due to new business, particularly in the Southern California and South Central Regions, as well as expanding services to existing customers. The increase in operating income did not keep pace with the increase in revenues during the first six months of 1996 when compared to the same period in 1995, due to continued market pressure on prices which reduced margins.

The Company's Technical Services Divisions segment includes Amtech Engineering, Amtech Elevator, Amtech Lighting and CommAir Mechanical Services. This segment reported revenues of \$121 million, which represent approximately 23% of the Company's revenues for the first six months of fiscal year 1996. Revenues were virtually flat compared to the same period last year, primarily due to a decrease in revenues reported by its Amtech Elevator Services Division which offset increased revenues in its other divisions. Operating profit of this segment decreased 8% compared to the first six months of fiscal year 1995 also due to its Elevator Division. Amtech Engineering Services Division's revenues increased by 11% and it reported a 24% increase in

operating profits the first six months of 1996 compared to the same period in 1995. Revenue increases generally were recorded by all its regions primarily reflecting sales to new customers. The increase in operating profits resulted from increased revenues and reductions in insurance expenses and offset by a smaller increase in selling and administrative expenses. Revenues for the Amtech Elevator Services Division were down by 13% for the first six months of fiscal year 1996 compared to the same period in 1995 largely due to management's decision to phase out the construction business and to concentrate on the maintenance and repair sector. The Division's operating profit declined 57% for the first six months compared to the corresponding period in fiscal year 1995 primarily due to lower gross margins from its maintenance and repair jobs. Profits were also negatively impacted by losses suffered by its Mexican subsidiary due to a weak market for its products in Mexico. The Amtech Lighting Services Division posted a very modest increase in revenues due to decreases in larger installation contracts. Operating profits decreased by 17% during the first six months of fiscal year 1996 because its gross margin percentage declined mainly due to higher material costs and the increase in subcontracting expenses in market areas where the Division does not have operating branches. Increased selling and administrative expenses associated with wages and related costs also contributed to the decline in gross margin. CommAir Mechanical Services Division's operating profits for the first six months of 1996 increased by 4% while the revenues increased by 12% resulting primarily from additional retrofit projects, as well as increased maintenance service revenues. A relatively lower increase in operating profits for the current year quarter was a result of the lower margins on larger retrofit projects.

THREE MONTHS ENDED APRIL 30, 1996 VS. THREE MONTHS ENDED APRIL 30, 1995

Revenues and other income for the second quarter of fiscal year 1996 were \$262 million compared to \$234 million in 1995, a 12% increase over the same quarter of the prior year. The growth in revenues for the second quarter of 1996 over the same quarter of the prior year was attributable to volume and price increases as well as revenues generated from acquisitions. As a percentage of revenues, operating expenses and cost of goods sold increased slightly from 85.7% for the second quarter of 1995 compared to 86.5% in 1996. Consequently, as a percentage of revenues, the Company's gross profit decreased to 13.5% from the prior year's second quarter at 14.3% due to strong competition and continued pricing pressures faced by several of its divisions in the market place.

Selling and administrative expense for the second quarter of fiscal year 1996 was \$26.2 million compared to \$25.3 million in the second quarter of 1995, an increase of \$900,000 or 3.6%, compared to the corresponding

three months of fiscal year 1995. As a percentage of revenues, selling and administrative expense decreased from 10.8% for the three months ended April 30, 1995, to 10.0% for the same period in 1996 primarily as a result of management's continued efforts to contain selling and administrative expenses. The cost containment efforts by management resulted in only a 3.6% increase in selling and administrative expenses when compared to a 12% revenue increase for the current quarter.

Interest expense was \$848,000 for the second quarter of fiscal year 1996 compared to \$1,293,000 in 1995, a decrease of \$445,000 from the same period of the prior fiscal year. The interest expense for the prior year quarter was higher mainly due to interest paid on tax payments to federal and state tax authorities on fully accrued income taxes.

The effective income tax rate for the second three months of 1996 was 43% compared to 42% in 1995. The higher rate in the current quarter reflects the loss of certain tax credits and higher non-deductible expenses.

Net income for the second quarter of 1996 was \$4,700,000, an increase of 19%, compared to the net income of \$3,943,000 for the second quarter of 1995. Cost controls, coupled with the revenue growth, enabled the Company to realize improved earnings. On an increased average number of common and common equivalent shares outstanding, earnings per share rose 13% to 45 cents for the second quarter of 1996 compared to 40 cents for the same period in 1995.

The results of operations from the Company's three industry segments and its eight operating divisions for the three months ended April 30, 1996, as compared to the three months ended April 30, 1995, are more fully described below:

Revenues of the Janitorial Divisions segment for the second quarter of fiscal year 1996 were \$146 million, an increase of approximately \$22 million or 17%, over the second quarter of fiscal 1995, while its operating profits increased by 23% over the comparable quarter of 1995. Janitorial Divisions accounted for approximately 56% of the Company's revenues for the current quarter. ABM Janitorial Services' revenues increased 18% during the second quarter of fiscal year 1996 compared to the same quarter of 1995, due to both acquisitions made during the second half of fiscal year 1995 and the first half of 1996, as well as revenue growth throughout the majority of its regions. The Division's operating profits increased 23% when compared to the same period last year. In comparison with the 18% revenue increase, a higher 23% increase in operating profits is principally due to selling and administrative costs which increased only 2%.

Easterday Janitorial Supply Division's second quarter revenues increased by approximately 15% compared to the same quarter in 1995 generally due to an increase in new customers. An increase of 35% in operating profits results from a higher sales volume, containment of selling and administrative expenses, and partially offset by slightly lower gross profit margins.

Revenues of the Public Services Divisions segment for the second quarter of 1996 were approximately \$54 million, an 8% increase over the same quarter of fiscal year 1995. The Public Services Divisions segment accounted for approximately 21% of the Company's revenues. The operating profits of this segment were down by 4% due to lower operating profits of both American Commercial Security Services and Ampco System Parking Division. American Commercial Security Services reported an increase in revenues of 19% but its profits were down 2% in the second quarter of 1996 compared to the same period of 1995. The revenue growth was largely due to increased sales to several large customers and increases posted by its South Central and Southern California Regions. Benefits from revenue gains were more than offset by competitive market conditions that eroded the gross margins historically realized by this Division which negatively impacted the operating profits. Higher selling and administrative expenses necessitated by the business growth also have a negative impact on the Division's profit. Ampco System Parking Division's revenues increased by 2% while its profits decreased 5% during the second quarter of fiscal year 1996. The increase in revenues resulted from increased visitor parking. Operating profits were down primarily due to higher insurance and legal expenses.

