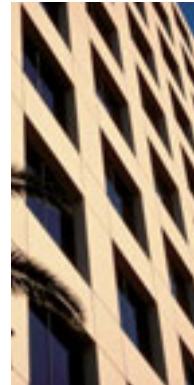




airports  
apartment buildings  
art galleries  
auditoriums  
automobile plants  
banks  
biotech firms  
breweries  
carpet retailers  
casinos  
churches  
city governments  
clean rooms  
computer makers  
conference centers  
credit card issuers  
department stores  
dry cleaners  
drug store chains  
exhibition halls  
factories  
furniture  
garden centers  
golf and country clubs  
health care facilities  
high-tech facilities  
home improvement stores  
hospitals  
hotels  
insurance offices  
investment banks  
libraries  
motion picture studios  
movie multiplexes  
museums  
office buildings  
parking garages  
pharmaceutical labs  
property managers  
restaurants  
retail shops  
savings and loans  
schools  
semiconductor plants  
shopping centers  
software companies  
sports arenas  
steel companies  
supermarkets  
telecom providers  
theaters  
tire and rubber plants  
train stations  
universities  
veterinary hospitals  
warehouses  
wineries



**Traditional values and visionary thinking  
create smart solutions for diverse markets.**

## ABM in Brief

ABM Industries Incorporated (ABM) dates to 1909, when Morris Rosenberg invested \$4.50 in a bucket, sponge, mop, broom and brush. He called on proprietors of shops along Fillmore Street in San Francisco, offering to wash windows for whatever they were willing to pay. On his first day, he recovered his initial investment and made almost \$3.50 in profit. In time, the verbal agreements between Rosenberg and the shopkeepers for regular window washing services evolved into ABM as we know it today.

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

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

facility maintenance services.

In 1962, ABM conducted its initial public offering of stock; in 1965 ABM paid its first dividend; and in 1971, ABM stock first traded on the New York Stock Exchange (NYSE).

Headquartered in San Francisco, ABM Industries Incorporated is one of the largest facilities services contractors listed on the NYSE. With revenues in excess of \$2.2 billion and more than 64,000 employees, ABM provides janitorial, parking, engineering, security, lighting and mechanical services to thousands of commercial, industrial, institutional and retail facilities in hundreds of cities across the United States and in British Columbia, Canada.

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

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**Factors That May Affect Future Results.** This Annual Report contains some forward-looking statements that set forth anticipated results based on management's plans and assumptions. While it is not possible to predict all factors that could cause the Company's actual results to differ materially from past results or those anticipated, estimated or projected, the risks and uncertainties include the following: (1) A further decline in commercial office building occupancy and rental rates that affects sales and profitability; (2) an increase in costs that the Company cannot pass on to customers; (3) the financial difficulties or bankruptcy of one or more of the Company's major customers; (4) major collective bargaining disputes that lead to the loss of sales or expense increases; (5) strong competitive pressures that inhibit the Company's success in bidding for profitable business and its ability to increase prices even as costs rise, thereby reducing margins; (6) difficulty in preserving long-term relationships with customers; (7) weakness in airline travel and the hospitality industry that adversely impacts the Company's Parking results; (8) a continued slowdown in capital investments by customers that negatively affects the projected sales of the Lighting and Mechanical segments; (9) acquisition activity slows or is unsuccessful; (10) an increase in the Company's accounting and other control costs; (11) an inadequacy in the Company's self-insurance reserves, or the cancellation or non-renewal of the Company's primary insurance policies; and (12) resignation, termination, death or disability of one or more of the Company's key executives. These and other risks and uncertainties are described more fully in the Company's Annual Report on Form 10-K for the year ended October 31, 2003. The Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. Investors are advised to consult the Company's Annual Report on Form 10-K and any future disclosures the Company makes on related subjects in its Form 10-Q and Form 8-K reports to the Securities and Exchange Commission.

