
**UNITED STATES
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 January 31, 2015

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

(State or other jurisdiction of
incorporation or organization)



94-1369354

(I.R.S. Employer
Identification No.)

551 Fifth Avenue, Suite 300

New York, New York 10176

(Address of principal executive offices)

(212) 297-0200

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 25, 2015
Common Stock, \$0.01 par value per share	55,992,396 shares

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	<u>1</u>
PART I. FINANCIAL INFORMATION	<u>3</u>
Item 1. Consolidated Financial Statements (Unaudited)	<u>3</u>
Consolidated Balance Sheets at January 31, 2015 and October 31, 2014	<u>3</u>
Consolidated Statements of Comprehensive Income for the Three Months Ended January 31, 2015 and 2014	<u>4</u>
Consolidated Statements of Cash Flows for the Three Months Ended January 31, 2015 and 2014	<u>5</u>
Notes to Consolidated Financial Statements (Unaudited)	<u>6</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>15</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>26</u>
Item 4. Controls and Procedures	<u>26</u>
PART II. OTHER INFORMATION	<u>27</u>
Item 1. Legal Proceedings	<u>27</u>
Item 1A. Risk Factors	<u>27</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>27</u>
Item 3. Defaults Upon Senior Securities	<u>27</u>
Item 4. Mine Safety Disclosures	<u>27</u>
Item 5. Other Information	<u>28</u>
Item 6. Exhibits	<u>28</u>
SIGNATURES	<u>29</u>

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q, and in particular, statements found in Item 2., "Management's Discussion and Analysis of Financial Condition and Results of Operations," that are not statements of historical fact constitute forward-looking statements. These statements give current expectations or forecasts of future events and are often identified by the words "will," "may," "should," "continue," "anticipate," "believe," "expect," "plan," "appear," "project," "estimate," "intend," "seek," or other words and terms of similar meaning in connection with discussions of future strategy and operating or financial performance. Such statements reflect the current views of ABM Industries Incorporated ("ABM"), and its subsidiaries (collectively referred to as "ABM," "we," "us," "our," or the "Company"), with respect to future events and are based on assumptions and estimates which are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. These factors include but are not limited to the following:

- risks relating to our acquisition strategy may adversely impact our results of operations;
- our strategy of moving to an integrated facility solutions provider platform, which focuses on vertical markets, may not generate the organic growth in revenues or profitability that we expect;
- we are subject to intense competition that can constrain our ability to gain business as well as our profitability;
- our business success depends on our ability to preserve our long-term relationships with clients;
- increases in costs that we cannot pass on to clients could affect our profitability;
- we have high deductibles for certain insurable risks, and therefore we are subject to volatility associated with those risks;
- our restructuring initiatives may not achieve the expected cost reductions;
- our business success depends on retaining senior management and attracting and retaining qualified personnel;
- we are at risk of losses stemming from accidents or other incidents at facilities in which we operate, which could cause significant damage to our reputation and financial loss;
- negative or unexpected tax consequences could adversely affect our results of operations;
- federal health care reform legislation may adversely affect our business and results of operations;
- changes in energy prices and government regulations could adversely impact the results of operations of our Building & Energy Solutions business;
- significant delays or reductions in appropriations for our government contracts may negatively affect our business and could have an adverse effect on our financial position, results of operations, and cash flows;
- we conduct some of our operations through joint ventures, and our ability to do business may be affected by the failure of our joint venture partners to perform their obligations;
- our business may be negatively affected by adverse weather conditions;
- we are subject to business continuity risks associated with centralization of certain administrative functions;
- our services in areas of military conflict expose us to additional risks;
- we are subject to cyber-security risks arising out of breaches of security relating to sensitive company, client, and employee information and to the technology that manages our operations and other business processes;
- a decline in commercial office building occupancy and rental rates could affect our revenues and profitability;
- deterioration in general economic conditions could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition;
- financial difficulties or bankruptcy of one or more of our clients could adversely affect our results;

1

- we incur accounting and other control costs that reduce profitability;
- any future increase in the level of our debt or in interest rates could affect our results of operations;
- our ability to operate and pay our debt obligations depends upon our access to cash;
- goodwill impairment charges could have a material adverse effect on our financial condition and results of operations;
- impairment of long-lived assets may adversely affect our operating results;
- we are defendants in class and representative actions and other lawsuits alleging various claims that could cause us to incur substantial liabilities;
- changes in immigration laws or enforcement actions or investigations under such laws could significantly adversely affect our labor force, operations, and financial results;
- labor disputes could lead to loss of revenues or expense variations;
- we participate in multiemployer pension plans that under certain circumstances could result in material liabilities being incurred; and

- disasters or acts of terrorism could disrupt services.

Additional information regarding these and other risks and uncertainties we face is contained in our Annual Report on Form 10-K for the year ended October 31, 2014 and in other reports we file from time to time with the Securities and Exchange Commission.

We urge readers to consider these risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. We disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)

	January 31, 2015	October 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 38.8	\$ 36.7
Trade accounts receivable, net of allowances of \$11.0 and \$10.6 at January 31, 2015 and October 31, 2014, respectively	781.2	748.2
Prepaid expenses	76.6	65.5
Deferred income taxes, net	50.1	46.6
Other current assets	30.8	30.2
Total current assets	<u>977.5</u>	<u>927.2</u>
Other investments		
Property, plant and equipment, net of accumulated depreciation of \$141.3 and \$138.6 at January 31, 2015 and October 31, 2014, respectively	79.3	83.4
Other intangible assets, net of accumulated amortization of \$149.2 and \$142.9 at January 31, 2015 and October 31, 2014, respectively	122.3	128.8
Goodwill	904.6	904.6
Other assets	115.8	116.0
Total assets	<u>\$ 2,230.9</u>	<u>\$ 2,192.9</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$ 163.5	\$ 175.9
Accrued compensation	114.3	131.2
Accrued taxes—other than income	41.1	29.4
Insurance claims	77.1	80.0
Income taxes payable	0.6	2.0
Other accrued liabilities	109.5	107.9
Total current liabilities	<u>506.1</u>	<u>526.4</u>
Noncurrent income taxes payable	54.5	53.7
Line of credit	362.5	319.8
Deferred income tax liability, net	19.9	16.4
Noncurrent insurance claims	266.8	269.7
Other liabilities	37.5	38.1
Total liabilities	<u>1,247.3</u>	<u>1,224.1</u>
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 55,948,907 and 55,691,350 shares issued and outstanding at January 31, 2015 and October 31, 2014, respectively	0.6	0.6
Additional paid-in capital	283.2	274.1
Accumulated other comprehensive loss, net of taxes	(5.7)	(2.8)
Retained earnings	705.5	696.9
Total stockholders' equity	<u>983.6</u>	<u>968.8</u>
Total liabilities and stockholders' equity	<u>\$ 2,230.9</u>	<u>\$ 2,192.9</u>

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended January 31,	
	2015	2014
<i>(in millions, except per share amounts)</i>		
Revenues	\$ 1,289.4	\$ 1,226.5
Expenses		
Operating	1,161.2	1,108.5
Selling, general and administrative	102.8	87.4
Amortization of intangible assets	6.2	6.7
Total expenses	1,270.2	1,202.6
Operating profit	19.2	23.9
Income from unconsolidated affiliates, net	1.5	1.5
Interest expense	(2.7)	(2.7)
Income before income taxes	18.0	22.7
Provision for income taxes	(0.3)	(9.6)
Net income	17.7	13.1
Other comprehensive income:		
Foreign currency translation	(2.9)	(0.3)
Comprehensive income	\$ 14.8	\$ 12.8
Net income per common share		
Basic	\$ 0.31	\$ 0.23
Diluted	\$ 0.31	\$ 0.23
Weighted-average common and common equivalent shares outstanding		
Basic	56.4	55.7
Diluted	57.2	57.1
Dividends declared per common share	\$ 0.160	\$ 0.155

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in millions)</i>	Three Months Ended January 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 17.7	\$ 13.1
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	14.0	14.3
Deferred income taxes	(0.3)	0.2
Share-based compensation expense	3.8	3.9
Provision for bad debt	1.3	1.1
Discount accretion on insurance claims	0.1	0.1
Gain on sale of assets	(0.7)	(0.1)
Income from unconsolidated affiliates, net	(1.5)	(1.5)
Distributions from unconsolidated affiliates	3.0	0.8
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	(34.6)	(44.2)
Prepaid expenses and other current assets	(5.1)	(6.3)
Other assets	(1.3)	1.2
Income taxes payable	(6.9)	4.5
Other liabilities	(0.6)	(0.9)
Insurance claims	(5.9)	(0.4)
Trade accounts payable and other accrued liabilities	(15.4)	(24.7)
Total adjustments	(50.1)	(52.0)
Net cash used in operating activities	(32.4)	(38.9)
Cash flows from investing activities:		
Additions to property, plant and equipment	(6.4)	(9.8)
Proceeds from sale of assets	2.6	0.1
Purchase of businesses, net of cash acquired	0.2	0.2
Net cash used in investing activities	(3.6)	(9.5)
Cash flows from financing activities:		
Proceeds from exercises of stock options	4.9	2.3
Incremental tax benefit from share-based compensation awards	0.3	—
Dividends paid	(8.9)	(8.6)
Deferred financing costs paid	(0.3)	(1.2)
Borrowings from line of credit	226.7	289.2
Repayment of borrowings from line of credit	(184.0)	(237.0)
Changes in book cash overdrafts	—	6.3
Repayment of capital lease obligations	(0.6)	(1.0)
Net cash provided by financing activities	38.1	50.0
Net increase in cash and cash equivalents	2.1	1.6
Cash and cash equivalents at beginning of year	36.7	32.6
Cash and cash equivalents at end of period	\$ 38.8	\$ 34.2

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. THE COMPANY AND NATURE OF OPERATIONS

ABM Industries Incorporated, together with its consolidated subsidiaries (hereinafter collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”), is a leading provider of end-to-end integrated facility solutions to thousands of commercial, industrial, institutional, retail, residential, and governmental facilities located primarily throughout the United States. Our comprehensive capabilities include expansive facility solutions, energy solutions, commercial cleaning, maintenance and repair, HVAC, electrical, landscaping, parking, security, and commercial aviation support services, which we provide through stand-alone or integrated solutions. The Company was reincorporated in Delaware on March 19, 1985, as the successor to a business founded in California in 1909.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. The unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) filed with the U.S. Securities and Exchange Commission (“SEC”) in our Annual Report on Form 10-K for the fiscal year ended October 31, 2014 (“Annual Report”). Unless otherwise noted, all references to years are to our fiscal year, which ends on October 31.

In the opinion of our management, our unaudited consolidated financial statements and accompanying notes (the “Financial Statements”) include all normal recurring adjustments considered necessary by management to fairly state the financial position, results of operations, and cash flows for the interim periods presented. Interim results of operations are not necessarily indicative of the results for the full year.

The accounting policies applied in the accompanying Financial Statements are the same as those applied in our audited consolidated financial statements as of and for the year ended October 31, 2014, which are described in our Annual Report.

Effective in the first quarter of 2015, we reallocated certain costs from our Janitorial segment to our Facility Services, Parking, and Security segments to better reflect certain overhead support functions on the operations of our Onsite Services businesses. Such costs were previously recorded within our Janitorial segment. Prior-period segment results have been restated to conform to these changes. See Note 11, “Segment Information,” for more details.

Parking Revenue Presentation

One type of arrangement within our Parking business is a managed location arrangement, whereby we manage the underlying parking facility for the owner in exchange for a management fee. For these arrangements, we pass through revenues and expenses from managed locations to the facility owner under the terms and conditions of the contract. We report revenues and expenses, in equal amounts, for reimbursed costs from our managed locations. Such amounts totaled \$77.0 million and \$76.3 million for the three months ended January 31, 2015 and 2014, respectively.

3. NET INCOME PER COMMON SHARE

Basic and Diluted Net Income Per Common Share Calculations

	Three Months Ended January 31,			
	2015		2014	
<i>(in millions, except per share amounts)</i>				
Net income	\$	17.7	\$	13.1
Weighted-average common and common equivalent shares outstanding—Basic		56.4		55.7
Effect of dilutive securities:				
Restricted stock units		0.3		0.5
Stock options		0.3		0.4
Performance shares		0.2		0.5
Weighted-average common and common equivalent shares outstanding—Diluted		57.2		57.1
Net income per common share				
Basic	\$	0.31	\$	0.23
Diluted	\$	0.31	\$	0.23

Outstanding stock awards issued under share-based compensation plans that were considered anti-dilutive for the three months ended January 31, 2015 and 2014 were 0.4 million and 0.2 million, respectively.

4. ACQUISITIONS

There were no acquisitions completed during the three months ended January 31, 2015. During 2014, we completed acquisitions for an aggregate purchase price of \$52.7 million, which includes \$3.3 million of contingent consideration. There were no material purchase price allocation adjustments recognized in the current period related to business combinations that occurred in the prior period. Pro forma and other supplemental financial information is not presented, as these acquisitions are not considered material business combinations individually or on a combined basis.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the fair value hierarchy, carrying amounts, and fair values of our financial instruments that are measured on a recurring basis and other select significant financial instruments as of January 31, 2015 and October 31, 2014:

<i>(in millions)</i>	Fair Value Hierarchy	January 31, 2015		October 31, 2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets measured at fair value on a recurring basis					
Assets held in funded deferred compensation plan ⁽¹⁾	1	\$ 5.2	\$ 5.2	\$ 5.4	\$ 5.4
Investments in auction rate securities ⁽²⁾	3	13.0	13.0	13.0	13.0
		18.2	18.2	18.4	18.4
Other select financial assets					
Cash and cash equivalents ⁽³⁾	1	38.8	38.8	36.7	36.7
Insurance deposits ⁽⁴⁾	1	11.4	11.4	11.5	11.5
		50.2	50.2	48.2	48.2
Total		\$ 68.4	\$ 68.4	\$ 66.6	\$ 66.6
Financial liabilities measured at fair value on a recurring basis					
Interest rate swaps ⁽⁵⁾	2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Contingent consideration liability ⁽⁶⁾	3	1.4	1.4	1.4	1.4
		1.6	1.6	1.6	1.6
Other select financial liability					
Line of credit ⁽⁷⁾	2	362.5	362.5	319.8	319.8
Total		\$ 364.1	\$ 364.1	\$ 321.4	\$ 321.4

(1) Represents investments held in a Rabbi trust associated with one of our deferred compensation plans, which we include in "Other assets" on the accompanying unaudited consolidated balance sheets. The fair value of the assets held in the funded deferred compensation plan is based on quoted market prices.

(2) For investments in auction rate securities, the fair values are based on discounted cash flow valuation models, primarily utilizing unobservable inputs, which we include in "Other investments" on the accompanying unaudited consolidated balance sheets. See Note 6, "Auction Rate Securities," for further information.

(3) Cash and cash equivalents are stated at nominal value, which equals fair value.

(4) Represents restricted insurance deposits that are used to collateralize our insurance obligations and are stated at nominal value, which equals fair value. These insurance deposits are included in "Other assets" on the accompanying unaudited consolidated balance sheets. See Note 7, "Insurance," for further information.

(5) Represents interest rate swap derivatives designated as cash flow hedges. The fair values of the interest rate swaps are estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows at current market interest rates using observable benchmarks for LIBOR forward rates at the end of the period. The fair values of the interest rate swap liabilities were included in "Other liabilities" on the accompanying unaudited consolidated balance sheets. See Note 8, "Line of Credit," for more information.

(6) Our contingent consideration liability was incurred in connection with an acquisition made in 2013. The contingent consideration liability is measured at fair value and is included in "Other liabilities" on the accompanying unaudited consolidated balance sheets. The fair value is based on a pre-defined forecasted adjusted income from operations using a probability weighted income approach and is discounted using our fixed borrowing rate.

(7) Represents outstanding borrowings under our syndicated line of credit. Due to variable interest rates, the carrying value of outstanding borrowings under our line of credit approximates the fair value. See Note 8, "Line of Credit," for further information.