The Company's Technical Services Divisions segment reported revenues of \$62 million, which represent approximately 24% of the Company's revenues for the second quarter of fiscal year 1996, an increase of approximately 3% over the same quarter of last year. This segment's profit increased 3% for the second quarter of 1996 when compared to the second quarter of fiscal year 1995, with two divisions reporting profit increases offset by two with profit decreases. Amtech Engineering Services Division's revenues increased by 11% and it reported a 27% increase in operating profits the second quarter of 1996 compared to the same period in 1995. Revenue increases generally were due to large gains in new business in the Northern California and Northeast regions. The increase in operating profits resulted from increased revenues and reductions in insurance expense, offset by slightly higher selling and administrative expenses. Revenues for the Amtech Elevator Services Division were flat for the second quarter of fiscal year 1996 compared to the same quarter of 1995 largely due to management's decision to allocate the Division's resources to its repair and service maintenance business rather than obtaining lower margin construction contracts. The Elevator Division's operating

profit for the second quarter of 1996 decreased 21% compared to the corresponding quarter of fiscal year 1995 primarily due to lower gross margins from its maintenance and repair jobs and losses reported by its Mexican subsidiary. Amtech Lighting Services Division reported a slight decline in revenues, due to a decrease in installment/energy management business. Operating profit declined 10% compared to the same period of the prior year, primarily due to increases in selling and administrative expenses, mostly wages and related costs, as well as a small decrease in gross margin percentage. CommAir Mechanical Services Division's operating profits for the second quarter of 1996 increased by 5% on a revenue increase of 4%. Revenues increased during the second quarter of 1996 largely due to a significant increase in service contract sales. Improved sales accounted for the profit increase, offset slightly by lower gross margins, particularly on installation and water treatment projects.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Stockholders.

a) The Annual Meeting of Stockholders was held on March 19, 1996.

b) The following directors nominated by management were elected by a vote of stockholders: Maryellen B. Cattani, Esq., John F. Egan, Charles T. Horngren and Boniface A. Zaino.

The following directors remained in office: Luke S. Helms, Henry L. Kotkins, Jr., Martinn H. Mandles, Sydney J. Rosenberg, Theodore Rosenberg, William W. Steele, William E. Walsh.

c) Proposal 1 - Election of Directors

Nominee:	For	Against or Withheld	Abstentions	Broker Nonvotes
Maryellen B. Cattani, Esq.	7,559,234	152,555	0	0
John F. Egan	7,563,212	148,577	0	0
Charles T. Horngren	7,563,413	148,376	0	0
Boniface A. Zaino	7,563,021	148,768	0	0

d) Proposal 2 - Amendment to the Company's Certificate of Incorporation to increase the number of shares of Common Stock.

For: 6,110,271 Against: 1,571,230 Abstain: 25,588
Broker Nonvotes: 4,700

e) Proposal 3 - Amendment to the Company's 1984 Executive Stock Option Plan.

For: 5,065,196 Against: 1,696,758 Abstain: 321,056
Broker Nonvotes: 628,779

f) Proposal 4 - Amendment to the Company's 1985 Employee Stock Purchase Plan.

For: 6,203,280 Against: 565,556 Abstain: 314,674
Broker Nonvotes: 628,279

g) Proposal 5 - Amendments to the Company's 1987 Stock Option Plan.

For: 4,987,444 Against: 1,773,951 Abstain: 321,015
Broker Nonvotes: 629,379

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- Exhibit 3.1 - Certificate of Incorporation, as amended
- Exhibit 10.2 - 1985 Employee Stock Purchase Plan, as amended effective December 19, 1995
- Exhibit 10.4 - 1984 Executive Stock Option Plan, as amended effective December 19, 1995
- Exhibit 10.13 - 1987 Stock Option Plan, as amended effective December 19, 1995
- Exhibit 27.1 - Financial Data Schedule

(b) Reports on Form 8-K: No reports on Form 8-K were filed during the quarter ended April 30, 1996.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABM Industries Incorporated

June 13, 1996

/s/ David H. Hebble

Vice President, Principal Financial Officer

STATE OF DELAWARE
OFFICE OF THE SECRETARY OF STATE

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ABM INDUSTRIES INCORPORATED", FILED IN THIS OFFICE ON THE FIFTH DAY OF JUNE, A.D. 1996, AT 1:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

[SEAL] -----
EDWARD J. FREEL, SECRETARY OF STATE

AUTHENTICATION: 7973948

DATE: 06-05-96

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ABM INDUSTRIES INCORPORATED

ABM INDUSTRIES INCORPORATED, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation and directing that the proposed amendment be considered at the next annual meeting of stockholders. The resolution setting forth the proposed amendment is as follows:

NOW, THEREFORE, BE IT RESOLVED, that subject to stockholder approval paragraph (a) of Article Fifth of the Company's Certificate of Incorporation be, and it hereby is, amended to read as follows:

Fifth: (a) the corporation is authorized to issue two classes of shares to be designated, respectively, "Preferred Stock" and "Common Stock". The number of shares of Preferred Stock authorized to be issued is Five Hundred Thousand (500,000) and the number of shares of Common Stock authorized to be issued is Twenty Eight Million (28,000,000). The stock, whether Preferred Stock or Common Stock, shall have a par value of \$0.01 per share.

SECOND: That the stockholders of said corporation, at the annual meeting of stockholders which was duly held on March 19, 1996, adopted such amendment by casting the necessary number of shares as required by statute in favor of such amendment to the Certificate of Incorporation.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, ABM INDUSTRIES INCORPORATED has caused this certificate to be signed by William Steele, its President, and attested by Harry H. Kahn, its Secretary this 4th day of June, 1996.

ABM INDUSTRIES INCORPORATED

By: _____
William W. Steele, President

ATTEST:

By: _____
Harry H. Kahn, Secretary

STATE OF DELAWARE
OFFICE OF THE SECRETARY OF STATE

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.", CHANGING ITS NAME FROM "AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC." TO "ABM INDUSTRIES INCORPORATED", FILED IN THIS OFFICE ON THE SIXTEENTH DAY OF MARCH, A.D. 1994, AT 10 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

[SEAL]

WILLIAM T. QUILLEN, SECRETARY OF STATE

AUTHENTICATION: 7058508

DATE: 03-16-94

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC., a corporation organized and existing under and by virtue of the General Corporation law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation and directing that the proposed amendment be considered at the next annual meeting of the stockholders. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. be amended by deleting Article First and replacing it in its entirety with a new Article First as follows:

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

SECOND: That the stockholders of said corporation, at the annual meeting of stockholders which was duly held on March 15, 1994, adopted such amendment by casting the necessary number of shares as required by statute in favor of such amendment to the Certificate of Incorporation.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. has caused this certificate to be signed by William Steele, its President, and attested by Harry H. Kahn, its Secretary, this 16th Day of March, 1994.

AMERICAN BUILDING MAINTENANCE
INDUSTRIES, INC.

By _____
William Steele
President

ATTEST:

By _____
Harry H. Kahn
Secretary

STATE OF DELAWARE
OFFICE OF THE SECRETARY OF STATE

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO
HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF
STOCK DESIGNATION OF "AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC." FILED
IN THIS OFFICE ON THE FIRST DAY OF SEPTEMBER, A.D. 1993, AT 9:30 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW
CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

* * * * *

[SEAL]

WILLIAM T. QUILLEN, SECRETARY OF STATE

AUTHENTICATION: *4039978

DATE: 09-01-1993

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

SERIES B 8% SENIOR REDEEMABLE CUMULATIVE
PREFERRED STOCK

OF

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

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

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

1. CERTAIN DEFINITIONS.

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

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

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

COMMON STOCKS. The term "Common Stocks" shall mean all shares now or hereafter authorized of any class of common stock of the Corporation, including the Common Stock, and any other stock of the Corporation, howsoever designated, authorized after the Initial Issue Date, which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

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

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

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

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

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

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

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

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

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

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

2. DIVIDENDS.

(a) The record holders of Series B Preferred Stock shall be entitled to receive dividends, when and as declared by the Board of Directors of the Corporation, out of funds legally available for the payment of dividends. Such dividends shall be payable by the Corporation in cash at the rate of eight percent (8%) per annum of the Liquidation Preference.