## BOARD OF DIRECTORS

**Martinn H. Mandles** (a)  
Chairman of the Board

**Linda L. Chavez** (b, d)  
President  
Center for Equal Opportunity

**Luke S. Helms** (c, d)  
Managing Partner  
Sonata Capital Management

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

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

**Henry L. Kotkins, Jr.** (b, d)  
Chairman and Chief Executive Officer  
Skyway Luggage Company

**Theodore T. Rosenberg** (a)  
Former Chairman of the Board

**Henrik C. Slipsager** (a)  
President and Chief Executive Officer

**William W. Steele** (a)  
Former President and  
Chief Executive Officer

- (a) Executive Committee
- (b) Compensation Committee
- (c) Audit Committee
- (d) Governance Committee

## OFFICERS

**Henrik C. Slipsager** (a)  
President and Chief Executive Officer

**Jess E. Benton**  
Executive Vice President and  
Chief Operating Officer

**James P. McClure**  
Executive Vice President and  
President of Janitorial Services

**Linda S. Auwers**  
Senior Vice President, General Counsel  
and Secretary

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

**George B. Sundby**  
Senior Vice President and  
Chief Financial Officer

**Gary R. Wallace**  
Senior Vice President, Business Develop-  
ment and Chief Marketing Officer

**Steven M. Zaccagnini**  
Senior Vice President and  
President, CommAir Mechanical Services  
and ABM Facility Services

**Maria De Martini**  
Vice President, Controller and  
Chief Accounting Officer

**David L. Farwell**  
Vice President and Treasurer

**Catherine A. Johnson**  
Vice President, Internal Audit

**Anthony D. Lackey**  
Vice President, Electronic Services and  
Chief Technology Officer

**Terry D. McNeil**  
Vice President, Insurance Services

**Scott T. Robinson**  
Vice President, Safety Services

**Eleonora C. Walsh**  
Vice President, Administrative Services

## SPECIAL NOTES

**Listing**  
New York Stock Exchange

**Ticker Symbol**  
ABM

**Registrar and Transfer Agent**  
Mellon Investor Services LLC  
235 Montgomery Street, 23rd Floor  
San Francisco, CA 94104

**Auditors**  
KPMG LLP  
Three Embarcadero Center  
San Francisco, CA 94111

**10-K Report**  
Additional copies available to stock-  
holders at no charge upon request to:  
ABM Corporate Communications  
Post Office Box 193224  
San Francisco, CA 94119  
or at [www.abm.com](http://www.abm.com)

**Stockholders**  
As of December 31, 2003, there were  
4,199 registered holders of the Com-  
pany's Common Stock, in addition to  
stockholders in street name.

**Annual Meeting**  
The Annual Meeting of Stockholders  
of ABM Industries Incorporated will be  
held on Tuesday, March 9, 2004, at  
10:00 a.m. in the Union Square Room,  
Omni Hotel, 500 California Street, San  
Francisco, California 94104.

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



**Internet Website**

www.abm.com

**Corporate Headquarters**

160 Pacific Avenue, Suite 222  
San Francisco, CA 94111  
Telephone: (415) 733-4000  
Facsimile: (415) 733-5123

**Founded**

San Francisco 1909

**Business**

Facility Services

**Subsidiary Businesses**

ABM Janitorial Service Companies  
Ampco System Parking  
ABM Engineering Services  
American Commercial Security Services (ACSS)  
Amtech Lighting Services  
CommAir Mechanical Services  
ABM Facility Services

**Branch Offices**

Over 220

**Employees**

Approximately 64,000



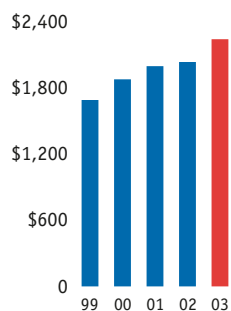
## FIVE-YEAR SELECTED FINANCIAL DATA

October 31

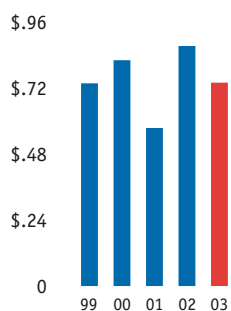
In thousands, except per share data and ratios