Our non-financial assets, which include goodwill and long-lived assets held and used, are not required to be measured at fair value on a recurring basis. However, if certain trigger events occur, or if an annual impairment test is required, we would evaluate the non-financial assets for impairment. If an impairment were to occur, the asset would be recorded at the estimated fair value, which is generally determined using discounted future cash flows.

During the three months ended January 31, 2015, we had no transfers of assets or liabilities between any of the above hierarchy levels.

6. AUCTION RATE SECURITIES

At January 31, 2015, we held investments in auction rate securities from three different issuers having an aggregate original principal amount of \$15.0 million and an amortized cost basis of \$13.0 million. At January 31, 2015, the fair value of the securities was \$13.0 million. Our auction rate securities are debt instruments with stated maturities ranging from 2033 to 2050, for which the interest rate is designed to be reset through Dutch auctions approximately every thirty days. Auctions for these securities have not occurred since August 2007. We have classified all our auction rate security investments as noncurrent, as we do not reasonably expect to liquidate the securities for cash within the next twelve months.

Significant Assumptions Used to Determine the Fair Values of Our Auction Rate Securities

Assumption	January 31, 2015	October 31, 2014
Discount rates	L + 0.30% – L + 5.03%	L + 0.28% – L + 4.06%
Yields	2.15%, L + 2.00%	2.15%, L + 2.00%
Average expected lives	4 – 10 years	4 – 10 years

L – One Month LIBOR

At January 31, 2015 and October 31, 2014, there were no unrealized gains or losses for auction rate securities included in accumulated other comprehensive loss ("AOCL"), and the total amount of other-than-temporary impairment credit loss on our auction rate security investments included in our retained earnings was \$2.0 million.

7. INSURANCE

We use a combination of insured and self-insurance programs to cover workers' compensation, general liability, property damage, and other insurable risks. For the majority of these insurance programs, we retain the initial \$1.0 million of exposure on a per-claim basis either through deductibles or self-insured retentions. Beyond the retained exposures, we have varying primary policy limits between \$1.0 million and \$5.0 million per occurrence. To cover general liability losses above these primary limits, we maintain commercial insurance umbrella policies that provide aggregate limits of \$200.0 million. Our insurance policies generally cover workers' compensation losses to the full extent of statutory requirements. Additionally, to cover property damage risks above our retained limits, we maintain policies that provide limits of \$75.0 million. We are also self-insured for certain employee medical and dental plans. We retain up to \$0.4 million of exposure on a per-claim basis with respect to claims under our medical plan.

The adequacy of workers' compensation, general liability, automotive, and property damage insurance claims reserves is based upon actuarial estimates of required reserves considering the most recently completed actuarial reports in 2014 and known events. Actuarial reports are expected to be completed for our significant programs using recent claims data and may result in adjustments to earnings during the third and fourth quarters of 2015.

We had insurance claim reserves totaling \$343.9 million and \$349.7 million at January 31, 2015 and October 31, 2014, respectively. The balances at January 31, 2015 and October 31, 2014 include \$3.7 million and \$4.8 million in reserves, respectively, related to our medical and dental self-insured plans. We also had insurance recoverables totaling \$66.4 million at both January 31, 2015 and October 31, 2014, which we include in "Other current assets" and "Other assets" on the accompanying unaudited consolidated balance sheets.

Instruments Used to Collateralize Our Insurance Obligations

<i>(in millions)</i>	January 31, 2015	October 31, 2014
Standby letters of credit	\$ 110.5	\$ 111.1
Surety bonds	52.3	52.5
Restricted insurance deposits	11.4	11.5
Total	\$ 174.2	\$ 175.1

8. LINE OF CREDIT

On November 30, 2010, we entered into a five-year syndicated credit agreement pursuant to which we obtained an unsecured revolving credit facility (the "Facility"). This five-year syndicated credit agreement, as amended from time to time, is referred to as the "Credit Agreement." The aggregate amount of the Facility under the Credit Agreement is \$800.0 million, and the maturity date of the Facility is December 11, 2018. At our option, we may increase the size of the Facility to \$1.0 billion at any time prior to the expiration date (subject to receipt of commitments for the increased amount from existing and new lenders).

Borrowings under the Facility bear interest at a rate equal to an applicable margin plus, at our option, either a (i) eurodollar rate (generally LIBOR) or (ii) base rate determined by reference to the highest of (1) the federal funds rate plus 0.50%, (2) the prime rate published by Bank of America, N.A. from time to time, and (3) the eurodollar rate plus 1.00%. The applicable margin is a percentage per annum varying from zero to 0.75% for base rate loans and 1.00% to 1.75% for eurodollar loans, based upon our leverage ratio.

We also pay a commitment fee, based on the leverage ratio, payable quarterly in arrears, ranging from 0.200% to 0.275% on the average daily unused portion of the Facility. For purposes of this calculation, irrevocable standby letters of credit, which are issued primarily in conjunction with our insurance programs, and cash borrowings are included as outstanding under the Facility.

The Credit Agreement contains certain leverage and liquidity covenants that require us to maintain a maximum leverage ratio of 3.25 to 1.0 at the end of each fiscal quarter, except as described below, a minimum fixed charge coverage ratio of 1.50 to 1.0 at any time, and a consolidated net worth in an amount not less than the sum of (i) \$570.0 million, (ii) 50% of our consolidated net income (with no deduction for net loss), and (iii) 100% of our aggregate increases in stockholders' equity beginning on November 30, 2010. In the event of a material acquisition, as defined in the Credit Agreement, we may elect to increase the leverage ratio to 3.50 to 1.0 for a total of four fiscal quarters. We were in compliance with these covenants as of January 31, 2015.

If an event of default occurs under the Credit Agreement, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, among others, the lenders can terminate or suspend our access to the Facility, declare all amounts outstanding under the Facility (including all accrued interest and unpaid fees) to be immediately due and payable, and require that we cash collateralize the outstanding standby letters of credit obligations.

The Facility is available for working capital, the issuance of up to \$300.0 million for standby letters of credit, the issuance of up to \$50.0 million in swing line advances, the financing of capital expenditures, and other general corporate purposes, including acquisitions and investments in subsidiaries, subject to certain limitations, where applicable, as set forth in the Credit Agreement. At January 31, 2015, the total outstanding amounts under the Facility in the form of cash borrowings and standby letters of credit were \$362.5 million and \$114.3 million, respectively. At October 31, 2014, the total outstanding amounts under the Facility in the form of cash borrowings and standby letters of credit were \$319.8 million and \$114.9 million, respectively.

At January 31, 2015 and October 31, 2014, we had up to \$323.2 million and \$365.3 million borrowing capacity, respectively, under the Facility, the availability of which was subject to, and limited by, compliance with the covenants described above.

Interest Rate Swaps

During 2013, we entered into a series of interest rate swap agreements with effective start dates of March 18, 2013 and April 11, 2013, totaling an underlying aggregate notional amount of \$155.0 million, pursuant to which we receive variable interest payments based on LIBOR and pay fixed interest at rates ranging from 0.44% to 0.47%.

These interest rate swaps will mature between March 18, 2016 and April 11, 2016 and are structured to hedge the interest rate risk associated with our floating-rate, LIBOR-based borrowings under our Facility. The swaps were designated and accounted for as cash flow hedges from inception.

We recognize all interest rate swaps on the accompanying unaudited consolidated balance sheets at fair value. The fair values of the interest rate swaps are estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows at current market interest rates using observable benchmarks for LIBOR forward rates at the end of the period. See Note 5, "Fair Value of Financial Instruments," for more information.

Each of the swap derivatives is designated as a cash flow hedge, and the effective portion of the derivative's mark-to-market gain or loss is initially reported as a component of AOCL and subsequently reclassified into earnings when the hedged transactions occur and affect earnings. The ineffective portion of the gain or loss is reported in earnings immediately. Interest payables and receivables under the swap agreements are accrued and recorded as adjustments to interest expense.

At each of January 31, 2015 and October 31, 2014, the amount recorded in AOCL was \$0.2 million (\$0.1 million, net of taxes). At January 31, 2015, the amount expected to be reclassified from AOCL to earnings during the next twelve months was \$0.2 million.

9. COMMITMENTS AND CONTINGENCIES

Surety Bonds and Letters of Credit

We use surety bonds and letters of credit to secure certain commitments related to insurance programs and for other purposes. As of January 31, 2015, these surety bonds and letters of credit totaled approximately \$333.5 million and \$114.3 million, respectively. Included in the total amount of surety bonds is \$6.1 million of bonds with an effective date starting after January 31, 2015.

Guarantees

In some instances, we offer certain clients guaranteed energy savings under certain energy savings contracts. Total guarantees at January 31, 2015 and October 31, 2014 were \$27.0 million and \$30.4 million, respectively, and extend through 2029. We accrue for the estimated cost of guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. Historically, we have not incurred any losses in connection with these guarantees.

In connection with an unconsolidated joint venture in which one of our subsidiaries has a 33% ownership interest, that subsidiary, and the other joint venture partners, have each jointly and severally guaranteed the obligations of the joint venture to perform under certain contracts extending through 2018. Annual revenues relating to the underlying contracts are approximately \$35.0 million. Should the joint venture be unable to perform under these contracts, the joint venture partners would be liable for any losses incurred by the customer due to the failure to perform.

Legal Matters

We are a party to a variety of actions, proceedings, and legal, administrative, and other inquiries arising in the normal course of business relating to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as a class action on behalf of a purported class of employees. Litigation outcomes are difficult to predict and are often resolved over long periods of time. Estimating probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties.

At January 31, 2015, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was \$3.4 million. This \$3.4 million includes the accrual of \$2.3 million in connection with a settlement relating to a case alleging certain wage and hour violations.

We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. Estimating reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates that the range of loss for all reasonably possible losses for which an estimate can be made is between zero and \$4.5 million.

Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

While the results of these proceedings, claims, and inquiries cannot be predicted with any certainty, our management believes that the final outcome of these matters will not have a material adverse effect on our consolidated financial statements, results of operations, or cash flows.

Certain Legal Proceedings

Certain pending lawsuits to which we are a party are discussed below. In determining whether to include any particular lawsuit or other proceeding, we consider both quantitative and qualitative factors, including, but not limited to: the amount of damages and the nature of any other relief sought in the proceeding; if such damages and other relief are specified, our view of the merits of the claims; whether the action purports to be a class action, and our view of the likelihood that a class will be certified by the court; the jurisdiction in which the proceeding is pending; and the potential impact of the proceeding on our reputation.

The Consolidated Cases of Augustus, Hall and Davis v. American Commercial Security Services, filed July 12, 2005, in the Superior Court of California, Los Angeles County (the "Augustus case")

The Augustus case is a certified class action involving allegations that we violated certain California state laws relating to rest breaks. The case centers around whether requiring security guards to remain on call during rest breaks violated Section 226.7 of the California Labor Code. On February 8, 2012, the plaintiffs filed a motion for summary judgment on the rest break claim, and on July 31, 2012, the Superior Court of California, Los Angeles County (the "Superior Court"), entered judgment in favor of plaintiffs in the amount of approximately \$89.7 million. Subsequently, the Superior Court also awarded plaintiffs' attorneys' fees of approximately \$4.5 million in addition to approximately 30% of the \$89.7 million common fund. We appealed the Superior Court's rulings to the Court of Appeals of the State of California, Second Appellate District (the "Appeals Court"). On December 31, 2014, the Appeals Court issued its opinion, reversing the judgment in favor of the plaintiffs and vacating the award of \$89.7 million in damages and the attorneys' fees award. Plaintiffs requested rehearing of the Appeals Court's decision to reverse the judgment in favor of plaintiffs and vacate the damages award. On January 29, 2015, the Appeals Court denied the plaintiffs' request for rehearing, modified its December 31, 2014 opinion, and certified the opinion for publication. The Appeals Court opinion held that "on-call rest breaks are permissible" and remaining on call during rest breaks does not render the rest breaks invalid under California law. The Appeals Court explained that "although on-call hours constitute 'hours worked,' remaining available to work is not the same as performing work.... Section 226.7 proscribes only work on a rest break." If the plaintiffs choose to appeal this decision to the California Supreme Court, their petition for review will be due on or before March 10, 2015.

Bojorquez v. ABM Industries Incorporated and ABM Janitorial Services–Northern California, Inc., filed on January 13, 2010, in the San Francisco Superior Court (the "Bojorquez case")

We are a defendant in the Bojorquez case. Plaintiff brought suit for sexual harassment, retaliation, and failure to prevent harassment and discrimination. On May 17, 2012, a jury awarded the plaintiff approximately \$0.8 million in damages. We have appealed this decision. On April 11, 2013, the Court awarded plaintiff attorneys' fees in the amount of \$2.5 million. If we prevail in our appeal of the jury's verdict, the Court's award of plaintiff's attorneys' fees will be reversed.

The Consolidated Cases of Bucio and Martinez v. ABM Janitorial Services filed on April 7, 2006, in the Superior Court of California, County of San Francisco (the "Bucio case")

The Bucio case is a purported class action involving allegations that we failed to track work time and provide breaks. On April 19, 2011, the trial court held a hearing on plaintiffs' motion to certify the class. At the conclusion of that hearing, the trial court denied plaintiffs' motion to certify the class. On May 11, 2011, the plaintiffs filed a motion to reconsider, which was denied. The plaintiffs have appealed the class certification issues. The trial court stayed the underlying lawsuit pending the decision in the appeal. On August 30, 2012, the plaintiffs filed their appellate brief on

the class certification issues. We filed our responsive brief on November 15, 2012. Oral argument relating to the appeal has not been scheduled.

We expect to prevail in these ongoing cases. However, as litigation is inherently unpredictable, there can be no assurance in this regard. If the plaintiffs in one or more of these cases, or other cases, do prevail, the results may have a material effect on our financial position, results of operations, or cash flows.

Other

During October 2011, we began an internal investigation into matters relating to compliance with the U.S. Foreign Corrupt Practices Act and our internal policies in connection with services provided by a foreign entity affiliated with a former joint venture partner of The Linc Group, LLC ("Linc"). Such services commenced prior to the acquisition of Linc. As a result of the investigation, we caused Linc to terminate its association with the arrangement. In December 2011, we contacted the U.S. Department of Justice and the SEC to voluntarily disclose the results of our internal investigation to date, and we are cooperating with the government's investigation. We cannot reasonably estimate the potential liability, if any, related to these matters. However, based on the facts currently known, we do not believe that these matters will have a material adverse effect on our business, financial condition, results of operations, or cash flows.

10. INCOME TAXES

The quarterly provision for income taxes is calculated using an estimated annual effective income tax rate, adjusted for discrete items that occur during the reporting period. The effective tax rate for the three months ended January 31, 2015 and 2014 was 1.7% and 42.3%, respectively. The effective tax rate for the three months ended January 31, 2015 was lower than the rate for the three months ended January 31, 2014, primarily due to the retroactive reinstatement of the Work Opportunity Tax Credit for calendar year 2014 which resulted in additional credits of \$4.8 million as well as state employment-based tax credits of \$2.5 million.

We conduct business in all 50 states, significantly in California, Texas, and New York, as well as in various foreign jurisdictions. Our most significant income tax jurisdiction is the United States.

11. SEGMENT INFORMATION

Our reportable segments consist of: Janitorial, Facility Services, Parking, Security, Building & Energy Solutions, and Other. The accounting policies for our segments are the same as those disclosed within our significant accounting policies in Note 2, "Basis of Presentation and Significant Accounting Policies." Our management evaluates the performance of each reportable segment based on its respective operating profit results, which include the allocation of certain centrally incurred costs. Corporate expenses not allocated to segments include:

- certain CEO and other finance and human resource departmental costs;
- certain information technology costs;
- share-based compensation costs;
- certain legal costs and settlements;
- adjustments resulting from current actuarial developments of self-insurance reserves related to claims incurred in prior years; and
- direct acquisition costs.

