

SERVICEMASTER CO
Form 4
March 03, 2005

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
PRESTON STEVEN C

2. Issuer Name and Ticker or Trading Symbol
SERVICEMASTER CO [SVM]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
3250 LACEY ROAD, SUITE 600

3. Date of Earliest Transaction (Month/Day/Year)
03/01/2005

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Ex. Vice President

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

DOWNERS GROVE, IL 60515-1700

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common stock \$.01 par value | 03/01/2005 | | F | 1,653 D \$ 13.205 | 102,195 | D | |
| Common stock \$.01 par value | | | | | 726 | I | by 401(k) plan |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control

SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---------------------------------|-------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount Number of Shares |
| Stock Options (Right to buy) | \$ 13.4667 | | | | | 02/13/1999 | 02/12/2007 | Common stock \$.01 par value | 22,500 |
| Stock Options (Right to buy) | \$ 13.83 | | | | | 02/08/2003 | 02/07/2009 | Common Stock | 100,000 |
| 1997 Option Plan (Right to Buy) | \$ 11.2222 | | | | | 02/13/1998 | 02/12/2007 | Common stock \$.01 par value | 225,000 |
| 1997 Option Plan (Right to Buy) | \$ 12.3467 | | | | | 02/13/1998 | 02/12/2007 | Common stock \$.01 par value | 22,500 |
| 1997 Option Plan (Right to Buy) | \$ 14.5911 | | | | | 02/13/2000 | 02/12/2007 | Common stock \$.01 par value | 22,500 |
| 1997 Option Plan (Right to Buy) | \$ 15.7111 | | | | | 02/13/2001 | 02/12/2007 | Common stock \$.01 par value | 22,500 |
| 1997 Option Plan (Right to Buy) | \$ 16.8355 | | | | | 02/13/2002 | 02/12/2007 | Common stock \$.01 par value | 22,500 |
| Non-Qual. Stock Option (Right to Buy) | \$ 18.075 | | | | | 01/29/2000 | 01/28/2009 | Common stock \$.01 par value | 90,000 |

| | | | | | |
|---|------------|------------|------------|---------------------------------------|-------|
| 1998 Non-Qual. Stock Option (Right to Buy) | \$ 11.5 | 12/31/2000 | 12/31/2009 | Common stock \$.01 par value | 235,1 |
| 1998 Non-Qual. Stock Option (Right to Buy) | \$ 18.2583 | 02/16/1999 | 02/15/2008 | Common Stock | 45,0 |
| Senior Ex. Ownership Elec. Plan (Right to Buy) | \$ 8.75 | 08/08/2001 | 08/07/2007 | Common stock \$.01 par value | 200,0 |
| 2000 Emplée Stock Option (Right to Buy) | \$ 9.88 | 03/18/2004 | 03/17/2013 | Common Stock | 66,6 |
| 2000 Emplée Stock Option (Right to Buy) | \$ 10.52 | 03/16/2002 | 03/15/2008 | Common stock \$.01 par value | 250,0 |
| WSH Emplée Stock Option (Right to Buy) | \$ 13.87 | 05/04/2000 | 05/03/2006 | Common stock \$.01 par value | 2,52 |
| 2003 EIP Stock Appreciation Right | \$ 10.73 | 02/13/2005 | 02/12/2014 | Common Stock | 50,0 |
| 2003 EIP Stock Appreciation Right | \$ 13.44 | 02/11/2006 | 02/10/2015 | Common Stock | 50,0 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------|-------|
| | Director | 10% Owner | Officer | Other |
| PRESTON STEVEN C 3250 LACEY ROAD, SUITE 600 DOWNERS GROVE, IL 60515-1700 | | | Ex. Vice President | |

Signatures

Sandra L. Groman by power of attorney
03/03/2005

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- Exercise Vesting/Exercise Prices - 1st anniversary 20% exercisable at 110% FMV:\$12.3467 per share - 2nd anniversary 20% exercisable at 120% FMV - \$15.7111 per share - 3rd anniversary - 20% exercisable - at 130% FMV \$14.5911 per share - 4th anniversary 20% exercisable at 140% FMV \$13.4667 - 5th anniversary 20% exercisable at 150% of FMV - \$16.8355 per share FMV - Fair Market Value on Grant Date.
- (1) The option is exercisable in five equal annual installments beginning on the first anniversary of the date of the grant.
 - (2) Option becomes exercisable 10% per year on anniversary date of the grant for a period of 8 years, the 9th anniversary the remaining 20% becomes exercisable..
 - (3)

In 1999, ServiceMaster entered into a joint venture with Kleiner, Perkins, Caufield & Byers to develop an Internet company, We Serve Homes.com ("WSH"). A WSH option was granted in 2000. On January 11, 2002, the WSH option was converted into a ServiceMaster option at a ratio of 55.48 to 1, pursuant to a merger with a subsidiary of ServiceMaster in a transaction exempt under Rule 16b-7.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.