	2003	2002	2001	2000	1999
<b>Financial Statistics</b>					
Sales and other income	<b>\$2,262,476</b>	\$2,068,058	\$2,027,800	\$1,879,450	\$1,701,532
Income from continuing operations	<b>\$ 36,398</b>	\$ 44,058	\$ 29,868	\$ 40,115	\$ 35,695
Net income	<b>\$ 90,458</b>	\$ 46,728	\$ 32,826	\$ 44,343	\$ 39,667
Income from continuing operations per common share					
Basic	<b>\$ 0.74</b>	\$ 0.90	\$ 0.62	\$ 0.88	\$ 0.80
Diluted	<b>\$ 0.73</b>	\$ 0.86	\$ 0.59	\$ 0.83	\$ 0.74
Net income per common share					
Basic	<b>\$ 1.84</b>	\$ 0.95	\$ 0.68	\$ 0.97	\$ 0.89
Diluted	<b>\$ 1.81</b>	\$ 0.92	\$ 0.65	\$ 0.92	\$ 0.82
Average common and common equivalent shares					
Basic	<b>49,065</b>	49,116	47,598	45,102	44,134
Diluted	<b>50,004</b>	51,015	50,020	47,418	47,496
Dividends declared per common share	<b>\$ 0.38</b>	\$ 0.36	\$ 0.33	\$ 0.31	\$ 0.28
Stockholders' equity	<b>\$ 444,036</b>	\$ 386,670	\$ 361,177	\$ 316,309	\$ 276,951
Common shares outstanding	<b>48,367</b>	48,997	48,778	45,998	44,814
Stockholders' equity per common shares	<b>\$ 9.18</b>	\$ 7.89	\$ 7.40	\$ 6.88	\$ 6.18
Working capital	<b>\$ 243,957</b>	\$ 215,070	\$ 229,542	\$ 224,199	\$ 184,279
Net operating cash flows from continuing operations	<b>\$ 53,720</b>	\$ 100,020	\$ 66,069	\$ 19,242	\$ 32,157
Current ratio	<b>1.95</b>	1.95	1.97	2.05	2.01
Long-term debt (less current portion)	<b>\$ —</b>	\$ —	\$ 942	\$ 36,811	\$ 28,903
Redeemable cumulative preferred stock	<b>\$ —</b>	\$ —	\$ —	\$ 6,400	\$ 6,400
Total assets	<b>\$ 795,983</b>	\$ 704,939	\$ 683,100	\$ 641,985	\$ 563,384
Trade accounts receivable—net	<b>\$ 287,906</b>	\$ 296,634	\$ 336,512	\$ 325,799	\$ 268,812
Goodwill	<b>\$ 201,866</b>	\$ 164,009	\$ 109,292	\$ 105,308	\$ 101,292
Property, plant and equipment—net	<b>\$ 30,123</b>	\$ 35,846	\$ 42,425	\$ 40,149	\$ 34,681
Capital expenditures	<b>\$ 11,621</b>	\$ 7,345	\$ 16,667	\$ 18,327	\$ 19,097
Depreciation and intangible amortization	<b>\$ 14,829</b>	\$ 14,955	\$ 13,823	\$ 12,010	\$ 10,556

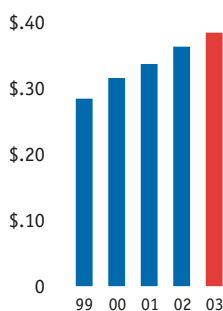
Sales (\$ millions)



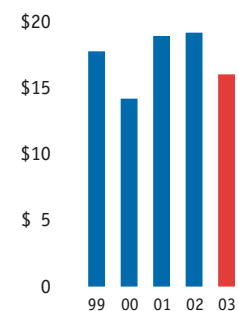
Income from Continuing Operations per Diluted Share