Effective in the first quarter of 2015, we reallocated certain costs from our Janitorial segment to our Facility Services, Parking, and Security segments to better reflect certain overhead support functions on the operations of our Onsite Services businesses. Such costs were previously recorded within our Janitorial segment. The impact of these changes on the reported operating profit for the three months ended January 31, 2014 was an increase of \$1.2 million to our Janitorial segment and a decrease of \$0.4 million, \$0.5 million, and \$0.3 million to our Facility Services, Parking, and Security segments, respectively. Prior-period segment results have been restated to conform to these changes.

Financial Information for Each Reportable Segment

<i>(in millions)</i>	Three Months Ended January 31,	
	2015	2014
Revenues:		
Janitorial	\$ 666.0	\$ 637.1
Facility Services	156.2	151.7
Parking	155.7	150.3
Security	94.9	99.7
Building & Energy Solutions	119.4	102.1
Other	97.2	85.6
	<u>\$ 1,289.4</u>	<u>\$ 1,226.5</u>
Operating profit:		
Janitorial	\$ 34.9	\$ 30.3
Facility Services	5.9	5.1
Parking	6.5	5.2
Security	1.9	2.3
Building & Energy Solutions	1.2	2.7
Other	2.6	1.9
Corporate	(32.3)	(22.1)
Adjustment for income from unconsolidated affiliates, net, included in Building & Energy Solutions	(1.5)	(1.5)
	<u>19.2</u>	<u>23.9</u>
Income from unconsolidated affiliates, net	1.5	1.5
Interest expense	(2.7)	(2.7)
Income before income taxes	<u>\$ 18.0</u>	<u>\$ 22.7</u>

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to facilitate an understanding of the results of operations and financial condition of ABM Industries Incorporated and its consolidated subsidiaries (hereinafter collectively referred to as "ABM," "we," "us," "our," or the "Company"). This MD&A is provided as a supplement to, and should be read in conjunction with, our unaudited consolidated financial statements and the accompanying notes ("Financial Statements") and our Annual Report on Form 10-K for the year ended October 31, 2014 ("Annual Report"), which has been filed with the Securities and Exchange Commission ("SEC"). This MD&A may contain forward-looking statements about our business, operations, and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations, and intentions. Our future results and financial condition may differ materially from those we currently anticipate. See "Forward-Looking Statements." Unless otherwise noted, all information in the MD&A and references to years are based on our fiscal year, which ends on October 31. Our MD&A is comprised of the following sections:

- Business Overview
- Results of Operations
- Liquidity and Capital Resources
- Contingencies
- Critical Accounting Policies and Estimates

Business Overview

ABM is a leading provider of end-to-end integrated facility solutions to thousands of commercial, industrial, institutional, retail, residential, and governmental facilities located primarily throughout the United States. Our comprehensive capabilities include expansive facility solutions, energy solutions, commercial cleaning, maintenance and repair, HVAC, electrical, landscaping, parking, security, and commercial aviation support services, which we provide through stand-alone or integrated solutions.

Strategy

We are making investments in technology, human capital, marketing and sales initiatives, and acquisitions, as well as other areas, to strengthen our position as a leader in integrated facility services, further enabling us to provide end-to-end solutions for the markets we serve. We expect to achieve long-term earnings growth through organic revenue growth and strategic acquisitions while maintaining desirable profit margins and managing our overall costs.

Our strategy is to continue the development of end-to-end solutions for clients through our onsite and mobile operations, which include services to certain vertical markets. In 2013, we further aligned our infrastructure and operations by integrating our Janitorial, Facility Services, Parking, and Security segments under the Onsite Services business. The realignment was designed to continue to improve our long-term growth prospects and provide higher margin opportunities through better delivery of end-to-end services to clients.

Our realignment initiatives are also designed to result in greater synergies from our acquisitions, achieve further integration among our Onsite Services businesses, and decrease operating expenses by streamlining functions and reducing organizational layers. Since the beginning of this realignment in 2013, we have realized \$12.1 million in savings from these initiatives, which are substantially complete. These initiatives focused on streamlining of redundant management positions, back office efficiencies, and office consolidations in key markets.

Additionally, in connection with this realignment, we enhanced our risk management and safety programs during 2014 by (i) implementing a unified safety program to increase emphasis on loss prevention, (ii) targeting return-to-work initiatives, (iii) making structural changes to our risk management staffing model to ensure that our risk philosophy is implemented and consistently maintained enterprise-wide, (iv) improving our claims management process, and (v) targeting initiatives to reduce related legal expenditures. As a result of these enhancements, we have experienced numerous benefits, such as improvement in our average cost of claims and number of lost time cases. Consequently, in connection with our annual actuarial evaluations performed for the majority of our casualty insurance programs in the third quarter of 2014, we recorded a cumulative adjustment of \$6.2 million for the six months ended April 30, 2014 to reduce our insurance expense to reflect the favorable developments resulting from these initiatives.

In 2015, insurance claims reserves are based upon actuarial estimates of required reserves considering the actuarial reports completed in the third quarter of 2014 and known events.

Due to ABM's contracts with the U.S. Government, the timing of congressional approval of the annual federal budget will continue to have an impact on our operations. In addition, we continually monitor and assess the potential impact of U.S. Government policy and strategy changes on our business. While the volume of bid activity and requests for proposals for future awards remain active, our business has experienced, and will continue to experience, delays in new U.S. Government contract awards and in the start dates of currently awarded contracts, early termination of existing contracts, and reversals of contract awards based on protests.

Our Segments and Their Activities

Our reportable segments consist of: Janitorial, Facility Services, Parking, Security, Building & Energy Solutions, and Other.

Segment	Activities
Janitorial	Provides a wide range of essential janitorial services for a variety of facilities, including commercial office buildings, educational institutions, government buildings, health facilities, industrial buildings, retail stores, shopping centers, stadiums and arenas, airports and other transportation centers, and warehouses.
Facility Services	Provides onsite mechanical engineering and technical services and solutions for facilities and infrastructure systems for a variety of facilities, including commercial office buildings and infrastructure, data centers, educational institutions, high technology manufacturing facilities, museums, resorts, airports and other transportation centers, and shopping centers.
Parking	Provides parking and transportation services for clients at many facilities, including commercial office buildings, airports and other transportation centers, educational institutions, health facilities, hotels, municipalities, retail centers, and stadiums and arenas.
Security	Provides security services for clients in a wide range of facilities, including commercial office buildings and commercial, health, industrial, petro-chemical, residential, and retail facilities. Security services include security staffing, mobile patrol services, investigative services, electronic monitoring of fire and life safety systems and of access control devices, and security consulting services.
Building & Energy Solutions	Provides custom energy solutions, HVAC, electrical, lighting and other general maintenance and repair services. These services include preventative maintenance, retro-commissioning, installations, retrofits and upgrades, environmental services, systems start-ups, performance testing, energy audits, mechanical and energy efficient products and solutions, and bundled energy solutions that include energy savings performance contracts for a wide variety of clients in both the private and public sectors. This segment also provides services for healthcare clients, including facility management, environmental services, food and nutrition services, and clinical technology management. This segment also provides support to U.S. Government entities for specialty service solutions, such as military base operations, public works departments, leadership development, education and training, energy efficiency management, healthcare support services, and construction management. Our franchised operations under the Linc Network, TEGG, CurrentSAFE, and GreenHomes America brands are also included in this segment. Franchised operations provide mechanical and electrical preventive and predictive maintenance solutions, and, in the case of GreenHomes, home energy efficiency solutions.
Other	Provides facility solutions to clients in our aviation vertical related to passenger assistance, including wheelchair operations, aircraft cabin cleaning, janitorial services, shuttle bus operations, and access control.

Financial and Operating Summary

- Revenues increased by \$62.9 million during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. This increase in revenues was primarily attributable to organic growth due to additional revenues from net new business and increased scope of work from existing clients, and \$24.0 million in growth from acquisitions.

- Operating profit decreased by \$4.7 million during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit was favorably impacted by:
 - contributions from organic growth;
 - enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015;
 - lower payroll and related expenses as a result of one less working day during the quarter; and
 - savings realized as a result of the realignment of our Onsite Services operational structure.

These factors were offset by:

- an increase in compensation and related expenses primarily as a result of the hiring of additional personnel to support growth initiatives throughout the organization and the addition of certain IT positions since the prior year;
 - an increase in legal fees and settlement costs, including a settlement relating to a case alleging certain wage and hour violations;
 - an increase in severance expense related to the previously announced upcoming departure of our CEO; and
 - an increase in professional fees related to certain employment-based tax credits.
- The effective tax rates for the three months ended January 31, 2015 and 2014 were 1.7% and 42.3%, respectively. The difference was primarily due to the retroactive reinstatement of the Work Opportunity Tax Credit ("WOTC") for calendar year 2014 which resulted in additional credits of \$4.8 million as well as state employment-based tax credits of \$2.5 million.
 - Our net cash used in operating activities was \$32.4 million during the three months ended January 31, 2015. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters in the fiscal year. We expect operating activities to provide positive cash flows for the 2015 fiscal year.
 - Dividends of \$8.9 million were paid to shareholders and dividends totaling \$0.160 per common share were declared during the three months ended January 31, 2015.
 - At January 31, 2015, total outstanding borrowings under our line of credit were \$362.5 million, and we had up to \$323.2 million borrowing capacity under our line of credit, subject to covenant restrictions.

Results of Operations

Three Months Ended January 31, 2015 Compared with the Three Months Ended January 31, 2014

Consolidated

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2015	2014		
Revenues	\$ 1,289.4	\$ 1,226.5	\$ 62.9	5.1%
Expenses				
Operating	1,161.2	1,108.5	52.7	4.8%
<i>Gross margin as a % of revenues</i>	9.9%	9.6%	0.3%	
Selling, general and administrative	102.8	87.4	15.4	17.6%
Amortization of intangible assets	6.2	6.7	(0.5)	(7.5)%
Total expenses	1,270.2	1,202.6	67.6	5.6%
Operating profit	19.2	23.9	(4.7)	(19.7)%
Income from unconsolidated affiliates, net	1.5	1.5	—	—
Interest expense	(2.7)	(2.7)	—	—
Income before income taxes	18.0	22.7	(4.7)	(20.7)%
Provision for income taxes	(0.3)	(9.6)	9.3	96.9%
Net income	<u>\$ 17.7</u>	<u>\$ 13.1</u>	<u>\$ 4.6</u>	<u>35.1%</u>

Revenues

Revenues increased by \$62.9 million, or 5.1%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase in revenues was primarily attributable to organic growth due to additional revenues from net new business and increased scope of work from existing clients, and \$24.0 million in growth from acquisitions.

Operating Expenses

Operating expenses increased by \$52.7 million, or 4.8%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. As a percentage of revenues, gross margin increased by 0.3% to 9.9% in the three months ended January 31, 2015 from 9.6% in the three months ended January 31, 2014. The increase in gross margin was primarily attributable to lower payroll and related expenses as a result of one less working day during the quarter ended January 31, 2015, enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015, and savings realized as a result of the realignment of our Onsite Services operational structure. This increase was partially offset by higher operational costs for certain newly acquired contracts as a result of startup activities and higher expenses from non-recurring operational issues at certain clients.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$15.4 million, or 17.6%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase in selling, general and administrative expenses was primarily related to:

- a \$4.9 million increase in compensation and related expenses primarily as a result of the hiring of additional personnel to support growth initiatives throughout the organization and the addition of certain IT positions since the prior year;
- a \$3.7 million increase in legal fees and settlement costs, including a settlement relating to a case alleging certain wage and hour violations;
- a \$3.2 million increase in severance expense related to the previously announced upcoming departure of our CEO, net of reversal of share-based compensation;
- a \$0.9 million increase in professional fees associated with certain employment-based tax credits; and

- a \$0.6 million increase in share-based compensation expense, excluding the reversal of certain previously expensed amounts related to the CEO departure. This increase was due to the recognition of higher expense relating to awards granted in 2014 and 2015, as compared to awards granted in 2010 and 2011.

Amortization of Intangible Assets

Amortization of intangible assets decreased by \$0.5 million, or 7.5%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. This decrease was primarily related to intangible assets being amortized using the sum-of-the-years-digits method over their useful lives, which is consistent with the estimated useful life considerations used in determining their fair values, and results in a declining amortization expense.

Provision for Income Taxes

The effective tax rates for the three months ended January 31, 2015 and 2014 were 1.7% and 42.3%, respectively. The effective tax rate for the three months ended January 31, 2015 was lower than the rate for the three months ended January 31, 2014 primarily due to the retroactive reinstatement of the WOTC for calendar year 2014 which resulted in additional credits of \$4.8 million as well as state employment-based tax credits of \$2.5 million.

We estimate our annual effective income tax rate will be between 34.0% and 38.0%, which assumes that Congress will not reenact the WOTC for calendar year 2015 prior to October 31, 2015.

Segment Information

Effective in the first quarter of 2015, we reallocated certain costs from our Janitorial segment to our Facility Services, Parking, and Security segments to better reflect the impact of certain overhead support functions on the operations of our Onsite Services businesses. Such costs were previously recorded within our Janitorial segment. The impact of these changes on the reported operating profit for the three months ended January 31, 2014 was an increase of \$1.2 million to our Janitorial segment and a decrease of \$0.4 million, \$0.5 million, and \$0.3 million to our Facility Services, Parking, and Security segments, respectively. Prior period segment results have been restated to conform to these changes.

Financial Information for Each Reportable Segment

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2015	2014		
Revenues				
Janitorial	\$ 666.0	\$ 637.1	\$ 28.9	4.5%
Facility Services	156.2	151.7	4.5	3.0%
Parking	155.7	150.3	5.4	3.6%
Security	94.9	99.7	(4.8)	(4.8)%
Building & Energy Solutions	119.4	102.1	17.3	16.9%
Other	97.2	85.6	11.6	13.6%
	<u>\$ 1,289.4</u>	<u>\$ 1,226.5</u>	<u>\$ 62.9</u>	<u>5.1%</u>
Operating profit				
Janitorial	\$ 34.9	\$ 30.3	\$ 4.6	15.2%
Operating profit as a % of revenues	5.2%	4.8%	0.4 %	
Facility Services	5.9	5.1	0.8	15.7%
Operating profit as a % of revenues	3.8%	3.4%	0.4 %	
Parking	6.5	5.2	1.3	25.0%
Operating profit as a % of revenues	4.2%	3.5%	0.7 %	
Security	1.9	2.3	(0.4)	(17.4)%
Operating profit as a % of revenues	2.0%	2.3%	(0.3)%	
Building & Energy Solutions	1.2	2.7	(1.5)	(55.6)%
Operating profit as a % of revenues	1.0%	2.6%	(1.6)%	
Other	2.6	1.9	0.7	36.8%
Operating profit as a % of revenues	2.7%	2.2%	0.5 %	
Corporate	(32.3)	(22.1)	(10.2)	(46.2)%
Adjustment for income from unconsolidated affiliates, net, included in Building & Energy Solutions	(1.5)	(1.5)	—	—
	<u>\$ 19.2</u>	<u>\$ 23.9</u>	<u>\$ (4.7)</u>	<u>(19.7)%</u>

Janitorial

(\$ in millions)	Three Months Ended January 31,		Increase	
	2015	2014		
Revenues	\$ 666.0	\$ 637.1	\$ 28.9	4.5%
Operating profit	34.9	30.3	4.6	15.2%
Operating profit as a % of revenues	5.2%	4.8%	0.4%	

Janitorial revenues increased by \$28.9 million, or 4.5%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase was primarily attributable to organic growth due to additional revenues from net new business, additional tag work revenue, and \$15.8 million of additional revenues from an acquisition that occurred in October 2014.

Operating profit increased by \$4.6 million, or 15.2%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit margins increased by 0.4% to 5.2% in the three months ended January 31, 2015 from 4.8% in the three months ended January 31, 2014. The increase in operating profit margins was primarily attributable to lower payroll and related expenses as a result of one less working day during the quarter ended January 31, 2015, enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015, and savings realized as a result of the realignment of our Onsite Services operational structure. This increase was partially offset by higher compensation expense due to hiring additional personnel to support selling and safety initiatives and higher legal fees and settlement costs.