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

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

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

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

3. DISTRIBUTIONS UPON LIQUIDATION, DISSOLUTION OR WINDING UP.

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

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

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

4. REDEMPTION BY THE CORPORATION

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

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

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

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

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

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

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

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

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

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

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

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

5. VOTING RIGHTS.

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

6. PROHIBITION ON CREATION OF CERTAIN SECURITIES.

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

7. EXCLUSION OF OTHER RIGHTS.

Except as may otherwise be required by law, the shares of Series B Preferred Stock shall not have any voting powers, preferences or other rights, except as specifically set forth in this resolution (as such resolution may be amended from time to time in accordance with

its terms) and in the Certificate of Incorporation. The shares of Series B Preferred Stock shall have no preemptive rights, subscription rights or conversion rights.

8. RULES AND REGULATIONS.

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

9. HEADINGS OF SUBDIVISIONS.

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

10. SEVERABILITY OF PROVISIONS.

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

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

AMERICAN BUILDING MAINTENANCE
INDUSTRIES, INC.

By: Sydney J. Rosenberg

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

ATTEST:

By: Harry H. Kahn

Harry H. Kahn, Secretary

State of Delaware
[LOGO]
Office of Secretary of State

I, MICHAEL RATCHFORD, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO
HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF
AMENDMENT OF "AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC." FILED IN THIS
OFFICE ON THE NINETEENTH DAY OF MARCH, A.D. 1992, AT 4 O'CLOCK P.M.

* * * * *

Michael Ratchford

Michael Ratchford, Secretary of State

[Seal]

732079027

AUTHENTICATION: #3386771

DATE: 03/20/1992

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation and directing that the proposed amendment be considered at the next annual meeting of stockholders. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. be amended by deleting paragraph (a) of Article Fifth and replacing it in its entirety with a new paragraph (a) of Article Fifth as follows:

Fifth: (a) The corporation is authorized to issue two classes of shares to be designated, respectively, "Preferred Stock" and "Common Stock." The number of shares of Preferred Stock authorized to be issued is Five Hundred Thousand (500,000) and the number of shares of Common Stock authorized to be issued is Twelve Million (12,000,000). The stock, whether Preferred Stock or Common Stock, shall have a par value of \$.01 per share.

SECOND: That the stockholders of said corporation, at the annual meeting of stockholders which was duly held on March 17, 1992, adopted such amendment by casting the necessary number of shares as required by statute in favor of such amendment to the Certificate of Incorporation.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. has caused this certificate to be signed by William Steele, its President, and attested by Harry M. Kahn, its Secretary, this 18th day of March, 1992.

AMERICAN BUILDING MAINTENANCE
INDUSTRIES, INC.

By: William Steele

William Steele
President

ATTEST:

By: Harry H. Kahn

Harry H. Kahn
Secretary

STATE OF DELAWARE

[Seal]

OFFICE OF SECRETARY OF STATE

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. FILED IN THIS OFFICE ON THE NINETEENTH DAY OF MARCH, A.D. 1987, AT 10 O'CLOCK A.M.

| | | | |

[Seal]

Michael Harkins

Michael Harkins, Secretary of State

AUTHENTICATION: |1174905
DATE: 03/20/1987

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation and directing that the proposed amendment be considered at the next annual meeting of stockholders. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. be amended by adding a new Article Fourteenth as follows:

FOURTEENTH: No director of the corporation shall be personally liable to the corporation or any stockholder for monetary damages for breach of fiduciary duty as a director, except for any matter in respect of which such director shall be liable under Section 174 of the General Corporation Law of the State of Delaware or any amendment thereto or shall be liable by reason that, in addition to any and all

other requirements for such liability, such director (i) shall have breached the duty of loyalty to the corporation or its stockholders, (ii) shall not have acted in good faith, or, in failing to act, shall not have acted in good faith, (iii) shall have acted in a manner involving intentional misconduct or a knowing violation of law or, in failing to act, shall have acted in a manner involving intentional misconduct or a knowing violation of law or (iv) shall have derived an improper personal benefit. Neither the amendment nor repeal of this Article Fourteenth, nor the adoption of any provision of this certificate of incorporation inconsistent with this Article Fourteenth, shall eliminate or reduce the effect of this Article Fourteenth in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article Fourteenth would accrue or arise, prior to such amendment repeal or adoption of an inconsistent provision.

SECOND: That the stockholders of said corporation, at the annual meeting of stockholders which was duly held on March 17, 1987, adopted such amendment by casting the necessary number of shares as required by statute in favor of such amendment to the Certificate of Incorporation.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. has caused this certificate to be signed by R. David Anacker, its President, and attested

by Eleanor A. Elrod, its Secretary this 17th day of March, 1987.

AMERICAN BUILDING MAINTENANCE
INDUSTRIES, INC.

By /s/ R. David Anacker

R. David Anacker
President

ATTEST:

By /s/ Eleanor A. Elrod

Eleanor A. Elrod
Secretary

State of Delaware
[LOGO]
Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC. FILED IN THIS OFFICE ON THE NINETEENTH DAY OF MARCH, A.D. 1995, AT 10 O'CLOCK A.M.

: : : : : : : : :

/s/ Michael Harkins

Michael Harkins, Secretary of State

AUTHENTICATION: 10460457

DATE: 03/19/1985

735078023

CERTIFICATE OF INCORPORATION

OF

AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

FIRST: The name of this corporation is: AMERICAN BUILDING MAINTENANCE INDUSTRIES, INC.

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

THIRD: The name and mailing address of the incorporator of the corporation is:

Eleanor A. Elrod American Building Maintenance
Industries, Inc.
333 Fell Street
San Francisco, CA 94102

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

FIFTH: (a) The corporation is authorized to issue two classes of shares to be designated, respectively, "Preferred Stock" and "Common Stock." The number of shares of Preferred Stock authorized to be issued is Five Hundred Thousand (500,000) and the number of shares of Common Stock authorized to be issued is Five Million Sixty-Two Thousand (5,062,000). The stock, whether Preferred Stock or Common Stock, shall have a par value of \$.01 per share.

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

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

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

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

Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal.

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

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

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

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

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

(b) All of the following conditions are met:

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

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

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

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

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

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

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

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

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

2. For purposes of this Article Tenth:

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

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

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

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

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

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

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

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

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

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

(iii) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

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

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

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

"Subsidiary" shall mean only a corporation of which a majority of each class of equity securities is owned, directly or indirectly, by this corporation.

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

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

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

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

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

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

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

in any manner the Board of Directors, or any member thereof, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

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

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

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

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

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

THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the Delaware Corporation Law, does hereby make and file this Certificate.

/s/ Eleanor A. Elrod

Eleanor A. Elrod

RECEIVED FOR RECORD

MAR 19 1985

LEO J. DUGAN, JR., Recorder

ABM INDUSTRIES INCORPORATED

1985 EMPLOYEE STOCK PURCHASE PLAN
(DECEMBER 19, 1995, RESTATEMENT)

The purpose of this 1985 Employee Stock Purchase Plan (the "Plan") is to provide employees the opportunity to purchase American Building Maintenance Industries, Inc.'s Common Stock through annual offerings to be made until April 30, 1997. An aggregate of 3,100,000 shares of such stock may be issued under the Plan (the "Shares").