Dividends Declared per Common Share



Intra-day Stock Price High



## CONSOLIDATED BALANCE SHEETS (CONDENSED)

October 31 In thousands, except share data	2003	2002
<b>Assets</b>		
Cash and cash equivalents	\$ 110,947	\$ 19,416
Trade accounts receivable (less allowances of \$6,339 and \$5,543)	287,906	296,634
Inventories	21,419	24,471
Deferred income taxes	36,339	30,002
Prepaid expenses and other current assets	44,037	39,501
Assets held for sale	—	32,136
Total current assets	500,648	442,160
Investments and long-term receivables	11,459	14,952
Property, plant and equipment (less accumulated depreciation of \$74,619 and \$69,397)	30,123	35,846
Goodwill (less accumulated amortization of \$69,386)	201,866	164,009
Deferred income taxes	32,462	33,542
Other assets	19,425	14,430
Total assets	\$ 795,983	\$ 704,939
<b>Liabilities</b>		
Trade accounts payable	\$ 38,143	\$ 48,995
Income taxes payable	36,658	6,579
Liabilities held for sale	—	7,403
Accrued liabilities:		
Compensation	61,691	60,595
Taxes—other than income	15,297	13,525
Insurance claims	55,499	50,969
Other	49,403	39,024
Total current liabilities	256,691	227,090
Retirement plans	24,175	23,791
Insurance claims	71,081	67,388
Total liabilities	351,947	318,269
<b>Stockholders' equity</b>		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 51,767,000 and 50,397,000 shares issued at October 31, 2003 and 2002, respectively	518	504
Additional paid-in capital	166,497	151,135
Accumulated other comprehensive loss	(268)	(789)
Retained earnings	331,275	259,452
Cost of treasury stock (3,400,000 and 1,400,000 shares at October 31, 2003 and October 31, 2002, respectively)	(53,986)	(23,632)
Total stockholders' equity	444,036	386,670
Total liabilities and stockholders' equity	\$ 795,983	\$ 704,939

## CONSOLIDATED STATEMENTS OF INCOME (CONDENSED)

Years ended October 31 In thousands, except per share data	2003	2002	2001
<b>Revenues</b>			
Sales and other income	\$2,262,476	\$2,068,058	\$2,027,800
Gain on insurance claim	—	10,025	—
	<b>2,262,476</b>	<b>2,078,083</b>	<b>2,027,800</b>
<b>Expenses</b>			
Operating expenses and cost of goods sold	2,035,731	1,855,980	1,820,081
Selling, general and administrative	171,135	156,042	144,927
Interest	758	1,052	2,600
Goodwill amortization	—	—	12,065
	<b>2,207,624</b>	<b>2,013,074</b>	<b>1,979,673</b>
Income from continuing operations before income taxes	54,852	65,009	48,127
Income taxes	18,454	20,951	18,259
Income from continuing operations	36,398	44,058	29,868
Income from discontinued operation, net of income taxes	2,560	2,670	2,958
Gain on sale of discontinued operation, net of income taxes	51,500	—	—
<b>Net income</b>	<b>\$ 90,458</b>	<b>\$ 46,728</b>	<b>\$ 32,826</b>
<b>Net income per common share — Diluted</b>			
Income from continuing operations	\$ 0.73	\$ 0.86	\$ 0.59
Income from discontinued operation	0.05	0.06	0.06
Gain on sale of discontinued operation	1.03	—	—
	<b>\$ 1.81</b>	<b>\$ 0.92</b>	<b>\$ 0.65</b>

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONDENSED)

Years ended October 31, 2003, 2002 and 2001 In thousands	Common Shares	Stock Amount	Treasury Shares	Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
<b>Balance October 31, 2000</b>	45,998	\$460	—	\$ —	\$102,672	\$(653)	\$213,830	\$316,309
Net income							32,826	32,826
Foreign currency translation						(110)		(110)
Dividends:								
Common stock							(15,770)	(15,770)
Preferred stock							(432)	(432)
Stock issued	2,780	28			28,326			28,354
<b>Balance October 31, 2001</b>	48,778	\$488	—	\$ —	\$130,998	\$(763)	\$230,454	\$361,177
Net income							46,728	46,728
Foreign currency translation						(26)		(26)
Dividends:								
Common stock							(17,730)	(17,730)
Stock purchases			(1,400)	(23,632)				(23,632)
Stock issued	1,619	16			20,137			20,153
<b>Balance October 31, 2002</b>	50,397	\$504	(1,400)	\$(23,632)	\$151,135	\$(789)	\$259,452	\$386,670
Net income							90,458	90,458
Foreign currency translation						521		521
Dividends:								
Common stock							(18,635)	(18,635)
Stock purchases			(2,000)	(30,354)				(30,354)
Stock issued	1,370	14			15,362			15,376
<b>Balance October 31, 2003</b>	51,767	\$518	(3,400)	\$(53,986)	\$166,497	\$(268)	\$331,275	\$444,036



## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

Years ended October 31  
In thousands

	2003	2002	2001
<b>Cash flows from operating activities:</b>			
Net income	\$ 90,458	\$ 46,728	\$ 32,826
Less income from discontinued operation	(54,060)	(2,670)	(2,958)
Income from continuing operations	36,398	44,058	29,868
<b>Adjustments to reconcile income from continuing operations to net cash provided by continuing operating activities:</b>			
Depreciation and intangible amortization	14,829	14,955	13,823
Goodwill amortization	—	—	12,065
Provision for bad debts	6,544	10,381	5,389
Gain on sale of assets	(66)	(236)	(41)
Gain on sale of business	—	—	(718)
Increase in deferred income taxes	(5,257)	(1,338)	(12,138)
Decrease (increase) in trade accounts receivable	2,225	30,782	(20,500)
Decrease (increase) in inventories	3,081	(4,214)	(2,379)
(Increase) decrease in prepaid expenses and other current assets	(3,105)	3,073	(3,023)
(Increase) decrease in other assets	(5,940)	(3,445)	48
(Decrease) increase in income taxes payable	(769)	590	(1,267)
Increase (decrease) in retirement plans accrual	384	2,308	(903)
Increase in insurance claims liability	8,223	6,665	18,872
(Decrease) increase in trade accounts payable and other accrued liabilities	(2,827)	(3,559)	26,973
Total adjustments to net income	17,322	55,962	36,201
Net cash flows from continuing operating activities	53,720	100,020	66,069
Net operational cash flows from discontinued operation	6,422	10,899	(273)
Net cash provided by operating activities	\$ 60,142	\$ 110,919	\$ 65,796
<b>Cash flows from investing activities:</b>			
Net investing cash flows from discontinued operation	(95)	(136)	(174)
Additions to property, plant and equipment	(11,621)	(7,345)	(16,667)
Proceeds from sale of assets	2,451	1,692	1,172
Decrease (increase) in investments and long-term receivables	3,493	(1,081)	49
Purchase of businesses	(40,574)	(52,448)	(23,401)
Proceeds from sale of business	112,400	—	12,000
Net cash provided by (used in) investing activities	66,054	(59,318)	(27,021)
<b>Cash flows from financing activities:</b>			
Common stock issued	14,324	17,955	26,688
Common stock purchases	(30,354)	(23,632)	—
Preferred stock redemption	—	—	(6,400)
Dividends paid	(18,635)	(17,730)	(16,202)
Decrease in bank overdraft	—	—	(15,952)
Long-term borrowings	—	—	108,000
Repayments of long-term borrowings	—	(11,819)	(133,857)
Net cash used in financing activities	(34,665)	(35,226)	(37,723)
Net increase in cash and cash equivalents	91,531	16,375	1,052
Cash and cash equivalents beginning of year	19,416	3,041	1,989
<b>Cash and cash equivalents end of year</b>	<b>\$ 110,947</b>	<b>\$ 19,416</b>	<b>\$ 3,041</b>
<b>Supplemental data:</b>			
Cash paid for income taxes	\$ 24,570	\$ 21,699	\$ 31,664
Non-cash investing activities:			
Common stock issued for net assets of business acquired	\$ —	\$ 1,371	\$ 1,666