Facility Services

(\$ in millions)	Three Months Ended January 31,				Increase	
	2015	2014				
Revenues	\$ 156.2	\$ 151.7	\$		4.5	3.0%
Operating profit	5.9	5.1			0.8	15.7%
Operating profit as a % of revenues	3.8%	3.4%			0.4%	

Facility Services revenues increased by \$4.5 million, or 3.0%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase was primarily attributable to increased scope of work from existing clients.

Operating profit increased by \$0.8 million, or 15.7%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit margins increased by 0.4% to 3.8% in the three months ended January 31, 2015 from 3.4% in the three months ended January 31, 2014. This increase was primarily attributable to enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015, the termination of certain unprofitable contracts in the prior year, and savings realized as a result of the realignment of our Onsite Services operational structure. This increase was partially offset by higher legal settlement costs.

Parking

(\$ in millions)	Three Months Ended January 31,				Increase	
	2015	2014				
Revenues	\$ 155.7	\$ 150.3	\$		5.4	3.6%
Operating profit	6.5	5.2			1.3	25.0%
Operating profit as a % of revenues	4.2%	3.5%			0.7%	

Management reimbursement revenues totaled \$77.0 million and \$76.3 million for the three months ended January 31, 2015 and 2014, respectively.

Parking revenues increased by \$5.4 million, or 3.6%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase was primarily related to increased revenues from existing clients and net new business.

Operating profit increased by \$1.3 million, or 25.0%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit margins increased by 0.7% to 4.2% in the three months ended January 31, 2015 from 3.5% in the three months ended January 31, 2014. The increase in operating profit margins was primarily related to enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015 and savings realized as a result of the realignment of our Onsite Services operational structure.

Security

(\$ in millions)	Three Months Ended January 31,				Decrease	
	2015	2014				
Revenues	\$ 94.9	\$ 99.7	\$		(4.8)	(4.8)%
Operating profit	1.9	2.3			(0.4)	(17.4)%
Operating profit as a % of revenues	2.0%	2.3%			(0.3)%	

Security revenues decreased by \$4.8 million, or 4.8%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The decrease was primarily related to contract losses in the prior year and reductions in scope of work from existing clients.

Operating profit decreased by \$0.4 million, or 17.4%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit margins decreased by 0.3% to 2.0% in the three months ended January 31, 2015 from 2.3% in the three months ended January 31, 2014. The decrease in operating profit margins was attributable to higher payroll and related costs resulting from increased overtime due to a tight labor market in certain geographical areas. The decrease was partially offset by enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015 and savings realized as a result of the realignment of our Onsite Services operational structure.

Building & Energy Solutions

(\$ in millions)	Three Months Ended January 31,		Increase (Decrease)	
	2015	2014		
Revenues	\$ 119.4	\$ 102.1	\$ 17.3	16.9%
Operating profit	1.2	2.7	(1.5)	(55.6)%
<i>Operating profit as a % of revenues</i>	1.0%	2.6%	(1.6)%	

Building & Energy Solutions revenues increased by \$17.3 million, or 16.9%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. This increase was primarily a result of increased revenues from commercial service and maintenance contracts, including medical demand maintenance. Revenues also increased by \$8.2 million due to acquisitions that occurred in March 2014 and August 2014.

Operating profit decreased by \$1.5 million, or 55.6%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit margins decreased by 1.6% to 1.0% in the three months ended January 31, 2015 from 2.6% in the three months ended January 31, 2014. The decrease in operating profit margins was primarily driven by higher operational costs for certain newly acquired contracts as a result of startup activities and higher investment in selling and business development expenses. Also impacting the lower margins were higher expenses from non-recurring operational issues at certain clients and the settlement of a customer dispute. This decrease in operating profit margins was partially offset by the management of general and administrative expenses.

Other

(\$ in millions)	Three Months Ended January 31,		Increase	
	2015	2014		
Revenues	\$ 97.2	\$ 85.6	\$ 11.6	13.6%
Operating profit	2.6	1.9	0.7	36.8%
<i>Operating profit as a % of revenues</i>	2.7%	2.2%	0.5%	

Revenues from our Other segment increased by \$11.6 million, or 13.6%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase was primarily driven by higher passenger services and cabin cleaning revenue in our U.S. operations, including increases in scope of work from existing clients and new business.

Operating profit increased by \$0.7 million, or 36.8%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. Operating profit margins increased by 0.5% to 2.7% in the three months ended January 31, 2015 from 2.2% in the three months ended January 31, 2014. This increase was primarily related to intangible assets being amortized using the sum-of-the-years-digits method, which results in declining amortization expense over the useful lives of the assets, and enhancements to our risk management and safety programs in 2014 that continue to favorably impact our insurance expense in 2015. This increase was partially offset by the higher compensation expense due to the reorganization of the executive structure and the settlement of a client dispute.

Corporate

(\$ in millions)	Three Months Ended January 31,		Increase	
	2015	2014		
Corporate expenses	\$ (32.3)	\$ (22.1)	\$ (10.2)	(46.2)%

Corporate expenses increased by \$10.2 million, or 46.2%, during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The increase in corporate expenses was primarily related to:

- a \$3.2 million increase in severance expense related to the previously announced upcoming departure of our CEO, net of reversal of share-based compensation;
- a \$2.7 million increase in legal expenses primarily associated with a settlement relating to a case alleging certain wage and hour violations;
- a \$2.2 million increase in compensation and related expenses primarily as a result of adding certain IT positions since the prior year and the hiring of additional personnel to support growth initiatives throughout the organization;
- a \$0.9 million increase in professional fees related to certain employment-based tax credits; and
- a \$0.6 million increase in share-based compensation expense, excluding the reversal of certain previously expensed amounts related to the CEO departure. This increase was due to the recognition of higher expense relating to awards granted in 2014 and 2015, as compared to awards granted in 2010 and 2011.

Liquidity and Capital Resources

We continually project anticipated cash requirements for our operating, investing, and financing needs as well as cash flows generated from operating activities available to meet these needs. Our operating needs can include, among other items, commitments for operating leases, payroll payments, insurance claims payments, interest payments, legal settlements, and pension funding obligations. Our investing and financing spending can include payments for acquired businesses, capital expenditures, commitments for capital leases, share repurchases, dividends, and payments on our outstanding indebtedness.

We believe that our operating cash flows, cash and cash equivalents, borrowing capacity under our line of credit, and access to capital markets are sufficient to fund our operating, investing, and financing requirements for the next twelve months. However, there can be no assurance that our business will generate sufficient cash flows from operations, that anticipated net sales growth and operating improvements will be realized, that future borrowings will be available under our revolving credit facility, or that we will be able to access the capital markets in amounts sufficient to enable us to service our indebtedness or to fund our other liquidity needs.

On a continuing basis, we consider various transactions to increase shareholder value and enhance our business results, including acquisitions, divestitures, dividend payments, and share repurchases. These transactions may result in future cash proceeds or payments to shareholders.

On November 30, 2010, we entered into a five-year syndicated credit agreement pursuant to which we obtained an unsecured revolving credit facility (the "Facility"). This five-year syndicated credit agreement, as amended from time to time, is referred to as the "Credit Agreement." The aggregate amount of the Facility under the Credit Agreement is \$800.0 million, and the maturity date of the Facility is December 11, 2018. At our option, we may increase the size of the Facility to \$1.0 billion at any time prior to the expiration date (subject to receipt of commitments for the increased amount from existing and new lenders).

At January 31, 2015, the total outstanding amounts under the Facility in the form of cash borrowings and standby letters of credit were \$362.5 million and \$114.3 million, respectively. At January 31, 2015, we had up to \$323.2 million borrowing capacity under the Facility. Our ability to draw down available capacity under the Facility is subject to, and is limited by, compliance with certain financial covenants, including covenants relating to a fixed charge coverage ratio, a leverage ratio, and consolidated net worth. In addition, other covenants under the Facility include limitations on liens, dispositions, fundamental changes, investments, and certain transactions and payments. As of January 31, 2015, we were in compliance with these covenants and expect to be in compliance in the foreseeable future.

Cash Flows

In addition to revenues and operating profit, our management views operating cash flows as a good indicator of financial performance, as strong operating cash flows provide opportunities for growth both organically and through acquisitions. Our net cash used in operating activities was \$32.4 million in the three months ended January 31, 2015. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters in the fiscal year. We expect operating activities to provide positive cash flows for the 2015 fiscal year. Operating cash flows primarily depend on: revenue levels; the quality and timing of collections of accounts receivable (including receivables from U.S. Government contracts, which generally have longer collection periods); the timing of payments to suppliers and other vendors; the timing and amount of income tax payments; and the timing and amount of payments on insurance claims. The table below summarizes our cash and cash equivalents activity:

<i>(in millions)</i>	Three Months Ended January 31,	
	2015	2014
Net cash used in operating activities	\$ (32.4)	\$ (38.9)
Net cash used in investing activities	(3.6)	(9.5)
Net cash provided by financing activities	38.1	50.0

Operating Activities

Net cash used in operating activities decreased by \$6.5 million during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The decrease was primarily related to the timing of client receivable collections and timing of payroll payments, partially offset by the timing of tax payments and the impact of retroactive changes in tax law, including the employment-based tax credits in the first quarter of 2015.

Investing Activities

Net cash used in investing activities decreased by \$5.9 million during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The decrease was primarily related to a period-over-period decrease in property, plant and equipment additions.

Financing Activities

Net cash provided by financing activities decreased by \$11.9 million during the three months ended January 31, 2015, as compared to the three months ended January 31, 2014. The decrease was primarily related to a \$9.5 million decrease in cash borrowings from our line of credit.

Contingencies

We are a party to a variety of actions, proceedings, and legal, administrative, and other inquiries arising in the normal course of business relating to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as a class action on behalf of a purported class of employees. Litigation outcomes are difficult to predict and are often resolved over long periods of time. Estimating probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties.

At January 31, 2015, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was \$3.4 million. This \$3.4 million includes the accrual of \$2.3 million in connection with a settlement relating to a case alleging certain wage and hour violations.

We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. Estimating reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates that the range of loss for all reasonably possible losses for which an estimate can be made is between zero and \$4.5 million. Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

For additional information about our contingencies, see Note 9, "Commitments and Contingencies," in the Financial Statements.

Critical Accounting Policies and Estimates

Our accompanying Financial Statements are prepared in accordance with U.S. generally accepted accounting principles, which require us to make estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of management. There have been no significant changes to our critical accounting policies and estimates. For a description of our critical accounting policies, see Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes related to market risk from the disclosures in our Annual Report on Form 10-K for the year ended October 31, 2014.

ITEM 4. CONTROLS AND PROCEDURES.

a. Disclosure Controls and Procedures.

As of the end of the period covered by this report, our Principal Executive Officer and Principal Financial Officer evaluated our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and (2) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

b. Changes in Internal Control Over Financial Reporting.

There were no changes in our internal control over financial reporting during the first quarter of 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A discussion of material developments in our litigation matters occurring in the period covered by this report is found in Note 9, "Commitments and Contingencies," to the Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors identified in our Annual Report on Form 10-K for the year ended October 31, 2014, in response to Item 1A., "Risk Factors," to Part I of the Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

(a) Exhibits

Exhibit No.	<u>Exhibit Description</u>
10.1‡	Fifth Amendment, dated February 17, 2015, to the Credit Agreement dated as of November 30, 2010, among ABM Industries Incorporated, various financial institutions, and Bank of America, N.A. as Administrative Agent
10.2‡*	Amended Executive Employment Agreement dated January 13, 2015 by and between ABM Industries Incorporated and James P. McClure
10.3‡*	Amended Executive Employment Agreement dated January 13, 2015 by and between ABM Industries Incorporated and Tracy K. Price
31.1‡	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2‡	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32†	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Report Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101. PRE	XBRL Presentation Linkbase Document

* Indicates management contract or compensatory plan, contract or arrangement

‡ Indicates filed herewith

† Indicates furnished herewith

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

March 4, 2015

/s/ James S. Lusk

James S. Lusk
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer)

March 4, 2015

/s/ Dean A. Chin

Dean A. Chin
Senior Vice President, Controller and Chief Accounting
Officer
(Principal Accounting Officer)

FIFTH AMENDMENT

THIS FIFTH AMENDMENT, dated as of February 17, 2015 (this "Amendment"), amends the Credit Agreement, dated as of November 30, 2010 (as previously amended, the "Credit Agreement"), among ABM Industries Incorporated (the "Company"), various financial institutions (the "Lenders") and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not otherwise defined herein have the respective meanings ascribed thereto in the Credit Agreement.

WHEREAS, the Company, the Lenders and the Administrative Agent have entered into the Credit Agreement; and

WHEREAS, the parties hereto desire to amend the Credit Agreement as more fully set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1 Amendment. On and as of the Effective Date (as defined below), Section 7.5(j) of the Credit Agreement is amended in its entirety to read as follows:

(j) unsecured Indebtedness owing by the Company to any Subsidiary Guarantor or the Captive Insurance Company or by any Subsidiary Guarantor to the Company or another Subsidiary Guarantor.

SECTION 2 Representations and Warranties. The Company represents and warrants to the Administrative Agent and the Lenders that, after giving effect to this Amendment:

(a) each representation and warranty set forth in Article V of the Credit Agreement, as amended hereby, is true and correct in all material respects as of the Effective Date (as defined below), except to the extent that any such representation and warranty specifically refers to an earlier date, in which case it shall be true and correct in all material respects as of such earlier date; and

(b) no Default exists.

SECTION 3 Effectiveness. This Amendment shall become effective as of the date first written above (the "Effective Date") when the Administrative Agent shall have received:

(a) counterparts of this Amendment executed by the Company, the Administrative Agent and the Required Lenders;

(b) a Confirmation executed by the Subsidiary Guarantors, substantially in the form attached hereto as Exhibit A; and

(c) the fees payable to the Lenders in connection with this Amendment.

SECTION 4 Miscellaneous.

4.1 Continuing Effectiveness, etc. As amended hereby, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. After the effectiveness of this Amendment, all references in the Credit Agreement and the other Loan Documents to "Credit Agreement" or similar terms shall refer to the Credit Agreement as amended hereby.

4.2 General. The provisions of Sections 10.5 (*Expenses; Indemnity; Damage Waiver*), 10.7 (*Successors and Assigns*), 10.14 (*Counterparts*) and 10.17 (*Governing Law*) of the Credit Agreement are incorporated into this Amendment as if fully set forth herein, *mutatis mutandis*.

[Signature Pages Follow]

SECTION 5

5.1

Delivered as of the day and year first above written.