1. ELIGIBILITY. Only employees of ABM Industries Incorporated (the "Corporation") and its subsidiary corporations will be eligible to participate in the Plan. All such employees will be eligible to participate, except employees who own or hold options to purchase or who, as a result of participation in this Plan, would own or hold options to purchase, stock of the Corporation possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Corporation and any current or future parent and/or subsidiary corporation(s) of the Corporation. An employee shall be considered as owning stock owned, directly or indirectly, by or for his brothers and sisters (whether by the whole or half blood), spouse, ancestors and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by or for its shareholders, partners or beneficiaries. Stock which an employee may purchase under outstanding options shall be treated as stock owned by the employee.

2. OFFERINGS. The Plan shall be implemented by granting eligible employees the right to purchase Shares (an "Offering") during offering periods of one (1) year duration (each such period being referred to herein as an "Offering Period") commencing at such times as the Corporation shall determine. The first working day during an Offering Period shall be the "Offering Date" for such Offering Period.

3. PARTICIPATION. An employee eligible on the Offering Date of any Offering may participate in such Offering by completing and forwarding a Payroll Deduction Authorization for Purchase of ABM Stock form ("Payroll Deduction Authorization Form") to the Payroll Department at such employee's branch location on or before the Offering Date. The form will authorize a regular payroll deduction from the employee's compensation.

Unless otherwise indicated, a participating employee shall automatically participate in the first Offering which commences immediately after the expiration of each Offering in which such employee acquires Shares upon expiration of the standard one (1) year Offering Period. A participating employee is not required to file an additional Payroll Deduction Authorization Form in order to automatically participate therein. Unless otherwise indicated in an additional Payroll Deduction Authorization Form, the rate at which payroll deductions shall be accumulated with respect to any such subsequent Offering shall equal the rate applicable to the previously expired Offering. Any balance in an employee's payroll deduction account at the end of an Offering will remain in the employee's account as funds available for purchase of shares in the subsequent Offering.

4. DEDUCTIONS. The Corporation will maintain payroll deduction accounts for all participating employees. With respect to any Offering made under this Plan, an employee may authorize a payroll deduction up to a maximum of 10% of the compensation he receives during the Offering Period specified for the Offering (or during such portion thereof as he may elect to participate). As a minimum, an employee must authorize a payroll deduction which, based on his rate of pay at the time of such authorization, would enable him by the end of the Offering Period to accumulate in his account an amount equal to at least the Offering Price (as defined below) of ten Shares for that Offering.

5. DEDUCTION CHANGES. An employee may at any time increase or decrease his payroll deduction by filing a new Payroll Deduction Authorization Form. The change will become effective for the next pay period after receipt of the form. A payroll deduction may be increased only once and reduced only once during any Offering Period. An employee will be deemed to have withdrawn from an Offering if such employee reduces the payroll deduction amount to zero.

6. WITHDRAWAL OF FUNDS. An employee may at any time and for any reason draw out the balance accumulated in his account, and thereby withdraw from participation in an Offering. He may not thereafter participate during the remainder of the Offering Period specified for the Offering. Partial withdrawals will not be permitted.

7. PURCHASE OF SHARES. Each employee participating in any Offering under this Plan will be granted, upon the Offering Date of such Offering, a right to purchase as many full Shares (but not less than ten) as he may elect to purchase for up to 10% of compensation received during the specified Offering Period to be paid by payroll deductions during such period, provided that the maximum number of Shares which may be purchased in any Offering shall be equal to the number obtained by dividing the employee's annual compensation on the Offering Date of such Offering by the fair market value of one Share on the Offering Date of such Offering.

The purchase price for each Share purchased under any Offering will be the lesser of:

(a) 85% of the fair market value of one Share on the Offering Date of such Offering (the "Offering Price"), or

(b) 85% of the fair market value of one Share on the day on which the right to purchase is exercised and the Shares are purchased pursuant to the terms of this Plan (the "Alternate Offering Price").

As of the last working day of each calendar month during any Offering, the account of each participating employee shall be totalled. When a participating employee shall have sufficient funds in his account to purchase ten or more Shares at the lesser of either the Offering Price or the Alternate Offering Price as of that date, the employee shall be deemed to have exercised his right to purchase the number of full Shares purchasable with the funds in his account at such price, his account shall be charged for the amount of the purchase, and a stock certificate shall be issued to him as of such day. Subsequent Shares covered by the employee's right to purchase will be purchased in the same manner whenever sufficient funds have again accrued in his account.

Payroll deductions may be made under each Offering to the extent authorized by the employee, subject to the maximum and minimum limitations imposed for each such Offering. A separate employee account will be maintained with respect to each Offering.

A participating employee may not purchase shares under any Offering beyond 12 months from the Offering Date thereof. Any balance in an employee's account at the end of 12 months from the Offering Date of any Offering which is not sufficient to purchase ten Shares will, unless otherwise indicated, remain in the employee's account for the purchase of shares in the next Offering.

8. LIMITATION TO PURCHASE OF SHARES. Anything contained in this Plan notwithstanding, no employee may be granted a right to purchase which permits such employee's rights to purchase stock under all employee stock purchase plans of the Corporation and its parent and subsidiary corporations to accrue at a rate which exceeds \$25,000 of fair market value of such stock (determined at the time such right to purchase is granted) for each calendar year in which such right to purchase is outstanding at any time. For this purpose (a) the right to purchase stock accrues when such right (or any portion thereof) first becomes exercisable during the calendar year; (b) the right to purchase stock accrues at the rate provided in the Offering, but in no case may such rate exceed \$25,000 of fair market value of such stock (determined at the time such right to purchase is granted) for any one calendar year; and (c) a right to purchase which has accrued under one Offering may not be carried over to any other Offering.

9. REGISTRATION OF CERTIFICATES. Stock Certificates may be registered only in the name of the employee, or if he so indicates on his Payroll Deduction Authorization Form, in his name jointly with a member of his family with rights of survivorship, in the name of a family trust, or in the name of a family member pursuant to a gift which satisfies the requirements of the Uniform Gifts to Minors Act. An employee who is a resident of a jurisdiction which does not recognize such a joint tenancy may have certificates registered in his name as tenant in common with a member of his family, without right of survivorship.

10. DEFINITIONS.

"Working Day" means a day other than a Saturday, Sunday or scheduled holiday.

"Fair Market Value" means the average of the high and low prices of the Corporation's common stock composite transactions on the New York Stock Exchange on a given day, or if no sales were made on that day, the average of the high and low prices on the next preceding day on which sales are made.

"Parent corporation" means a corporation described in Section 424(e) of the Internal Revenue Code of 1986, as amended (the "Code").

"Subsidiary corporation" means a corporation described in Section 424(f) of the Code.

The Plan is intended to be an "employee stock purchase plan" as defined in Section 423 of the Code and its provisions shall be interpreted in a manner consistent with this intent.

11. RIGHTS AS A STOCKHOLDER. None of the rights or privileges of a stockholder of the Corporation shall exist with respect to Shares purchased under this Plan unless and until certificates representing such Shares shall have been issued.

12. RIGHTS ON RETIREMENT, DEATH OR TERMINATION OF EMPLOYMENT. In the event of a participating employee's retirement, death, or termination of employment, no payroll deduction shall be taken from any pay due and owing to him at such time and the balance in his account shall be paid to him, or, in the event of death, to his estate.