## SEGMENT INFORMATION\* (CONDENSED)

In thousands	Janitorial	Parking	Engineering	Security	Lighting	Other segments	Corporate	Goodwill amortization	Assets held for sale	Consolidated Totals
<b>Year ended</b>										
<b>October 31, 2003</b>										
Sales and other income	\$ 1,368,282	\$ 380,576	\$ 180,230	\$ 159,670	\$ 127,539	\$ 45,394	\$ 785	\$ —	\$ —	\$ 2,262,476
Operating profit	\$ 53,487	\$ 6,349	\$ 9,925	\$ 6,485	\$ 5,646	\$ 1,337	\$ (27,619)	\$ —	\$ —	\$ 55,610
Interest expense	—	—	—	—	—	—	(758)	—	—	(758)
Income before income taxes	\$ 53,487	\$ 6,349	\$ 9,925	\$ 6,485	\$ 5,646	\$ 1,337	\$ (28,377)	\$ —	\$ —	\$ 54,852
Identifiable assets	\$ 364,304	\$ 78,185	\$ 35,728	\$ 35,828	\$ 80,211	\$ 13,909	\$ 187,818	\$ —	\$ —	\$ 795,983
<b>Year ended</b>										
<b>October 31, 2002</b>										
Sales and other income	\$ 1,197,035	\$ 363,511	\$ 173,561	\$ 140,569	\$ 130,858	\$ 61,963	\$ 561	\$ —	\$ —	\$ 2,068,058
Gain on insurance claim	—	—	—	—	—	—	\$ 10,025	—	—	\$ 10,025
Total revenues	\$ 1,197,035	\$ 363,511	\$ 173,561	\$ 140,569	\$ 130,858	\$ 61,963	\$ 10,586	\$ —	\$ —	\$ 2,078,083
Operating profit	\$ 54,337	\$ 6,948	\$ 10,033	\$ 5,639	\$ 8,261	\$ (1,190)	\$ (27,992)	\$ —	\$ —	\$ 56,036
Gain on insurance claim	—	—	—	—	—	—	\$ 10,025	—	—	\$ 10,025
Interest expense	—	—	—	—	—	—	(1,052)	—	—	(1,052)
Income before income taxes	\$ 54,337	\$ 6,948	\$ 10,033	\$ 5,639	\$ 8,261	\$ (1,190)	\$ (19,019)	\$ —	\$ —	\$ 65,009
Identifiable assets	\$ 336,414	\$ 80,889	\$ 32,435	\$ 31,295	\$ 82,197	\$ 15,080	\$ 94,493	\$ —	\$ 32,136	\$ 704,939
<b>Year ended</b>										
<b>October 31, 2001</b>										
Sales and other income	\$ 1,159,914	\$ 365,073	\$ 171,008	\$ 103,980	\$ 144,319	\$ 82,188	\$ 1,318	\$ —	\$ —	\$ 2,027,800
Operating profit	\$ 67,590	\$ 6,619	\$ 9,404	\$ 3,174	\$ 11,983	\$ 5,280	\$ (41,258)	\$ (12,065)	\$ —	\$ 50,727
Interest expense	(917)	—	(7)	(10)	—	1	(1,667)	\$ —	\$ —	(2,600)
Income before income taxes	\$ 66,673	\$ 6,619	\$ 9,397	\$ 3,164	\$ 11,983	\$ 5,281	\$ (42,925)	\$ (12,065)	\$ —	\$ 48,127
Identifiable assets	\$ 285,979	\$ 86,837	\$ 47,948	\$ 23,835	\$ 82,528	\$ 14,536	\$ 100,075	\$ —	\$ 41,362	\$ 683,100

\*Represents continuing operations of ABM Industries. The Company also provided elevator services until August 15, 2003, when it sold the assets of Amtech Elevator Services, Inc.

## INDEPENDENT AUDITORS' REPORT

To the Stockholders and the Board of Directors  
ABM Industries Incorporated

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of ABM Industries Incorporated (the Company) as of October 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended October 31, 2003. In our report dated January 5, 2004, we expressed an unqualified opinion on those consolidated financial statements. Such consolidated financial statements and our report (which are not included herein)

are included in the 2003 annual report on Form 10-K filed by the Company with the Securities and Exchange Commission.

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

**KPMG LLP**

San Francisco, California

January 5, 2004