ABM INDUSTRIES INCORPORATED

By: /s/ D. Anthony Scaglione
Title: SVP, TREASURER

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Christine Srotter
Title: ASSISTANT VICE
PRESIDENT

BANK OF AMERICA, N.A.,
as a Lender, as L/C issuer
and as Swing Line Lender

By: /s/ Ronald J. Drobny
Name: Ronald J. Drobny
Title: SENIOR VICE PRESIDENT

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Devin Rocusano
Name: Devin Rocusano
Title: VICE PRESIDENT

CITIZENS BANK, N.A.,
as a Lender

By: /s/ Hassan Sayed
Name: Hassan Sayed
Title: VICE PRESIDENT

THE BANK OF TOKYO-MITSUBISHI
UFJ,LTD.,
as a Lender

By: /s/ Maria Iarriccio
Name: Maria Iarriccio
Title: DIRECTOR

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as a Lender

By: /s/ Tom Molitor
Name: Tom Molitor
Title: MANAGING DIRECTOR

U.S. BANK NATIONAL
ASSOCIATION,
as a Lender

By: /s/ Michael E. Temnick
Name: Michael E. Temnick
Title: VICE PRESIDENT

KEYBANK NATIONAL
ASSOCIATION,
as a Lender

By: /s/ Geoff Smith
Name: Geoff Smith
Title: SENIOR VICE PRESIDENT

SANTANDER BANK, N.A.,
as a Lender

By: /s/ Justin Kleeberg
Name: Justin Kleeberg
Title: EXECUTIVE DIRECTOR

BANK OF THE WEST,
as a Lender

By: /s/ Robert Kido
Name: Robert Kido
Title: VICE PRESIDENT

CREDIT SUISSE AG, CAYMAN
ISLANDS BRANCH,
as a Lender

By: /s/ Michael Spaight
Name: Michael Spaight
Title: AUTHORIZED SIGNATORY

By: /s/ Remy Riester
Name: Remy Riester
Title: AUTHORIZED SIGNATORY

FIFTH THIRD BANK,
as a Lender

By: /s/ Christopher J. Heitker
Name: Christopher J. Heitker
Title: ASSISTANT VICE
PRESIDENT

PNC BANK, National Association,
as a Lender

By: /s/ Amishi Patel
Name: Amishi Patel
Title: VICE PRESIDENT

HSBC BANK USA, NATIONAL
ASSOCIATION,
as a Lender

By: /s/ Aidan R. Spoto
Name: Aidan R. Spoto
Title: VICE PRESIDENT

THE NORTHERN TRUST COMPANY,
as a Lender

By: /s/ Sophia E. Love
Name: Sophia E. Love
Title: SENIOR VICE PRESIDENT

CAPITAL ONE, NATIONAL
ASSOCIATION,
as a Lender

By: /s/ Paul Darrigo
Name: Paul Darrigo
Title: SENIOR VICE PRESIDENT

BRANCH BANKING AND TRUST
COMPANY,
as a Lender

By: /s/ Matthew J. Davis
Name: Matthew J. Davis
Title: VICE PRESIDENT

CONFIRMATION

Dated as of February 17, 2015

To: Bank of America, N.A., individually and as Administrative Agent, and the other financial institutions party to the Credit Agreement referred to below

Please refer to (a) the Credit Agreement, dated as of November 30, 2010 (as previously amended, the “Credit Agreement”), among ABM Industries Incorporated (the “Company”), various financial institutions (the “Lenders”) and Bank of America, N.A., as administrative agent (in such capacity, the “Administrative Agent”); (b) the Subsidiary Guaranty (as defined in the Credit Agreement) and (c) the Fifth Amendment to the Credit Agreement dated as of the date hereof (the “Fifth Amendment”). Capitalized terms used but not otherwise defined herein have the respective meanings ascribed thereto in the Subsidiary Guaranty.

Each of the undersigned confirms to the Administrative Agent and the Lender Parties that, after giving effect to the Fifth Amendment and the transactions contemplated thereby (including this Confirmation), the Subsidiary Guaranty continues in full force and effect and is the legal, valid and binding obligation of such undersigned, enforceable against such undersigned in accordance with its terms.

[Signatures begin on next page]

ABM Onsite Services, Inc. (FKA ABM Janitorial Services, Inc.)
ABM Janitorial Services – Mid-Atlantic, Inc.
ABM Janitorial Services – Northeast, Inc.
ABM Janitorial Services – South Central, Inc.
ABM Janitorial Services – Southeast, LLC
ABM Healthcare Support Services, Inc. (FKA HHA Services, Inc.)
ABM Industrial Services, Inc.
ABM Onsite Services – Midwest, Inc.
ABM Onsite Services - West, Inc. (FKA ABM Services, Inc.)
ABM Parking Services, Inc. (FKA Ampco System Parking)
ABM Security Services, Inc.
ABM Shared Services, Inc.
Air Serv Corporation
Air Serv Facility Services, Inc.
Diversco, Inc.
OneSource Facility Services, Inc. (converted from OneSource Facility Services LLC to a corporation)
OneSource Holdings, LLC
Servall Services Inc.
Southern Management ABM, LLC
ABM Facility Solutions Group, LLC (FKA The Linc Group, LLC)
GreenHomes America, LLC
REEP, Inc.
ABM Government Services, LLC (FKA Linc Government Services, LLC)
ABM Government Services Afghanistan Branch, LLC (FKA Linc Government Services Afghanistan Branch)
Ferguson-Williams LLC
ABM Facility Services, Inc.
Linc International, Inc.
Linc Facility Services UAE, LLC
Linc Facility Services Iraq LLC
Linc Facility Services ME, LLC
ABM Franchising Group, LLC (FKA Linc Network LLC)
ABM Building & Energy Solutions, LLC (converted from a corporation to an LLC) (FKA Linc Building & Energy Solutions Inc.)
ABM Building Solutions, LLC (FKA Linc Mechanical)
ABM Building Services, LLC (FKA Linc Services LLC)
ABM Electrical Power Solutions, LLC (FKA MET Electrical Testing)
ABM Electrical Power Services, LLC (FKA CET Electrical Testing)
ABM Health, Inc. (FKA Linc Health, Inc.)
ABM Electrical Network, Inc.
ABM Electrical & Lighting Solutions, Inc. (FKA ABM Electrical Inc.)

By: /s/ D. Anthony Scaglione
Name: D. Anthony Scaglione
Title: TREASURER

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (“Agreement”) is effective January 13, 2015, (“Effective Date”) by and between **James P. McClure** (“Executive”) and **ABM Industries Incorporated**, a Delaware corporation (“Company” or “ABM”).

- 1. EMPLOYMENT.** In consideration of the terms and commitments contained in this Agreement, Executive agrees to and acknowledges the following:
- 2. TERM, RESPONSIBILITIES AND TITLE.** The term of this Agreement shall be from the Effective Date through: (i) October 31, 2017; or (ii) the date upon which Executive’s employment is terminated in accordance with Section 6 (the “Term”). Executive shall assume and perform such duties, functions and responsibilities relating to Executive’s employment with Company as may be assigned from time to time by Company. Executive’s title shall be Executive Vice President and President, Onsite Services of Company, subject to modification as determined by Company’s Board of Directors (“Board”).
- 3. COMPENSATION.**
 - 3.1 SALARY, BONUS, AND INCENTIVE PLAN PARTICIPATION.** Company agrees to compensate Executive, and Executive agrees to accept as compensation in full, a base salary, less applicable state and federal withholdings, paid according to Company’s standard payroll practices. Executive will also be eligible for short-term discretionary incentive awards pursuant to the terms of the Performance Incentive Program or any applicable successor program (“Bonus”), subject to the terms and conditions of the applicable program. Further, Executive is eligible to receive awards under the 2006 Equity Incentive Plan, as amended and restated, or any applicable successor plan, subject to the terms and conditions of the applicable plan and as determined by Company in its discretion.
 - 3.2 POST-EMPLOYMENT HEALTH INSURANCE ASSISTANCE.** Subject to Section 409A as set forth in Appendix B, upon the termination of Executive’s employment for any reason (other than for Cause by Company, as defined below in Section 6.2) and concluding no later than 9 years after such termination, ABM, upon termination of Executive’s employment, on each anniversary of such date thereafter, and concluding with the ninth anniversary of such date, shall pay Executive \$10,000 per year to assist Executive in purchasing health insurance for Executive and his spouse. In the event that Executive dies prior to the expiration of such ten-year period, ABM shall pay Executive’s surviving spouse \$10,000 per year, as described above, until the first to occur of (i) the death of Executive’s spouse or (ii) the end of the ten-year period. This post-employment health insurance assistance shall be paid to Executive in addition to Severance Benefits (if any) or any other post-employment payment or benefits expressly provided for in this Agreement.

4. **COMPLIANCE WITH LAWS AND POLICIES.** Executive shall dedicate his/her full business time and attention to the performance of duties hereunder, perform his/her duties in good faith and to a professional standard, and fully comply with all laws and regulations pertaining to the performance of his/her responsibilities, all ethical rules, ABM's Code of Business Conduct and Ethics, ABM's Recoupment Policy as well as any and all of policies, procedures and instructions of Company.
5. **RESTRICTIVE COVENANTS.** In consideration of the compensation, contract term, potential Severance Benefits, other post-termination payments, continued employment provided by Company, as well as the access Company will provide Executive to its Confidential Information, as defined below, and current and prospective customers, all as necessary for the performance of Executive's duties hereunder, Executive hereby agrees to the following during Executive's employment and thereafter as provided:
- 5.1 **CONFIDENTIAL INFORMATION DEFINED.** Confidential Information includes but is not limited to: (i) Company and its subsidiary companies' trade secrets, know-how, ideas, applications, systems, processes and other confidential information which is not generally known to and/or readily ascertainable through proper means by the general public; (ii) plans for business development, marketing, business plans and strategies, budgets and financial statements of any kind, costs and suppliers, including methods, policies, procedures, practices, devices and other means used by Company and its subsidiaries in the operation of its business, pricing plans and strategies, as well as information about Company and affiliated entity pricing structures and fees, unpublished financial information, contract provisions, training materials, profit margins and bid information; (iii) information regarding the skills, abilities, performance and compensation of other employees of Company or its subsidiaries, or of the employees of any company that contracts to provide services to Company or its subsidiaries; (iv) information of third parties to which Executive had access by virtue of Executive's employment, including, but not limited to information on customers, prospective customers, and/or vendors, including current or prospective customers' names, contact information, organizational structure(s), and their representatives responsible for considering the entry or entering into agreements for those services, and/or products provided by Company and its subsidiaries; customer leads or referrals; customer preferences, needs, and requirements (including customer likes and dislikes, as well as supply and staffing requirements) and the manner in which they have been met by Company or its subsidiaries; customer billing procedures, credit limits and payment practices, and customer information with respect to contract and relationship terms and conditions, pricing, costs, profits, sales, markets, plans for future business and other development; purchasing techniques, supplier lists; (v) information contained in Company's LCMS database, JDE , LMS or similar systems; and/or (vi) any and all information related to past, current or future acquisitions between Company or Company-affiliated entities including information used or relied upon for said acquisition ("Confidential Information").

- 5.2 NON-DISCLOSURE. Company and Executive acknowledge and agree that Company has invested significant effort, time and expense to develop its Confidential Information. Except in the proper performance of this Agreement, Executive agrees to hold all Confidential Information in the strictest confidence, and to refrain from making any unauthorized use or disclosure of such information both during Executive's employment and at all times thereafter. Except in the proper performance of this Agreement, Executive shall not directly or indirectly disclose, reveal, transfer or deliver to any other person or business, any Confidential Information which was obtained directly or indirectly by Executive from, or for, Company or its subsidiaries or by virtue of Executive's employment. This Confidential Information has unique value to Company and its subsidiaries, is not generally known or readily available by proper means to their competitors or the general public, and could only be developed by others after investing significant effort, time, and expense. Executive understands that Company or its subsidiaries would not make such Confidential Information available to Executive unless Company was assured that all such Confidential Information will be held in trust and confidence in accordance with this Agreement and applicable law. Executive hereby acknowledges and agrees to use this Confidential Information solely for the benefit of Company and its affiliated entities.
- 5.3 NON-SOLICITATION OF EMPLOYEES. Executive acknowledges and agrees that Company has developed its work force as the result of its investment of substantial time, effort, and expense. During the course and solely as a result of Executive's employment with Company, Executive will come into contact with officers, directors, employees, and/or independent contractors of Company and affiliated-entities, develop relationships with and acquire information regarding their knowledge, skills, abilities, salaries, commissions, benefits, and/or other matters that are not generally known to the public. Executive further acknowledges and agrees that hiring, recruiting, soliciting, or inducing the termination of such individuals will cause increased expenses and a loss of business. Accordingly, Executive agrees that while employed by Company and for a period of twelve months following the termination of Executive's employment (whether termination is voluntary or involuntary), Executive will not directly or indirectly solicit, hire, recruit or otherwise encourage, assist in or arrange for any officer, director, employee, and/or independent contractor to terminate his/her business relationship with Company or any other Company-affiliated entity except in the proper performance of this Agreement. This prohibition against solicitation shall include but not be limited to: (i) identifying to other companies or their agents, recruiting or staffing firms, or other third parties Company officers, directors, employees, or independent contractors who have specialized knowledge concerning Company's business, operations, processes, methods, or other confidential affairs or who have contacts, experience, or relationships with particular customers; (ii) disclosing or commenting to other companies or their agents, recruiting or staffing firms, or other third parties regarding the quality or quantity of work, specialized knowledge, or personal characteristics

of any person still engaged by Company or any other Company-affiliated entity; and (iii) providing such information to prospective companies or their agents, recruiting or staffing firms, or other third parties preceding possible engagement.

- 5.4 **NON-SOLICITATION OF CUSTOMERS.** Executive acknowledges and agrees that Company and its subsidiaries have identified, solicited, and developed their customers and developed customer relationships as the result of their investment of significant time, effort, and expense and that Company has a legitimate business interest in protecting these relationships. Executive further acknowledges that Executive would not have been privy to these relationships were it not for Executive's employment by Company. Executive further acknowledges and agrees that the loss of such customers and clients would damage Company and potentially cause Company great and irreparable harm. Consequently, Executive covenants and agrees that during and for twelve months following the termination of Executive's employment with Company (whether such termination is voluntary or involuntary), Executive shall not, directly or indirectly, for the benefit of any person or entity other than Company, attempt to seek, seek, attempt to solicit, solicit, or accept work from any customer, client or active customer prospect: (i) with whom Executive developed a relationship while employed by Company or otherwise obtained Confidential Information about for the purpose of diverting business from Company or an affiliated entity; and (ii) that is located in a state or foreign country in which: (a) the Executive performed work, services, or engaged in business activity on behalf of Company within the twelve-month period preceding the effective date of Executive's termination of employment; and/or (b) where Company has business operations and Executive was provided Confidential Information regarding Company's business activities in those territories within the twelve-month period preceding the effective date of Executive's termination of employment. This Section 5.4 shall not apply if the State of Employment is California.
- 5.5 **POST EMPLOYMENT COMPETITION.** Executive agrees that while employed by Company and for a period of twelve months following Executive's termination of employment (whether such termination is voluntary or involuntary), Executive shall not work, perform services for, or engage in any business, enterprise, or operation that engages in a Competing Business (as defined below) in a Restricted Territory (as defined below). For purposes of this Agreement, "Competing Business" means the provision of any goods, products, or services that are the same or substantially similar to those provided by Company, or any Company-affiliated entity of which Executive had Confidential Information, in the twelve month period preceding the effective date of Executive's termination of employment. Executive acknowledges that Company and its subsidiaries are engaged in business in various states throughout the U.S. and various international locations. Accordingly, and in view of the nature of Executive's nationwide position and responsibilities, "Restricted Territory" as used herein means each state and each foreign country: (i) in which Executive performed work, services, or engaged in business activity on behalf of Company within the twelve-month period preceding the effective date of Executive's

termination of employment; and/or (ii) where Company has business operations and Executive was provided Confidential Information regarding Company's business activities in those territories within the twelve-month period preceding the effective date of Executive's termination of employment. The restrictions in Section 5.5 shall only apply if, within the twelve month period prior to the effective date of Executive's termination, Executive was employed by Company to perform sales, marketing, and/or operational activities, or was directly involved in corporate development and strategy (i.e. mergers, acquisitions, divestitures and/or other corporate strategic initiatives) for Company or its subsidiaries/affiliates. Further, Section 5.5 shall not apply if the State of Employment is California.

