

PRESTON STEVEN C
Form 4
February 15, 2005

FORM 4

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

OMB APPROVAL

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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

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/11/2005

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

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 Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common stock \$.01 par value	02/11/2005		A	16,667 A \$ 0	91,227	D	
Common stock \$.01 par value	02/11/2005		J ⁽¹⁾	17,530 A \$ 0	108,757	D	
Common stock \$.01 par value	02/11/2005		F ⁽²⁾	4,909 D \$ 13.202	103,848	D	
Common					726	I	by 401(k)

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stock \$.01 par value									plan
Common stock \$.01 par value	02/11/2005		J ⁽³⁾	17,530	D	\$ 0	0	I	Deferred Comp

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

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SEC 1474
(9-02)

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 Underlying (Instr. 3 and
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Stock Options (Right to buy)	\$ 13.4667					02/13/1999 02/12/2007	Common stock \$.01 par value
Stock Options (Right to buy)	\$ 13.83					02/08/2003 02/07/2009	Common Stock
1997 Option Plan (Right to Buy)	\$ 11.2222					02/13/1998 02/12/2007	Common stock \$.01 par value
1997 Option Plan (Right to Buy)	\$ 12.3467					02/13/1998 02/12/2007	Common stock \$.01 par value
1997 Option Plan (Right to Buy)	\$ 14.5911					02/13/2000 02/12/2007	Common stock \$.01 par value
1997 Option Plan (Right to Buy)	\$ 15.7111					02/13/2001 02/12/2007	Common stock \$.01 par value

1997 Option Plan (Right to Buy)	\$ 16.8355				02/13/2002	02/12/2007	Common stock \$.01 par value
Non-Qual. Stock Option (Right to Buy)	\$ 18.075				01/29/2000	01/28/2009	Common stock \$.01 par value
1998 Non-Qual. Stock Option (Right to Buy)	\$ 11.5				12/31/2000	12/31/2009	Common stock \$.01 par value
1998 Non-Qual. Stock Option (Right to Buy)	\$ 18.2583				02/16/1999	02/15/2008	Common Stock
Senior Ex. Ownership Elec. Plan (Right to Buy)	\$ 8.75				08/08/2001	08/07/2007	Common stock \$.01 par value
2000 Emplée Stock Option (Right to Buy)	\$ 9.88				03/18/2004	03/17/2013	Common Stock
2000 Emplée Stock Option (Right to Buy)	\$ 10.52				03/16/2002	03/15/2008	Common stock \$.01 par value
WSH Emplée Stock Option (Right to Buy)	\$ 13.87				05/04/2000	05/03/2006	Common stock \$.01 par value
2003 EIP Stock Appreciation Right	\$ 10.73				02/13/2005	02/12/2014	Common Stock
2003 EIP Stock Appreciation Right	\$ 13.44	02/11/2005		A	50,000	02/11/2006 ⁽⁸⁾	02/10/2015 Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PRESTON STEVEN C 3250 LACEY ROAD, SUITE 600			Ex. Vice President	

DOWNERS GROVE, IL 60515-1700

Signatures

Sandra L. Groman by power of attorney

02/15/2005

__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).

- (1) Acquisition of shares through a distribution from Deferred Compensation Plan.
- (2) Payment of tax liability by withholding securities pursuant to the distribution of shares from Deferred Compensation Plan.
- (3) Distribution of shares from Deferred Compensation Plan.

(4) 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.

- (5) The option is exercisable in five equal annual installments beginning on the first anniversary of the date of the grant.
- (6) 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..

(7) 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.

- (8) The stock appreciation right is exercisable in five equal annual installments beginning on the first anniversary of the date of grant.

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

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