13. RIGHTS NOT TRANSFERABLE. Rights granted under this Plan are not transferable by a participating employee other than by will or the laws of descent and distribution, and are exercisable during his lifetime only.

14. APPLICATION OF FUNDS. Funds received or held by the Corporation under this Plan may be used for any corporate purpose.

15. ADJUSTMENT IN CASE OF CHANGES AFFECTING THE STOCK. In the event of a subdivision of outstanding shares, or the payment of a stock dividend, the number of shares reserved or authorized to be reserved under this Plan, including shares covered by outstanding grants to participating employees, shall be increased proportionately, and the Offering Price for each participant at such time reduced proportionately, and such other adjustment shall be made as may be deemed equitable by the Board of Directors. In the event of any other change affecting the Corporation's common stock, such adjustment shall be made as may be deemed equitable by the Board of Directors to give proper effect to such event.

16. AMENDMENT OF THE PLAN. The Board of Directors may at any time, or from time to time, amend this Plan in any respect, except that, to the extent required to maintain this Plan's qualification under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, any such amendment shall be subject to stockholder approval.

17. TERMINATION OF THE PLAN. This Plan and all rights of employees under any Offering hereunder shall terminate:

(a) on the day that participating employees become entitled to purchase a number of Shares equal to or greater than the number of Shares remaining available for purchase. If the number of Shares so

purchasable is greater than the Shares available, Shares shall be allocated on a pro rata basis among such participating employees; or

(b) at any time, at the discretion of the Board of Directors of the Corporation.

No offering hereunder shall be made under which the Offering Period shall extend beyond April 30, 1997. Upon termination of this Plan, all amounts in the accounts of participating employees shall be promptly refunded.

18. ADMINISTRATION. The Plan will be administered by the Officer Compensation & Stock Option Committee of the Board of Directors. The Committee will have authority to make rules and regulations for the administration of the Plan. Its interpretations and decisions with regard thereto shall be final and conclusive.

19. GOVERNMENTAL REGULATIONS. The Corporation's obligation to sell and deliver its Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such stock.

ABM INDUSTRIES INCORPORATED
EXECUTIVE STOCK OPTION PLAN
(DECEMBER 19, 1995 RESTATEMENT)

ARTICLE I
DEFINITIONS

As used herein, the following terms have the meanings hereinafter set forth unless the context clearly indicates to the contrary:

- (a) "Board" shall mean the Board of Directors of the Company.
- (b) "Committee" shall mean the Officer Compensation & Stock Option Committee of the Board, or such other committee as the Board may designate. The Committee shall consist of not fewer than three members of the Board. Each member of the Committee shall be a "disinterested person" as defined in Rule 16b-3 under the Securities Exchange Act of 1934.
- (c) "Company" shall mean ABM Industries Incorporated.
- (d) "Fair Market Value" shall mean the average of the highest price and the lowest price per share at which the Stock is sold in the regular way on the New York Stock Exchange on the day an Option is granted hereunder or, in the absence of any reported sales on such day, the first preceding day on which there were such sales.
- (e) "Nonemployee Director" shall mean a member of the Board who is neither an employee of the Company nor of any Subsidiary.
- (f) "Option" shall mean an option to purchase Stock granted pursuant to the provisions of Article VI hereof.
- (g) "Optionee" shall mean an individual to whom an Option has been granted hereunder.
- (h) "Plan" shall mean the ABM Industries Incorporated Executive Stock Option Plan, the terms of which are set forth herein.
- (i) "Stock" shall mean the Common Stock of the Company or, in the event that the outstanding shares of Stock are hereafter changed into or exchanged for shares of a different stock or securities of the Company or some other corporation, such other stock or securities.
- (j) "Stock Option Agreement" shall mean the agreement between the Company and the Optionee under which the Optionee may purchase Stock hereunder.
- (k) "Subsidiary" shall mean any corporation, the majority of the outstanding capital stock of which is owned, directly or indirectly, by the Company.
- (l) "Vesting Date" shall mean an Optionee's "Initial Vesting Date" or "Final Vesting Date", as the case may be. An Optionee's Initial Vesting Date shall apply to the first fifty percent (50%) of the shares covered by his or her Option, and shall mean the Optionee's sixty-first (61st) birthday. An Optionee's Final Vesting Date shall apply to the remaining fifty percent (50%) of the shares covered by such Option, and shall mean the Optionee's sixty-fourth (64th) birthday.

ARTICLE II

THE PLAN

2.1 Name. This Plan shall be known as the "ABM Industries Incorporated Executive Stock Option Plan".

2.2 Purpose. The purpose of this Plan is to advance the interests of the Company and its stockholders by affording to Nonemployee Directors and to key management employees of the Company and its Subsidiaries an opportunity to acquire or increase their proprietary interest in the Company by the grant to such individuals of Options under the terms set forth herein. By thus encouraging such individuals to become owners of the Company shares, the Company seeks to motivate, retain, and attract those highly competent individuals upon whose judgment, initiative, leadership, and continued efforts the success of the Company in large measure depends.

ARTICLE III

PARTICIPANTS

Any officer or other key management employee of the Company or its Subsidiaries shall be eligible to participate in the Plan. The Committee may grant Options to any eligible employee in accordance with such determinations as the Committee from time to time in its sole discretion shall make. Each Nonemployee Director who both (1) is such on the date of the 1995 Annual Meeting of Stockholders, and (2) does not hold an Option, automatically shall receive, as of such date only, an Option to purchase 3,000 shares of Stock, but subject to Section 6.2 (regarding the ineligibility of ten percent (10%) holders). Each Nonemployee Director who becomes such after the 1995 Annual Meeting of Stockholders, automatically shall receive, as of the date of his or her election or appointment to the Board, an Option to purchase 3,000 shares of Stock.

ARTICLE IV

ADMINISTRATION

4.1 Duties and Powers of Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have sole discretion and authority to determine from among eligible employees those to whom and the time or times at which Options may be granted and the number of shares of Stock to be subject to each Option. Subject to the express provisions of the Plan, the Committee shall also have complete authority to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to it, to determine the details and provisions of each Stock Option Agreement, and to make all other determinations necessary or advisable in the administration of the Plan.

4.2 Majority Rule. A majority of the members of the Committee shall constitute a quorum, and any action taken by a majority present at a meeting at which a quorum is present or any action taken without a meeting evidenced by a writing executed by a majority of the whole Committee shall constitute the action of the Committee.

4.3 Company Assistance. The Company shall supply full and timely information to the Committee on all matters relating to eligible employees and Nonemployee Directors, their employment or service, death, retirement, disability or other termination of employment or service, and such other pertinent facts as the Committee may require. The Company shall furnish the Committee with such clerical and other assistance as is necessary in the performance of its duties.

ARTICLE V

SHARES OF STOCK SUBJECT TO PLAN

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

5.2 Options and Awards Granted Under Plan. Shares of Stock with respect to which an Option granted hereunder shall have been exercised shall not again be available for Options hereunder. If Options granted hereunder shall terminate for any reason without being wholly exercised, new Options may be granted hereunder for the number of shares to which such Option termination relates.