- 5.6 NON-DISPARAGEMENT. Following the severance of Executive's employment for any reason, Executive agrees not to make any statement or take any action which disparages, defames, or places in a negative light Company, Company-affiliated entities, or its or their reputation, goodwill, commercial interests or past and present officers, directors and employees.
- 5.7 CREATIONS. The terms and conditions set forth in Appendix A attached hereto are hereby incorporated by reference as though fully set forth herein.
- 5.8 CONFIDENTIAL INFORMATION OF OTHERS. Executive will not use, disclose to Company or induce Company to use any legally protected confidential, proprietary or trade secret information or material belonging to others which comes into Executive's knowledge or possession at any time, nor will Executive use any such legally protected information or material in the course of Executive's employment with Company. Executive has no other agreements or relationships with or commitments to any other person or entity that conflicts with Executive's obligations to Company as an employee of Company or under this Agreement, and Executive represents that Executive's employment will not require Executive to violate any legal obligations to any third-party. In the event Executive believes that Executive's work at Company would make it difficult for Executive not to disclose to Company any legally protected confidential, proprietary or trade secret information or materials belonging to others, Executive will immediately inform Company's Senior Vice President of Human Resources. Executive has not entered into, and Executive agrees Executive will not enter into, any oral or written agreement in conflict with this Agreement.
- 5.9 COOPERATION WITH LEGAL MATTERS. During Executive's employment with Company and thereafter, Executive shall cooperate with Company and any Company-affiliated entity in its or their investigation, defense or prosecution of any potential, current or future legal matter in any forum, including but not limited to lawsuits, administrative charges, audits, arbitrations, and internal and external investigations. Executive's cooperation shall include, but is not limited to, reviewing and preparing documents and reports, meeting with attorneys representing any Company-affiliated entity, providing truthful testimony, and communicating

Executive's knowledge of relevant facts to any attorneys, experts, consultants, investigators, employees or other representatives working on behalf of an Company-affiliated entity. Except as required by law, Executive agrees to treat all information regarding any such actual or potential investigation or claim as confidential. Executive also agrees not to discuss or assist in any litigation, potential litigation, claim, or potential claim with any individual (or their attorney or investigator) who is pursuing, or considering pursuing, any claims against Company or a Company-affiliated entity unless required by law. In performing the tasks outlined in this Section 5.9, Executive shall be bound by the covenants of good faith and veracity set forth in ABM's Code of Business Conduct and Ethics and by all legal obligations. Nothing herein is intended to prevent Executive from complying in good faith with any subpoena or other affirmative legal obligation. Executive agrees to notify Company immediately in the event there is a request for information or inquiry pertaining to Company, any Company-affiliated entity, or Executive's knowledge of or employment with Company. In performing responsibilities under this Section following termination of employment for any reason and after Executive has received all Severance Benefits (as defined below) which Executive is eligible to receive pursuant to Section 6.2 ("Severance Period"), if any, or after Executive has received all post-employment payments which Executive is eligible to receive pursuant to Section 6.1, if any, Executive shall be compensated for Executive's time at an hourly rate of \$250 per hour. However, during any period in which Executive is an employee of Company or during the Severance Period, Executive shall not be so compensated.

- 5.10 REMEDIES AND DAMAGES. The parties agree that compliance with Sections 5.1 – 5.7 of the Agreement and Appendix A is necessary to protect the business and goodwill of Company, that the restrictions contained herein are reasonable and that any breach of this Section will result in irreparable and continuing harm to Company, for which monetary damages will not provide adequate relief. Accordingly, in the event of any actual or threatened breach of any covenant or promise made by Executive in Section 5, Company and Executive agree that Company shall be entitled to all appropriate remedies, including temporary restraining orders and injunctions enjoining or restraining such actual or threatened breach. Executive hereby consents to the issuance thereof forthwith by any court of competent jurisdiction.
- 5.11 LIMITATIONS. Nothing in this Agreement shall be binding upon the parties to the extent it is void or unenforceable for any reason in the State of Employment, including, without limitation, as a result of any law regulating competition or proscribing unlawful business practices; provided, however, that to the extent that any provision in this Agreement could be modified to render it enforceable under applicable law, it shall be deemed so modified and enforced to the fullest extent allowed by law.

6. TERMINATION OF EMPLOYMENT.

- 6.1 **TERMINATION UPON EXPIRATION OF TERM.** Unless ABM and Executive mutually agree in writing to extend the Term, Executive's employment shall terminate at the expiration of the Term. In the event that Executive's employment is terminated in connection with the expiration of the Term, Company shall pay to Executive (i) all compensation to which Executive is entitled up through the date of termination; and (ii) a prorated portion of Executive's Bonus for the fraction of the fiscal year that has been completed prior to the date of termination based on ABM's actual performance for the entire fiscal year; provided, however, that if the expiration of the Term is in connection with a termination of employment for Cause or a voluntary termination of employment by Executive, such termination will be governed by the provisions of Sections 6.2 or 6.4, respectively. Further, in the event that Executive's employment terminates at the end of the Term, and ABM had not offered to renew Executive's employment upon materially similar terms and conditions, provided Executive is in compliance with his obligations under Section 5 and Exhibit A, Company will pay Executive an amount equal to one times the sum of Executive's base salary and target Bonus, in equal installments in accordance with Company's normal payroll practice over the twelve-month period following Executive's termination of employment; provided further that such payments shall cease upon the earlier of Executive commencing full time employment which does not violate Section 5 of this Agreement or ABM's written notification to Executive that it is waiving its rights under Section 5.5. Executive's eligibility to receive the prorated Bonus and/or the one times the sum of Executive's base salary and target Bonus are conditioned on: (x) Executive having first signed a release agreement in the form provided by Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment; and (y) Executive's continued compliance with all continuing obligations under this Agreement. Subject to Section 3.2, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease.
- 6.2 **TERMINATION BY COMPANY FOR CAUSE.** Company may terminate Executive's employment with Company at any time, without any advance notice, upon a good faith determination by Company, for Cause. Where Company terminates Executive's employment for Cause, Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination. Thereafter, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease. For purposes of this Agreement, "Cause" shall mean the occurrence of one of the following: (i) Executive's serious misconduct, dishonesty, disloyalty, or insubordination; (ii) Executive's conviction (or entry of a plea bargain admitting criminal guilt) of any felony or a misdemeanor involving moral turpitude; (iii) drug or alcohol abuse that has a material or potentially material effect on Company's reputation and/or on the performance of Executive's duties and responsibilities under this Agreement; (iv)

Executive's failure to substantially perform Executive's duties and responsibilities under this Agreement for reasons other than death or Disability, as defined below; (v) Executive's repeated inattention to duty for reasons other than death or Disability; (vi) Executive's material violation of Company's Code of Business Conduct; and (vii) any other material breach of this Agreement by Executive.

- 6.3 **NOTICE TERMINATION BY COMPANY.** Company may terminate Executive's employment with Company upon sixty (60) days' notice to Executive at any time, for any reason or no reason at all ("Notice") or, in Company's sole discretion, with sixty (60) days' pay in lieu of notice, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of Company relating to the employment, discipline or termination of its employees. Where Company terminates Executive's employment with Notice, and Executive's employment is not terminated due to the expiration of the Term, Cause, death or Disability (as defined below): (i) Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination; and (ii) severance benefits as described on Appendix B hereto ("Severance Benefits"); provided, that, notwithstanding anything to the contrary set forth in this Agreement, Executive's eligibility to receive the Severance Benefits is conditioned on (x) Executive having first signed a release agreement in the form provided by Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment and (y) Executive's continued compliance with all continuing obligations under this Agreement, including but not limited to those set forth in Section 5. Subject to Section 3.2, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease.
- 6.4 **VOLUNTARY TERMINATION BY EXECUTIVE.** Executive may give sixty (60) days' written notice of Executive's resignation of employment at any time during the Term of this Agreement, and Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination. Thereafter, subject to Section 3.2, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease. Company reserves the right to relieve Executive of Executive's duties at Company's discretion following notice of Executive's intent to resign.
- 6.5 **DEATH OR DISABILITY.** Executive's employment hereunder shall automatically terminate upon the death of Executive and may be terminated at Company's discretion as a result of Executive's Disability. "Disability" means Executive's substantial inability to perform Executive's essential duties and responsibilities under this Agreement for either 90 consecutive days or a total of 120 days out of 365 consecutive days as a result of a physical or mental illness, injury or impairment, all as determined in good faith by Company. If Executive's employment is terminated due to the Executive's death or Disability, Executive, or, upon death, Executive's designated beneficiary or estate, as applicable, shall: (i) receive all compensation

to which Executive is entitled up through the date of termination; and (ii) be eligible to receive a prorated Bonus based on the length of performance in the applicable performance period prior to death or Disability. In the case of Disability, Executive's eligibility to receive the prorated Bonus is conditioned on: (x) Executive having first signed a release agreement in the form provided by Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment; and (y) Executive's continued compliance with all continuing obligations under this Agreement, including but not limited to those set forth in Section 5. Thereafter, subject to Section 3.2, Executive and Executive's designated beneficiary or estate, as applicable, shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease.

- 6.6 **TIMING OF PAYMENTS.** In the event that Executive becomes entitled to receive payments pursuant to Section 6, Executive shall receive such payments pursuant to the terms set forth in this Agreement, including the provisions regarding Section 409A set forth in Appendix B. Any prorated Bonus that becomes payable to Executive pursuant to Section 6.5 shall be paid to Executive at the end of the applicable performance period when such payments are made to other participants and in accordance with the terms of the applicable plan or program, provided that in no event shall any such payment be made to Executive later than March 15th of the calendar year following the calendar year in which Executive incurs a Disability. For the avoidance of doubt, the parties intend that any payments that become payable to Executive pursuant to Section 6.5 shall be exempt from Section 409A as a short-term deferral within the meaning of Treasury Regulation section 1.409A-1(d).
- 6.7 **EXCESS PARACHUTE PAYMENTS.** Subject to a release between Executive and Company approved by the Board of Directors or the Compensation Committee of ABM Industries Incorporated, if the Severance Benefits, an equity award, and/or any other benefit provided based on an agreement between Executive and Company would be an excess parachute payment ("Total Benefits"), but for the application of this Section, then the Total Benefits will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an excess parachute payment; provided, however, that the foregoing reduction will not be made if such reduction would result in Executive receiving an amount determined on an after-tax basis, taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law and any applicable federal, state and local income and employment taxes (the "After-Tax Amount") less than ninety percent (90%) of the After-Tax Amount of the Total Benefits without regard to this clause. Whether requested by the Executive or Company, the determination of whether any reduction in Total Benefits to be provided to Executive is required pursuant this Section, and the value to be assigned to the Executive's covenants in Section 5 hereof for purposes of determining the amount, if any, of the "excess parachute payment" under Section 280G of the Code will be made at the expense

of Company by Company's independent accountants or benefits consultant. The determination of whether any reduction in Severance Benefits, equity award(s) and/or any other agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of Company by independent accountants selected by Company or Company's benefits consultant. The fact that Executive's right to Total Benefits may be reduced by reason of the limitations contained in this paragraph will not of itself limit or otherwise affect any other rights of Executive under any other agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this Section, Executive will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section, to the extent that the payments or benefits does not constitute deferred compensation within the meaning of Section 409A. Company will provide Executive with all information reasonably requested by Executive to permit Executive to make such designation. The term "excess parachute payment" as used in this paragraph means a payment that creates an obligation for Executive to pay excise taxes under Section 280G of the Internal Revenue Code of 1986, as amended, or any successor statute.

- 6.8 **ACTIONS UPON TERMINATION.** Upon termination of Executive's employment for any reason, Executive shall be deemed to have immediately resigned as an officer and/or director of Company and of any Company subsidiaries or affiliates, including any LLCs or joint ventures, as applicable. Further, if during employment Executive held any membership or position as a representative of Company for any outside organization (such as BOMA, IREM, IFMA or BSCIA), or as a trustee for a union trust fund (such as a Taft-Hartley or similar fund), upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from such membership or position, or trustee position, and shall cooperate fully with Company in any process whereby Company designates a new representative to replace the position vacated by Executive. Executive also agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment with Company belongs to Company and shall be promptly returned to Company upon termination of Executive's employment.
- 6.9 **WITHHOLDING AUTHORIZATION.** To the fullest extent permitted under the laws of the State of Employment hereunder, Executive authorizes Company to withhold from any Severance Benefits otherwise due to Executive and from any other funds held for Executive's benefit by Company, any damages or losses sustained by Company as a result of any material breach or other material violation of this Agreement by Executive, pending resolution of any underlying dispute.

7. NOTICES.

- 7.1 ADDRESSES. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and delivered in person, or sent prepaid by certified mail, overnight express, or electronically to the party named at the address set forth below or at such other address as either party may hereafter designate in writing to the other party:

Executive: James P. McClure
Address on file with the Company

Company: ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, NY 10176
Attention: Chief Executive Officer

Copy: ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, NY 10176
Attention: Senior Vice President of Human Resources

- 7.2 RECEIPT. Any such notice shall be assumed to have been received when delivered in person or 48 hours after being sent in the manner specified above.

8. GENERAL PROVISIONS.

- 8.1 GOVERNING LAW. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Employment, which, for purposes of this Agreement, shall mean the state where Executive is regularly and customarily employed and where Executive's primary office is located.
- 8.2 NO WAIVER. Failure by either party to enforce any term or condition of this Agreement at any time shall not preclude that party from enforcing that provision, or any other provision of this Agreement, at any later time.
- 8.3 SEVERABILITY. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any provision of this Agreement would be held in any jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be either automatically deemed so

narrowly drawn, or any court of competent jurisdiction is hereby expressly authorized to redraw it in that manner, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

- 8.4 SURVIVAL. All terms and conditions of this Agreement which by reasonable implication are meant to survive the termination of this Agreement, including but not limited to the provisions of Sections 5.1 – 5.9 of this Agreement, shall remain in full force and effect after the termination of this Agreement.
- 8.5 REPRESENTATIONS BY EXECUTIVE. Executive represents and agrees that Executive has carefully read and fully understands all of the provisions of this Agreement, that Executive is voluntarily entering into this Agreement and has been given an opportunity to review all aspects of this Agreement with an attorney, if Executive chooses to do so. Executive also represents that Executive will not make any unauthorized use of any confidential or proprietary information of any third party in the performance of Executive's duties under this Agreement and that Executive is under no obligation to any prior employer or other entity that would preclude or interfere with the full and good faith performance of Executive's obligations hereunder.
- 8.6 ENTIRE AGREEMENT. Unless otherwise specified herein, this Agreement, together with Appendices A and B, sets forth every contract, understanding and arrangement as to the employment relationship between Executive and Company, and may only be changed by a written amendment signed by both Executive and Company's Chief Executive Officer or Senior Vice President of Human Resources. The parties agree that this Agreement is an amendment and restatement of that certain Executive Employment Agreement dated November 1, 2014.
- 8.6.a NO EXTERNAL EVIDENCE. The parties intend that this Agreement speak for itself, and that no evidence with respect to its terms and conditions other than this Agreement itself may be introduced in any arbitration or judicial proceeding to interpret or enforce this Agreement.
- 8.6.b OTHER AGREEMENTS. It is specifically understood and agreed that this Agreement supersedes all oral and written agreements between Executive and Company prior to the date of this Agreement, provided, however, that any Change in Control Agreement shall remain in full force and effect according to its terms. It is also expressly understood and agreed that Executive is not eligible to participate in any Company's severance policy, including, without limitation, the Company's Senior Executive Severance Pay Policy. It is also expressly understood that, notwithstanding any provision to the contrary contained in this Agreement (whether explicit or

implicit), the terms and restrictions set forth in any prior agreement regarding assignment of intellectual property or restrictions on competition, solicitation of employees, or solicitation of customers, including, but not limited to, any such provision in any Asset Purchase Agreement, Merger Agreement, Stock Purchase Agreement or any agreement ancillary thereto entered into by and between Executive and any Company-affiliated entity setting forth Executive's duties under a Covenant Not To Compete in connection with the sale of such assets, shall also remain in full force and effect during employment and thereafter.

- 8.7.c AMENDMENTS. This Agreement may not be amended except in a writing approved by the Chief Executive Officer or Senior Vice President of Human Resources and signed by the Executive.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, Executive and Company have executed this Agreement as of the date set forth above.

Executive: James P. McClure

Signature: /s/ James P. McClure _____

Date: January 13, 2015 _____

Company: ABM Industries Incorporated

Signature: /s/ Sudhakar Kesavan _____

Name: Sudhakar Kesavan

Title: Chair of the Compensation Committee

Date: January 13, 2015 _____

APPENDIX A

- A. **ASSIGNMENT.** Executive hereby assigns, and agrees to assign, to Company, without additional compensation, Executive's entire right, title and interest in and to (a) all Creations, and (b) all benefits, privileges, causes of action and remedies relating to the Creations, whether before or hereafter accrued (including, without limitation, the exclusive rights to apply for and maintain all such registrations, renewals and/or extensions; to sue for all past, present or future infringements or other violations of any rights in the Creation; and to settle and retain proceeds from any such actions). As used herein, the term Creations includes, but is not limited to, creations, inventions, works of authorship, ideas, processes, technology, formulas, software programs, writings, designs, discoveries, modifications and improvements, whether or not patentable or reduced to practice and whether or not copyrightable, that relate in any manner to the actual or demonstrably anticipated business or research and development of Company or its affiliates, and that are made, conceived or developed by Executive (either alone or jointly with others), or result from or are suggested by any work performed by Executive (either alone or jointly with others) for or on behalf of Company or its affiliates: (i) during the period of Executive's employment with Company, whether or not made, conceived or developed during regular business hours; or (ii) after termination of Executive's employment if based on Confidential Information. Executive agrees that all such Creations are the sole property of Company or any other entity designated by it, and, to the maximum extent permitted by applicable law, any copyrightable Creation will be deemed a work made for hire. If the State of Employment is California, Executive UNDERSTANDS THAT THIS PARAGRAPH DOES NOT APPLY TO ANY CREATION WHICH QUALIFIES FULLY UNDER THE PROVISIONS OF SECTION 2870 OF THE LABOR CODE OF THE STATE OF CALIFORNIA, A COPY OF WHICH IS ATTACHED BELOW. Executive understands that nothing in this Agreement is intended to expand the scope of protection provided to Executive by Sections 2870 through 2872 of the California Labor Code.
- B. **DISCLOSURE.** Executive agrees to disclose promptly and fully to Executive's immediate supervisor at Company, and to hold in confidence for the sole right, benefit and use of Company, any and all Creations made, conceived or developed by Executive (either alone or jointly with others) during Executive's employment with Company, or within one (1) year after the termination of Executive's employment if based on Confidential Information. Such disclosure will be received and held in confidence by Company. In addition, Executive agrees to keep and maintain adequate and current written records on the development of all Creations made, conceived or developed by Executive (either alone or jointly with others) during Executive's period of employment or during the one-year period following termination of Executive's employment, which records will be available to and remain the sole property of Company at all times.

- C. ASSIST WITH REGISTRATION. Executive agrees that Executive will, at Company's request, promptly execute a written assignment of title for any Creation required to be assigned by Section B. Executive further agrees to perform, during and after Executive's employment, all acts deemed necessary or desirable by Company to assist it (at its expense) in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Creation assigned to Company pursuant to Section B. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Should Company be unable to secure Executive's signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright, or other right or protection relating to any Creation, whether due to Executive's mental or physical incapacity or any other cause, Executive hereby irrevocably designates and appoints Company and each of its duly authorized officers and agents as Executive's agent and attorney-in-fact, to undertake such acts in Executive's name as if executed and delivered by Executive, and Executive waives and quitclaims to Company any and all claims of any nature whatsoever that Executive may not have or may later have for infringement of any intellectual property rights in the Creations. Company will compensate Executive at a reasonable rate for time actually spent by Executive at Company's request on such assistance at any time following termination of Executive's employment with Company.

**CALIFORNIA LABOR CODE
SECTION 2870-2872**

2870. (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

2871. No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by

the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

2872. If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

APPENDIX B

Severance

18 months base pay and target Bonus

In addition, ABM will pay Executive a prorated portion of his Bonus for the fraction of the fiscal year that has been completed prior to the date of termination based on ABM's actual performance for the entire fiscal year. The prorated portion of the Bonus shall be paid at such time as bonuses are paid to employees generally, but in no event later than March 15th of the year following the end of the fiscal year in which the bonus is no longer subject to a substantial risk of forfeiture.

Except as set forth below, severance payments will be made in semi-monthly installments.

Section 409A

Notwithstanding the above, Executive shall not be considered to have terminated employment with ABM for purposes of this Agreement and no payments shall be due to Executive under this Agreement unless Executive would be considered to have incurred a "separation from service" from ABM within the meaning of Section 409A of the Internal Revenue Code ("Section 409A"). Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A, and any severance pay payments that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six months following Executive's termination of employment (or upon the officer's death, if earlier). In addition, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, if the Executive terminates employment after October 15th, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement prior to December 31st of the year in which the termination of employment occurs shall, subject to the previous sentence of this section, instead be paid on the first business day following January 1st of the year following Executive's termination of employment.

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (“Agreement”) is effective January 13, 2015, (“Effective Date”) by and between **Tracy K. Price** (“Executive”) and **ABM Industries Incorporated**, a Delaware corporation (“Company” or “ABM”).

- 1. EMPLOYMENT.** In consideration of the terms and commitments contained in this Agreement, Executive agrees to and acknowledges the following:
- 2. TERM, RESPONSIBILITIES AND TITLE.** The term of this Agreement shall be from the Effective Date through: (i) October 31, 2017; or (ii) the date upon which Executive’s employment is terminated in accordance with Section 6 (the “Term”). Executive shall assume and perform such duties, functions and responsibilities relating to Executive’s employment with Company as may be assigned from time to time by Company. Executive’s title shall be Executive Vice President and President, Building and Energy Solutions of Company, subject to modification as determined by Company’s Board of Directors (“Board”).
- 3. COMPENSATION.**
 - 3.1 SALARY, BONUS, AND INCENTIVE PLAN PARTICIPATION.** Company agrees to compensate Executive, and Executive agrees to accept as compensation in full, a base salary, less applicable state and federal withholdings, paid according to Company’s standard payroll practices. Executive will also be eligible for short-term discretionary incentive awards pursuant to the terms of the Performance Incentive Program or any applicable successor program (“Bonus”), subject to the terms and conditions of the applicable program. Further, Executive is eligible to receive awards under the 2006 Equity Incentive Plan, as amended and restated, or any applicable successor plan, subject to the terms and conditions of the applicable plan and as determined by Company in its discretion.
 - 3.2 POST-EMPLOYMENT HEALTH INSURANCE ASSISTANCE.** Subject to Section 409A as set forth in Appendix B, upon the termination of Executive’s employment for any reason (other than for Cause by Company, as defined below in Section 6.2) and concluding no later than 9 years after such termination, ABM, upon termination of Executive’s employment, on each anniversary of such date thereafter, and concluding with the ninth anniversary of such date, shall pay Executive \$10,000 per year to assist Executive in purchasing health insurance for Executive and his spouse. In the event that Executive dies prior to the expiration of such ten-year period, ABM shall pay Executive’s surviving spouse \$10,000 per year, as described above, until the first to occur of (i) the death of Executive’s spouse or (ii) the end of the ten-year period. This post-employment health insurance assistance shall be paid to Executive in addition to Severance Benefits (if any) or any other post-employment payment or benefits expressly provided for in this Agreement.

4. **COMPLIANCE WITH LAWS AND POLICIES.** Executive shall dedicate his/her full business time and attention to the performance of duties hereunder, perform his/her duties in good faith and to a professional standard, and fully comply with all laws and regulations pertaining to the performance of his/her responsibilities, all ethical rules, ABM's Code of Business Conduct and Ethics, ABM's Recoupment Policy as well as any and all of policies, procedures and instructions of Company.
5. **RESTRICTIVE COVENANTS.** In consideration of the compensation, contract term, potential Severance Benefits, other post-termination payments, continued employment provided by Company, as well as the access Company will provide Executive to its Confidential Information, as defined below, and current and prospective customers, all as necessary for the performance of Executive's duties hereunder, Executive hereby agrees to the following during Executive's employment and thereafter as provided:
- 5.1 **CONFIDENTIAL INFORMATION DEFINED.** Confidential Information includes but is not limited to: (i) Company and its subsidiary companies' trade secrets, know-how, ideas, applications, systems, processes and other confidential information which is not generally known to and/or readily ascertainable through proper means by the general public; (ii) plans for business development, marketing, business plans and strategies, budgets and financial statements of any kind, costs and suppliers, including methods, policies, procedures, practices, devices and other means used by Company and its subsidiaries in the operation of its business, pricing plans and strategies, as well as information about Company and affiliated entity pricing structures and fees, unpublished financial information, contract provisions, training materials, profit margins and bid information; (iii) information regarding the skills, abilities, performance and compensation of other employees of Company or its subsidiaries, or of the employees of any company that contracts to provide services to Company or its subsidiaries; (iv) information of third parties to which Executive had access by virtue of Executive's employment, including, but not limited to information on customers, prospective customers, and/or vendors, including current or prospective customers' names, contact information, organizational structure(s), and their representatives responsible for considering the entry or entering into agreements for those services, and/or products provided by Company and its subsidiaries; customer leads or referrals; customer preferences, needs, and requirements (including customer likes and dislikes, as well as supply and staffing requirements) and the manner in which they have been met by Company or its subsidiaries; customer billing procedures, credit limits and payment practices, and customer information with respect to contract and relationship terms and conditions, pricing, costs, profits, sales, markets, plans for future business and other development; purchasing techniques, supplier lists; (v) information contained in Company's LCMS database, JDE , LMS or similar systems; and/or (vi) any and all information related to past, current or future acquisitions between Company or Company-affiliated entities including information used or relied upon for said acquisition ("Confidential Information").

- 5.2 NON-DISCLOSURE. Company and Executive acknowledge and agree that Company has invested significant effort, time and expense to develop its Confidential Information. Except in the proper performance of this Agreement, Executive agrees to hold all Confidential Information in the strictest confidence, and to refrain from making any unauthorized use or disclosure of such information both during Executive's employment and at all times thereafter. Except in the proper performance of this Agreement, Executive shall not directly or indirectly disclose, reveal, transfer or deliver to any other person or business, any Confidential Information which was obtained directly or indirectly by Executive from, or for, Company or its subsidiaries or by virtue of Executive's employment. This Confidential Information has unique value to Company and its subsidiaries, is not generally known or readily available by proper means to their competitors or the general public, and could only be developed by others after investing significant effort, time, and expense. Executive understands that Company or its subsidiaries would not make such Confidential Information available to Executive unless Company was assured that all such Confidential Information will be held in trust and confidence in accordance with this Agreement and applicable law. Executive hereby acknowledges and agrees to use this Confidential Information solely for the benefit of Company and its affiliated entities.
- 5.3 NON-SOLICITATION OF EMPLOYEES. Executive acknowledges and agrees that Company has developed its work force as the result of its investment of substantial time, effort, and expense. During the course and solely as a result of Executive's employment with Company, Executive will come into contact with officers, directors, employees, and/or independent contractors of Company and affiliated-entities, develop relationships with and acquire information regarding their knowledge, skills, abilities, salaries, commissions, benefits, and/or other matters that are not generally known to the public. Executive further acknowledges and agrees that hiring, recruiting, soliciting, or inducing the termination of such individuals will cause increased expenses and a loss of business. Accordingly, Executive agrees that while employed by Company and for a period of twelve months following the termination of Executive's employment (whether termination is voluntary or involuntary), Executive will not directly or indirectly solicit, hire, recruit or otherwise encourage, assist in or arrange for any officer, director, employee, and/or independent contractor to terminate his/her business relationship with Company or any other Company-affiliated entity except in the proper performance of this Agreement. This prohibition against solicitation shall include but not be limited to: (i) identifying to other companies or their agents, recruiting or staffing firms, or other third parties Company officers, directors, employees, or independent contractors who have specialized knowledge concerning Company's business, operations, processes, methods, or other confidential affairs or who have contacts, experience, or relationships with particular customers; (ii) disclosing or commenting to other companies or their agents, recruiting or staffing firms, or other third parties regarding the quality or quantity of work, specialized knowledge, or personal characteristics

of any person still engaged by Company or any other Company-affiliated entity; and (iii) providing such information to prospective companies or their agents, recruiting or staffing firms, or other third parties preceding possible engagement.

- 5.4 **NON-SOLICITATION OF CUSTOMERS.** Executive acknowledges and agrees that Company and its subsidiaries have identified, solicited, and developed their customers and developed customer relationships as the result of their investment of significant time, effort, and expense and that Company has a legitimate business interest in protecting these relationships. Executive further acknowledges that Executive would not have been privy to these relationships were it not for Executive's employment by Company. Executive further acknowledges and agrees that the loss of such customers and clients would damage Company and potentially cause Company great and irreparable harm. Consequently, Executive covenants and agrees that during and for twelve months following the termination of Executive's employment with Company (whether such termination is voluntary or involuntary), Executive shall not, directly or indirectly, for the benefit of any person or entity other than Company, attempt to seek, seek, attempt to solicit, solicit, or accept work from any customer, client or active customer prospect: (i) with whom Executive developed a relationship while employed by Company or otherwise obtained Confidential Information about for the purpose of diverting business from Company or an affiliated entity; and (ii) that is located in a state or foreign country in which: (a) the Executive performed work, services, or engaged in business activity on behalf of Company within the twelve-month period preceding the effective date of Executive's termination of employment; and/or (b) where Company has business operations and Executive was provided Confidential Information regarding Company's business activities in those territories within the twelve-month period preceding the effective date of Executive's termination of employment. This Section 5.4 shall not apply if the State of Employment is California.
- 5.5 **POST EMPLOYMENT COMPETITION.** Executive agrees that while employed by Company and for a period of twelve months following Executive's termination of employment (whether such termination is voluntary or involuntary), Executive shall not work, perform services for, or engage in any business, enterprise, or operation that engages in a Competing Business (as defined below) in a Restricted Territory (as defined below). For purposes of this Agreement, "Competing Business" means the provision of any goods, products, or services that are the same or substantially similar to those provided by Company, or any Company-affiliated entity of which Executive had Confidential Information, in the twelve month period preceding the effective date of Executive's termination of employment. Executive acknowledges that Company and its subsidiaries are engaged in business in various states throughout the U.S. and various international locations. Accordingly, and in view of the nature of Executive's nationwide position and responsibilities, "Restricted Territory" as used herein means each state and each foreign country: (i) in which Executive performed work, services, or engaged in business activity on behalf of Company within the twelve-month period preceding the effective date of Executive's

termination of employment; and/or (ii) where Company has business operations and Executive was provided Confidential Information regarding Company's business activities in those territories within the twelve-month period preceding the effective date of Executive's termination of employment. The restrictions in Section 5.5 shall only apply if, within the twelve month period prior to the effective date of Executive's termination, Executive was employed by Company to perform sales, marketing, and/or operational activities, or was directly involved in corporate development and strategy (i.e. mergers, acquisitions, divestitures and/or other corporate strategic initiatives) for Company or its subsidiaries/affiliates. Further, Section 5.5 shall not apply if the State of Employment is California.