5.3 Antidilution. In the event that the outstanding shares of Stock hereafter are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation by reason of merger, consolidation, other reorganization, recapitalization, reclassification, combination of shares, stock split-up, or stock dividend:

(a) The aggregate number and kind of shares subject to Options which may be granted hereunder shall be adjusted appropriately;

(b) Rights under outstanding Options granted hereunder, both as to the number of subject shares and the Option price, shall be adjusted appropriately;

(c) Where dissolution or liquidation of the Company or any merger or combination in which the Company is not a surviving corporation is involved, each outstanding Option granted hereunder shall terminate, but the Optionee shall have the right, immediately prior to such dissolution, liquidation, merger, or combination, to exercise his Option in whole or in part, without regard to any time of exercise provision.

The foregoing adjustments and the manner of application of the foregoing provisions shall be determined solely by the Committee, and any such adjustment may provide for the elimination of fraction share interests.

ARTICLE VI

OPTIONS

6.1 Option Grant and Agreement. Each Option granted hereunder shall be evidenced by minutes of a meeting or the written consent of the Committee and by a written Stock Option Agreement dated as of the date of grant and executed by the Company and the Optionee, which Agreement shall set forth such terms and conditions as may be determined by the Committee consistent with the Plan.

6.2 Participation Limitation. The Committee shall not grant an Option to any individual for such number of shares of Stock that, immediately after the grant, the total number of shares of Stock owned or subject to all options exercisable at any time by such individual exceed ten percent (10%) of the total combined voting power of all Stock of the Company or its Subsidiaries. For this purpose an individual shall be considered as owning stock owned, directly or indirectly, by or for his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants, and stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries.

6.3 Option Price. The per share Option price of the Stock subject to each Option shall be determined by the Committee, but the per share price shall not be less than the Fair Market Value of the Stock on the date the Option is granted. The per share Option price of the Stock subject to each Option granted to a

Nonemployee Director shall equal 100% of the Fair Market Value of the Stock on the date the Option is granted.

6.4 Period of Exercisability. Subject to Sections 6.5(a) and 6.7, the period during which each Option may be exercised shall be determined in accordance with the following rules. As to the first fifty percent (50%) of the shares covered by an Option, the Option may be exercised during the period commencing on the Optionee's Initial Vesting Date and ending one (1) year after the Optionee's termination of employment with the Company and all of its Subsidiaries (termination from the Board, in the case of a Nonemployee Director). As to the remaining fifty percent (50%) of the shares covered by the Option, the Option may be exercised during the period commencing on the Optionee's Final Vesting Date and ending one (1) year after the Optionee's termination of employment with the Company and all of its Subsidiaries (termination from the Board, in the case of a Nonemployee Director).

6.5 Option Exercise.

(a) Options granted hereunder may not be exercised unless the Optionee shall have remained in the employ of the Company or its Subsidiaries (on the Board in the case of a Nonemployee Director) until the applicable Vesting Date.

(b) Options may be exercised in whole or in part from time to time with respect to whole shares only, during such period for the exercise thereof, and shall be exercised by written notice of exercise with respect to a specified number of shares delivered to the Company at its headquarters office, and payment in full to the Company at said office of the amount of the Option price for the number of shares of Stock with respect to which the Option is exercised. In addition to and at the time of payment of the Option price, Optionee shall pay to the Company in cash the full amount of all federal and/or state withholding taxes applicable to the taxable income of such Optionee resulting from such exercise.

6.6 Nontransferability of Option. No Option shall be transferrable by an Optionee and shall be exercisable only by him.

6.7 Effect of Termination of Employment or Service. If, prior to an Optionee's applicable Vesting Date, the Optionee's employment or service shall be terminated by the Company or a Subsidiary with or without cause, or by the act of the Optionee, the right to exercise such Option (or portion thereof) shall terminate and all rights thereunder shall cease.

6.8 Rights as Stockholder. An Optionee shall have no rights as a stockholder with respect to any shares subject to such Option prior to the purchase of such shares by exercise of such Option as provided herein.

ARTICLE VII

STOCK CERTIFICATES

The Company shall not be required to issue or deliver any certificate for shares of Stock purchased upon the exercise of any Option granted hereunder prior to fulfillment of all of the following conditions:

(a) The admission of such shares to listing on all stock exchanges on which the Stock is then listed;

(b) The completion of any registration or other qualification of such shares under any federal or state law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Committee shall in its sole discretion deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any federal or state governmental agency which the Committee shall in its sole discretion determine to be necessary or advisable; and

(d) The lapse of such reasonable period of time following the exercise of the Option as the Committee from time to time may establish or approve for reasons of administrative convenience.

ARTICLE VIII

AMENDMENT AND TERMINATION OF PLAN

The Board may at any time, or from time to time, amend or terminate the Plan in any respect, except that, to the extent required to maintain this Plan's qualification under Rule 16b-3, any amendment shall be subject to stockholder approval.

ARTICLE IX

MISCELLANEOUS

9.1 No effect on Employment or Service. Nothing in the Plan or in any Option granted hereunder or in any Stock Option Agreement shall confer upon any employee the right to continue as a member of the Board or in the employ of the Company or any Subsidiary.

9.2 Use of Proceeds. The proceeds received by the Company from the sale of Stock pursuant to the exercise of Options shall be added to the Company's general funds and used for general corporate purposes.

9.3 Effective Date of Plan and Stockholder Approval. The effective date of this amended and restated Plan is December 19, 1995, the date of its approval by the Board, subject to ratification by an affirmative vote of the holders of a majority of the shares which are present in person or by proxy and entitled to vote at the 1996 Annual Meeting of Stockholders. The amendment and restatement of the Plan shall have no effect on the Options granted under the Plan prior to the amendment and restatement.

9.4 Plan Binding on Successors. The Plan shall be binding upon the successors and assigns of the Company.

9.5 Singular, Plural; Gender. Wherever used herein, nouns in the singular shall include the plural and the masculine pronoun shall include the feminine gender.

9.6 Headings Not Part of Plan. Headings of Articles and Sections hereof are inserted for convenience and reference; they constitute no part of the Plan.

ABM INDUSTRIES INCORPORATED

1987 STOCK OPTION PLAN
(DECEMBER 19, 1995, RESTATEMENT)

ARTICLE I

GENERAL

1. PURPOSE.

This 1987 Stock Option Plan (the "Plan") is intended to increase incentive and to encourage stock ownership on the part of nonemployee directors of ABM Industries Incorporated (the "Company") and selected key employees of the Company or of other corporations which are to become subsidiaries of the Company, and other individuals whose efforts may aid the Company. It is also the purpose of the Plan to provide such employees and other individuals with a proprietary interest, or to increase their proprietary interest, in the Company and its subsidiaries, and to encourage them to remain in the employ of the Company or its subsidiaries. It is intended that certain options granted pursuant to the Plan shall constitute incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and that certain other options granted pursuant to the Plan shall not constitute incentive stock options ("nonqualified stock options").

2. ADMINISTRATION.

The Plan shall be administered by the Officer Compensation & Stock Option Committee (the "Committee") of the Board of Directors of the Company (the "Board"). The Committee shall from time to time at its discretion make determinations with respect to the persons to who options shall be granted and the amount of such options. The Committee shall consist of not fewer than three members of the Board. Each member of the Committee shall be a "disinterested person" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended ("Rule 16b-3").

The interpretation and construction by the Committee of any provisions of the Plan or of any option granted under it shall be final. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under it.

3. ELIGIBILITY.

Subject to Section 2 of this Article I, the persons who shall be eligible to receive options under the Plan shall be such officers and key employees (including directors who are also salaried employees of the Company) of the Company as the Committee shall select. In addition, independent contractors of the Company who are not also salaried employees of the Company shall be eligible to receive nonqualified stock options (but such persons shall not be eligible to receive incentive stock options). The terms "officers and key employees" as used herein shall mean such key employees as may be determined by the Committee in its sole discretion. Directors of the Company who are not employees of the Company nor of any of its subsidiary corporations ("nonemployee directors") shall be eligible only for the options automatically granted pursuant to Article V.

Except where the context otherwise requires, the term "Company," as used herein, shall include (i) ABM Industries Incorporated and (ii) any of its "subsidiary corporations" which meet the definition of subsidiary corporation contained in Section 424(f) of the Code, and the terms "officers and key employees of the Company," and words of similar import, shall include officers and key employees of each such subsidiary corporation, as well as officers and key employees of ABM Industries Incorporated.

4. SHARES OF STOCK SUBJECT TO THE PLAN.

The shares that may be issued under the Plan shall be authorized and unissued and reacquired shares of the Company's common stock (the "Common Stock"). The aggregate number of shares which may be issued under the Plan shall not exceed 2,100,000 shares of Common Stock, unless an adjustment is required in accordance with Article III.

5. AMENDMENT OF THE PLAN.

The Board of Directors may at any time, or from time to time, amend this Plan in any respect, except that, to the extent required to maintain this Plan's qualification under Rule 16b-3, any such amendment shall be subject to stockholder approval. In addition, as required by Rule 16b-3, the provisions of Article V regarding the formula for determining the amount, exercise price, and timing of nonemployee director options shall in no event be amended more than once every six months, other than to comport with changes in the Code and/or the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). (ERISA is inapplicable to the Plan.)

6. APPROVAL OF STOCKHOLDERS.

All options granted under the Plan before the Plan is approved by affirmative vote at the next meeting of stockholders of the Company, or any adjournment thereof, of the holders of a majority of the outstanding shares of Common Stock shall be subject to such approval. No option granted hereunder may become exercisable unless and until such approval is obtained.

7. TERM OF PLAN.

The Plan, as amended and restated herein, shall remain in effect until amended or terminated by the Board in accordance with Section 5 of Article I. However, without further stockholder approval, no option which is intended to be an incentive stock option may be granted under the Plan after December 19, 2005. Notwithstanding the foregoing, each option granted under the Plan shall remain in effect until such option has been satisfied by the issuance of shares or terminated in accordance with its terms and the terms of the Plan.

8. RESTRICTIONS

All options granted under the Plan shall be subject to the requirement that, if at any time the Committee shall determine, in its discretion, that the listing, registration or qualification of the shares subject to options granted under the Plan upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such option or the issuance, if any, or purchase of shares in connection therewith, such options may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

9. NONASSIGNABILITY.

No option shall be assignable or transferable by the grantee except by will or by the laws of descent and distribution. During the lifetime of the optionee, the option shall be exercisable only by him, and no other person shall acquire any rights therein.

10. WITHHOLDING TAXES.

Whenever shares of Common Stock are to be issued under the Plan, the Company shall have the right to require the optionee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such shares.

11. DEFINITION OF "FAIR MARKET VALUE."

For the purposes of this Plan, the term "fair market value," when used in reference to the date of grant of an option or the date of surrender of Common Stock in payment for the purchase of shares pursuant to the exercise of an option, as the case may be, shall refer to the mean between the highest and lowest sale prices of the Common Stock as quoted in the Composite Transactions Index for the New York Stock Exchange, on such date as published in the "Wall Street Journal" and determined by the Committee, or if no sale price was quoted in any such Index on such date, then as of the next preceding date on which such a sale price was quoted.

ARTICLE II

STOCK OPTIONS

1. AWARD OF STOCK OPTIONS.

Awards of stock options may be made under the Plan under all the terms and conditions contained herein. However, in the cases of incentive stock options the aggregate fair market value (determined as of the date of grant) of the stock with respect to which incentive stock options are exercisable for the first time by such officer or key employee during any calendar year (under all incentive stock options plans of the Company and its parent and subsidiary corporations) shall not exceed \$100,000. The date on which any option is granted shall be the date of the Committee's authorization of such grant or such later date as may be determined by the Committee at the time such grant is authorized.

2. TERM OF OPTIONS AND EFFECT OF TERMINATION.

Notwithstanding any other provision of the Plan, no nonqualified stock option granted under the Plan shall be exercisable after the expiration of ten (10) years and one (1) month from the date of its grant, and no incentive stock option granted under the Plan shall be exercisable after the expiration of ten (10) years from the date of grant. In addition, notwithstanding any other provision of the Plan, no incentive stock option granted under the Plan to a person who, at the time such option is granted and in accordance with Section 425(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company shall be exercisable after the expiration of five (5) years from the date of its grant.

In the event that any outstanding option under the Plan expires by reason of lapse of time or otherwise is terminated for any reason, then the shares of Common Stock subject to any such option which have not been issued pursuant to the exercise of the option shall again become available in the pool of shares of Common Stock for which options may be granted under the Plan.

3. CANCELLATION OF AND SUBSTITUTION FOR NONQUALIFIED OPTIONS.

The Company shall have the right to cancel any nonqualified stock option at any time before it otherwise would have expired by its terms and to grant to the same optionee in substitution therefor a new nonqualified stock option stating an option price which is lower (but not higher) than the option price stated in the cancelled option. Any such substituted option shall contain all other terms and conditions of the cancelled option provided, however, that notwithstanding Section 2 of this Article II such substituted option shall not be exercisable after the expiration of ten (10) years from the date of grant of the cancelled option.

4. TERMS AND CONDITIONS OF OPTIONS.

Options granted pursuant to the Plan shall be evidenced by agreements in such form as the Committee shall from time to time determine, which agreements shall comply with the following terms and conditions.

(A) OPTIONEE'S AGREEMENT

Each optionee shall agree to remain in the employ of and to render to the Company his services for a period of one (1) year from the date of the option, but such agreement shall not impose upon the Company any obligation to retain the optionee in its employ for any period.

(B) NUMBER OF SHARES AND TYPE OF OPTION

Each option agreement shall state the number of shares to which the option pertains and whether the option is intended to be an incentive stock option or a nonqualified stock option. Notwithstanding any contrary provision of the Plan, during any single fiscal year of the Company, no individual shall be granted options covering more than 25,000 shares of Common Stock.

(C) OPTION PRICE

Each option agreement shall state the option price per share (or the method by which such price shall be computed). The option price per share shall not be less than 99% of the fair market value of a share of the Common Stock on the date such option is granted. In the cases of incentive stock options and options granted to non-employee directors pursuant to Article V hereof, the option price shall be not less than 100% of the fair market value of a share of the Common Stock on the date such option is granted. Notwithstanding the foregoing, the option price per share of an incentive stock option granted to a person who, on the date of such grant and in accordance with Section 424(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company shall be not less than 110% of the fair market value of a share of the Common Stock on the date that the option is granted.

(D) MEDIUM AND TIME OF PAYMENT

The option price shall be payable upon the exercise of an option in the legal tender of the United States or, in the discretion of the Committee, in shares of the Common Stock or in a combination of such legal tender and such shares. Upon receipt of payment, the Company shall deliver to the optionee (or person entitled to exercise the option) a certificate or certificates for the shares of Common Stock to which the option pertains.

(E) EXERCISE OF OPTIONS

Pursuant to the terms of a written option agreement approved by the Committee, each option shall become exercisable at a rate of twenty percent (20%) per year of the shares subject to the option, commencing one year after the date that the option was granted, but only if the optionee has been continuously employed by the Company from the date of grant through the date of vesting. The Committee may, in its discretion, waive any vesting provisions contained in an option agreement.

To the extent that an option has become vested (except as provided in Article III), and subject to the foregoing restrictions, it may be exercised in whole or in such lesser amount as may be authorized by the option agreement provided, however, that no partial exercise of an option shall be for fewer than twenty-five (25) shares. If exercised in part, the unexercised portion of an option shall continue to be held by the optionee and may thereafter be exercised as herein provided.

(F) TERMINATION OF EMPLOYMENT EXCEPT BY DISABILITY OR DEATH

In the event that an optionee shall cease to be employed by the Company for any reason other than his death or disability, his option shall terminate on the date three (30) months after the date that he ceases to be an employee of the Company.

(G) DISABILITY OF OPTIONEE

If an optionee shall cease to be employed by the Company by reason of his becoming permanently and totally disabled within the meaning of Section 22(e)(3) of the Code (as determined by the Committee), such option shall terminate on the date one (1) year after cessation of employment due to such disability.

(H) DEATH OF OPTIONEE AND TRANSFER OF OPTION

If an optionee should die while in the employ of the Company, or within the three-month period after termination of his employment with the Company during which he is permitted to exercise an option in accordance with Subsection 4(F) of this Article II, such option shall terminate on the date one (1) year after the optionee's death. During such one-year period, such option may be exercised by the executors or administrators of the optionee's estate or by any person or persons who shall have acquired the option directly from the optionee by his will or the applicable law of descent and distribution. During such one-year period, such option may be exercised with respect to the number of shares for which the deceased optionee would have been entitled to exercise it at the time of his death and also with respect to 10 percent of the additional number of shares for which he would have been entitled to exercise it during the balance of the option period, had he survived and remained in the employ of the Company.

ARTICLE III

RECAPITALIZATIONS AND REORGANIZATIONS

The number of shares of Common Stock covered by the Plan, the maximum number of shares with respect to which options may be granted during any single fiscal year to any employee, and the number of shares and price per share of each outstanding option, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or consolidation of shares or the payment of a stock dividend, or any other increase or decrease in the number of issued and outstanding shares of Common Stock effected without receipt of consideration by the Company.

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

The foregoing adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive.

The grant of an option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

ARTICLE IV

MISCELLANEOUS PROVISIONS

1. RIGHTS AS A STOCKHOLDER.

An optionee or a transferee of an option shall have no rights as a stockholder with respect to any shares covered by an option until the date of the receipt of payment (including any amounts required by the Company pursuant to Section 10 of Article I) by the Company. No adjustment shall be made as to any option for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to such date of receipt of payment, except as provided in Article III.

2. MODIFICATION, EXTENSION AND RENEWAL OF OPTIONS.

Subject to the terms and conditions and within the limitations of the Plan, the Committee may modify, extend, renew or cancel outstanding options granted under the Plan. Notwithstanding the foregoing, however, no modification of an option shall, without the consent of the optionee impair or diminish any rights or obligations under any option theretofore granted under the Plan. For purposes of the preceding sentence, the right of the Company pursuant to Section 3 of Article II to cancel any outstanding nonqualified option and to issue therefor a substituted nonqualified option stating a lower portion price shall not be construed or impairing or diminishing an optionee's rights or obligations.

3. OTHER PROVISIONS.

The option agreements authorized under the Plan shall contain such other provisions, including, without limitation, restrictions upon the exercise of the option or restrictions required by any applicable securities laws, as the Committee shall deem advisable.

4. APPLICATION OF FUNDS.

The proceeds received by the Company from the sale of Common Stock pursuant to the exercise of options will be used for general corporate purposes.

5. NO OBLIGATION TO EXERCISE OPTION.

The granting of an option shall impose no obligation upon the optionee or a transferee of the option to exercise such option.

ARTICLE V

NONEMPLOYEE DIRECTOR OPTIONS

The provisions of this Article V are applicable only to options granted to nonemployee directors. The provisions of Article II are applicable to options granted to other individuals.

1. GRANTING OF OPTIONS.

Each nonemployee director who is a nonemployee director on the date of the 1994 Annual Meeting of Stockholders, automatically will receive, as of such date only, an option to purchase 2,000 shares of Common Stock.

Each nonemployee director who becomes a nonemployee director after the 1994 Annual Meeting of Stockholders automatically will receive, as of the date of such nonemployee director's election or appointment to the Board of Directors of the Company, an option to purchase 2,000 shares of Common Stock.

Each continuing nonemployee director (i.e., a nonemployee director who has received an initial grant of an option to purchase 2,000 shares of Common Stock) automatically will receive, on the first day of each subsequent fiscal year, an option to purchase 2,000 shares of Common Stock.

2. TERMS OF OPTIONS.

(A) OPTION AGREEMENT

Each option shall be evidenced by written stock option agreement which shall be executed by the optionee and the Company.

(B) OPTION PRICE

The price of the shares subject to each option shall be 100% of the fair market value for such shares on the date that the option is granted.

(C) EXERCISABILITY

An option granted pursuant to this Article V shall become exercisable at the rate of twenty percent (20%) per year of the shares subject to the option, commencing one year after the date that the option was granted, but only if the optionee has been a nonemployee director continuously from the date of grant through the date of vesting.

(D) EXPIRATION OF OPTIONS

In the event that an optionee shall cease to be a nonemployee director for any reason other than his death or disability, his option shall terminate on the date three (3) months after the date that he ceases to be a nonemployee director.

If an optionee shall cease to be a nonemployee director by reason of his becoming permanently and totally disabled within the meaning of Section 22(e)(3) of the Code (as determined by the Committee), such option shall terminate on the date one (1) year after his cessation of service as nonemployee director.

If an optionee should die while a nonemployee director, or within the three-month period described above in this Subsection 2(D), such option shall terminate on the date one (1) year after the optionee's death. During such one-year period, such option may be exercised by the executors or administrators of the optionee's estate or by any person or persons who shall have acquired the option directly from the optionee by his will or the applicable law of descent and distribution. During such one-year period, such option may be exercised with respect to the number of shares for which the deceased optionee would have been entitled to exercise it at the time of his death and also with respect to 10 percent of the additional number of shares for which he would have been entitled to exercise it during the balance of the option period, had he survived and remained a nonemployee director.

(E) INCENTIVE STOCK OPTIONS.

Options granted pursuant to this Article V shall not be designated as incentive stock options.

(F) OTHER TERMS.

All provisions of the Plan not inconsistent with this Article V shall apply to options granted to nonemployee directors.

6-MOS

OCT-31-1995

APR-30-1996

1,769

0

165,443

0

19,034

219,911

63,072

39,316

354,135

110,904

0

0

6,400

96

150,637

354,135

516,470

516,470

447,236

447,236

52,190

0

1,697

15,347

6,599

8,748

0

0

0

8,748

0.85

0.85