- 5.6 NON-DISPARAGEMENT. Following the severance of Executive's employment for any reason, Executive agrees not to make any statement or take any action which disparages, defames, or places in a negative light Company, Company-affiliated entities, or its or their reputation, goodwill, commercial interests or past and present officers, directors and employees.
- 5.7 CREATIONS. The terms and conditions set forth in Appendix A attached hereto are hereby incorporated by reference as though fully set forth herein.
- 5.8 CONFIDENTIAL INFORMATION OF OTHERS. Executive will not use, disclose to Company or induce Company to use any legally protected confidential, proprietary or trade secret information or material belonging to others which comes into Executive's knowledge or possession at any time, nor will Executive use any such legally protected information or material in the course of Executive's employment with Company. Executive has no other agreements or relationships with or commitments to any other person or entity that conflicts with Executive's obligations to Company as an employee of Company or under this Agreement, and Executive represents that Executive's employment will not require Executive to violate any legal obligations to any third-party. In the event Executive believes that Executive's work at Company would make it difficult for Executive not to disclose to Company any legally protected confidential, proprietary or trade secret information or materials belonging to others, Executive will immediately inform Company's Senior Vice President of Human Resources. Executive has not entered into, and Executive agrees Executive will not enter into, any oral or written agreement in conflict with this Agreement.
- 5.9 COOPERATION WITH LEGAL MATTERS. During Executive's employment with Company and thereafter, Executive shall cooperate with Company and any Company-affiliated entity in its or their investigation, defense or prosecution of any potential, current or future legal matter in any forum, including but not limited to lawsuits, administrative charges, audits, arbitrations, and internal and external investigations. Executive's cooperation shall include, but is not limited to, reviewing and preparing documents and reports, meeting with attorneys representing any Company-affiliated entity, providing truthful testimony, and communicating

Executive's knowledge of relevant facts to any attorneys, experts, consultants, investigators, employees or other representatives working on behalf of an Company-affiliated entity. Except as required by law, Executive agrees to treat all information regarding any such actual or potential investigation or claim as confidential. Executive also agrees not to discuss or assist in any litigation, potential litigation, claim, or potential claim with any individual (or their attorney or investigator) who is pursuing, or considering pursuing, any claims against Company or a Company-affiliated entity unless required by law. In performing the tasks outlined in this Section 5.9, Executive shall be bound by the covenants of good faith and veracity set forth in ABM's Code of Business Conduct and Ethics and by all legal obligations. Nothing herein is intended to prevent Executive from complying in good faith with any subpoena or other affirmative legal obligation. Executive agrees to notify Company immediately in the event there is a request for information or inquiry pertaining to Company, any Company-affiliated entity, or Executive's knowledge of or employment with Company. In performing responsibilities under this Section following termination of employment for any reason and after Executive has received all Severance Benefits (as defined below) which Executive is eligible to receive pursuant to Section 6.2 ("Severance Period"), if any, or after Executive has received all post-employment payments which Executive is eligible to receive pursuant to Section 6.1, if any, Executive shall be compensated for Executive's time at an hourly rate of \$250 per hour. However, during any period in which Executive is an employee of Company or during the Severance Period, Executive shall not be so compensated.

- 5.10 REMEDIES AND DAMAGES. The parties agree that compliance with Sections 5.1 – 5.7 of the Agreement and Appendix A is necessary to protect the business and goodwill of Company, that the restrictions contained herein are reasonable and that any breach of this Section will result in irreparable and continuing harm to Company, for which monetary damages will not provide adequate relief. Accordingly, in the event of any actual or threatened breach of any covenant or promise made by Executive in Section 5, Company and Executive agree that Company shall be entitled to all appropriate remedies, including temporary restraining orders and injunctions enjoining or restraining such actual or threatened breach. Executive hereby consents to the issuance thereof forthwith by any court of competent jurisdiction.
- 5.11 LIMITATIONS. Nothing in this Agreement shall be binding upon the parties to the extent it is void or unenforceable for any reason in the State of Employment, including, without limitation, as a result of any law regulating competition or proscribing unlawful business practices; provided, however, that to the extent that any provision in this Agreement could be modified to render it enforceable under applicable law, it shall be deemed so modified and enforced to the fullest extent allowed by law.

6. TERMINATION OF EMPLOYMENT.

- 6.1 **TERMINATION UPON EXPIRATION OF TERM.** Unless ABM and Executive mutually agree in writing to extend the Term, Executive's employment shall terminate at the expiration of the Term. In the event that Executive's employment is terminated in connection with the expiration of the Term, Company shall pay to Executive (i) all compensation to which Executive is entitled up through the date of termination; and (ii) a prorated portion of Executive's Bonus for the fraction of the fiscal year that has been completed prior to the date of termination based on ABM's actual performance for the entire fiscal year; provided, however, that if the expiration of the Term is in connection with a termination of employment for Cause or a voluntary termination of employment by Executive, such termination will be governed by the provisions of Sections 6.2 or 6.4, respectively. Further, in the event that Executive's employment terminates at the end of the Term, and ABM had not offered to renew Executive's employment upon materially similar terms and conditions, provided Executive is in compliance with his obligations under Section 5 and Exhibit A, Company will pay Executive an amount equal to one times the sum of Executive's base salary and target Bonus, in equal installments in accordance with Company's normal payroll practice over the twelve month period following Executive's termination of employment; provided further that such payments shall cease upon the earlier of Executive commencing full time employment which does not violate Section 5 of this Agreement or, if Executive on the date of termination of employment is subject to Section 5.5, ABM's written notification to Executive that it is waiving its rights under Section 5.5. Executive's eligibility to receive the prorated Bonus and/or the one times the sum of Executive's base salary and target Bonus are conditioned on: (x) Executive having first signed a release agreement in the form provided by Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment; and (y) Executive's continued compliance with all continuing obligations under this Agreement. Subject to Section 3.2, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease.
- 6.2 **TERMINATION BY COMPANY FOR CAUSE.** Company may terminate Executive's employment with Company at any time, without any advance notice, upon a good faith determination by Company, for Cause. Where Company terminates Executive's employment for Cause, Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination. Thereafter, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease. For purposes of this Agreement, "Cause" shall mean the occurrence of one of the following: (i) Executive's serious misconduct, dishonesty, disloyalty, or insubordination; (ii) Executive's conviction (or entry of a plea bargain admitting criminal guilt) of any felony or a misdemeanor involving moral turpitude; (iii) drug or alcohol abuse that has a material or potentially material effect on Company's reputation and/or on the

performance of Executive's duties and responsibilities under this Agreement; (iv) Executive's failure to substantially perform Executive's duties and responsibilities under this Agreement for reasons other than death or Disability, as defined below; (v) Executive's repeated inattention to duty for reasons other than death or Disability; (vi) Executive's material violation of Company's Code of Business Conduct; and (vii) any other material breach of this Agreement by Executive.

- 6.3 **NOTICE TERMINATION BY COMPANY.** Company may terminate Executive's employment with Company upon sixty (60) days' notice to Executive at any time, for any reason or no reason at all ("Notice") or, in Company's sole discretion, with sixty (60) days' pay in lieu of notice, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of Company relating to the employment, discipline or termination of its employees. Where Company terminates Executive's employment with Notice, and Executive's employment is not terminated due to the expiration of the Term, Cause, death or Disability (as defined below): (i) Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination; and (ii) severance benefits as described on Appendix B hereto ("Severance Benefits"); provided, that, notwithstanding anything to the contrary set forth in this Agreement, Executive's eligibility to receive the Severance Benefits is conditioned on (x) Executive having first signed a release agreement in the form provided by Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment and (y) Executive's continued compliance with all continuing obligations under this Agreement, including but not limited to those set forth in Section 5. Subject to Section 3.2, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease.
- 6.4 **VOLUNTARY TERMINATION BY EXECUTIVE.** Executive may give sixty (60) days' written notice of Executive's resignation of employment at any time during the Term of this Agreement, and Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination. Thereafter, subject to Section 3.2, Executive shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease. Company reserves the right to relieve Executive of Executive's duties at Company's discretion following notice of Executive's intent to resign.
- 6.5 **DEATH OR DISABILITY.** Executive's employment hereunder shall automatically terminate upon the death of Executive and may be terminated at Company's discretion as a result of Executive's Disability. "Disability" means Executive's substantial inability to perform Executive's essential duties and responsibilities under this Agreement for either 90 consecutive days or a total of 120 days out of 365 consecutive days as a result of a physical or mental illness, injury or impairment, all as determined in good faith by Company. If Executive's employment is terminated due to the Executive's death or Disability, Executive, or, upon death, Executive's

designated beneficiary or estate, as applicable, shall: (i) receive all compensation to which Executive is entitled up through the date of termination; and (ii) be eligible to receive a prorated Bonus based on the length of performance in the applicable performance period prior to death or Disability. In the case of Disability, Executive's eligibility to receive the prorated Bonus is conditioned on: (x) Executive having first signed a release agreement in the form provided by Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment; and (y) Executive's continued compliance with all continuing obligations under this Agreement, including but not limited to those set forth in Section 5. Thereafter, subject to Section 3.2, Executive and Executive's designated beneficiary or estate, as applicable, shall not have any other rights or claims under this Agreement, and all other obligations of Company under this Agreement shall cease.

- 6.6 **TIMING OF PAYMENTS.** In the event that Executive becomes entitled to receive payments pursuant to Section 6, Executive shall receive such payments pursuant to the terms set forth in this Agreement, including the provisions regarding Section 409A set forth in Appendix B. Any prorated Bonus that becomes payable to Executive pursuant to Section 6.5 shall be paid to Executive at the end of the applicable performance period when such payments are made to other participants and in accordance with the terms of the applicable plan or program, provided that in no event shall any such payment be made to Executive later than March 15th of the calendar year following the calendar year in which Executive incurs a Disability. For the avoidance of doubt, the parties intend that any payments that become payable to Executive pursuant to Section 6.5 shall be exempt from Section 409A as a short-term deferral within the meaning of Treasury Regulation section 1.409A-1(d).
- 6.7 **EXCESS PARACHUTE PAYMENTS.** Subject to a release between Executive and Company approved by the Board of Directors or the Compensation Committee of ABM Industries Incorporated, if the Severance Benefits, an equity award, and/or any other benefit provided based on an agreement between Executive and Company would be an excess parachute payment ("Total Benefits"), but for the application of this Section, then the Total Benefits will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an excess parachute payment; provided, however, that the foregoing reduction will not be made if such reduction would result in Executive receiving an amount determined on an after-tax basis, taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law and any applicable federal, state and local income and employment taxes (the "After-Tax Amount") less than ninety percent (90%) of the After-Tax Amount of the Total Benefits without regard to this clause. Whether requested by the Executive or Company, the determination of whether any reduction in Total Benefits to be provided to Executive is required pursuant this Section, and the value to be assigned to the Executive's covenants in Section 5 hereof for purposes of determining the amount, if any, of the "excess

parachute payment” under Section 280G of the Code will be made at the expense of Company by Company's independent accountants or benefits consultant. The determination of whether any reduction in Severance Benefits, equity award(s) and/or any other agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of Company by independent accountants selected by Company or Company's benefits consultant. The fact that Executive's right to Total Benefits may be reduced by reason of the limitations contained in this paragraph will not of itself limit or otherwise affect any other rights of Executive under any other agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this Section, Executive will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section, to the extent that the payments or benefits does not constitute deferred compensation within the meaning of Section 409A. Company will provide Executive with all information reasonably requested by Executive to permit Executive to make such designation. The term “excess parachute payment” as used in this paragraph means a payment that creates an obligation for Executive to pay excise taxes under Section 280G of the Internal Revenue Code of 1986, as amended, or any successor statute.

- 6.8 **ACTIONS UPON TERMINATION.** Upon termination of Executive's employment for any reason, Executive shall be deemed to have immediately resigned as an officer and/or director of Company and of any Company subsidiaries or affiliates, including any LLCs or joint ventures, as applicable. Further, if during employment Executive held any membership or position as a representative of Company for any outside organization (such as BOMA, IREM, IFMA or BSCIA), or as a trustee for a union trust fund (such as a Taft-Hartley or similar fund), upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from such membership or position, or trustee position, and shall cooperate fully with Company in any process whereby Company designates a new representative to replace the position vacated by Executive. Executive also agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment with Company belongs to Company and shall be promptly returned to Company upon termination of Executive's employment.
- 6.9 **WITHHOLDING AUTHORIZATION.** To the fullest extent permitted under the laws of the State of Employment hereunder, Executive authorizes Company to withhold from any Severance Benefits otherwise due to Executive and from any other funds held for Executive's benefit by Company, any damages or losses sustained by Company as a result of any material breach or other material violation of this Agreement by Executive, pending resolution of any underlying dispute.

7. NOTICES.

- 7.1 ADDRESSES. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and delivered in person, or sent prepaid by certified mail, overnight express, or electronically to the party named at the address set forth below or at such other address as either party may hereafter designate in writing to the other party:

Executive: Tracy K. Price
Address on file with the Company

Company: ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, NY 10176
Attention: Chief Executive Officer

Copy: ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, NY 10176
Attention: Senior Vice President of Human Resources

- 7.2 RECEIPT. Any such notice shall be assumed to have been received when delivered in person or 48 hours after being sent in the manner specified above.

8. GENERAL PROVISIONS.

- 8.1 GOVERNING LAW. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Employment, which, for purposes of this Agreement, shall mean the state where Executive is regularly and customarily employed and where Executive's primary office is located.
- 8.2 NO WAIVER. Failure by either party to enforce any term or condition of this Agreement at any time shall not preclude that party from enforcing that provision, or any other provision of this Agreement, at any later time.
- 8.3 SEVERABILITY. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any provision of this Agreement would be held in any jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be either automatically deemed so

narrowly drawn, or any court of competent jurisdiction is hereby expressly authorized to redraw it in that manner, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

- 8.4 SURVIVAL. All terms and conditions of this Agreement which by reasonable implication are meant to survive the termination of this Agreement, including but not limited to the provisions of Sections 5.1 – 5.9 of this Agreement, shall remain in full force and effect after the termination of this Agreement.
- 8.5 REPRESENTATIONS BY EXECUTIVE. Executive represents and agrees that Executive has carefully read and fully understands all of the provisions of this Agreement, that Executive is voluntarily entering into this Agreement and has been given an opportunity to review all aspects of this Agreement with an attorney, if Executive chooses to do so. Executive also represents that Executive will not make any unauthorized use of any confidential or proprietary information of any third party in the performance of Executive's duties under this Agreement and that Executive is under no obligation to any prior employer or other entity that would preclude or interfere with the full and good faith performance of Executive's obligations hereunder.
- 8.6 ENTIRE AGREEMENT. Unless otherwise specified herein, this Agreement, together with Appendices A and B, sets forth every contract, understanding and arrangement as to the employment relationship between Executive and Company, and may only be changed by a written amendment signed by both Executive and Company's Chief Executive Officer or Senior Vice President of Human Resources. The parties agree that this Agreement is an amendment and restatement of that certain Executive Employment Agreement dated November 1, 2014.
- 8.6.a NO EXTERNAL EVIDENCE. The parties intend that this Agreement speak for itself, and that no evidence with respect to its terms and conditions other than this Agreement itself may be introduced in any arbitration or judicial proceeding to interpret or enforce this Agreement.
- 8.6.b OTHER AGREEMENTS. It is specifically understood and agreed that this Agreement supersedes all oral and written agreements between Executive and Company prior to the date of this Agreement, provided, however, that any Change in Control Agreement shall remain in full force and effect according to its terms. It is also expressly understood and agreed that Executive is not eligible to participate in any Company's severance policy, including, without limitation, the Company's Senior Executive Severance Pay Policy. It is also expressly understood that, notwithstanding any provision to the contrary contained in this Agreement (whether explicit or

implicit), the terms and restrictions set forth in any prior agreement regarding assignment of intellectual property or restrictions on competition, solicitation of employees, or solicitation of customers, including, but not limited to, any such provision in any Asset Purchase Agreement, Merger Agreement, Stock Purchase Agreement or any agreement ancillary thereto entered into by and between Executive and any Company-affiliated entity setting forth Executive's duties under a Covenant Not To Compete in connection with the sale of such assets, shall also remain in full force and effect during employment and thereafter.

- 8.7.c AMENDMENTS. This Agreement may not be amended except in a writing approved by the Chief Executive Officer or Senior Vice President of Human Resources and signed by the Executive.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, Executive and Company have executed this Agreement as of the date set forth above.

Executive: Tracy K. Price

Signature: /s/ Tracy K. Price

Date: January 13, 2015

Company: ABM Industries Incorporated

Signature: /s/ Sudhakar Kesavan

Name: Sudhakar Kesavan

Title: Chair of the Compensation Committee

Date: January 13, 2015

APPENDIX A

- A. **ASSIGNMENT.** Executive hereby assigns, and agrees to assign, to Company, without additional compensation, Executive's entire right, title and interest in and to (a) all Creations, and (b) all benefits, privileges, causes of action and remedies relating to the Creations, whether before or hereafter accrued (including, without limitation, the exclusive rights to apply for and maintain all such registrations, renewals and/or extensions; to sue for all past, present or future infringements or other violations of any rights in the Creation; and to settle and retain proceeds from any such actions). As used herein, the term Creations includes, but is not limited to, creations, inventions, works of authorship, ideas, processes, technology, formulas, software programs, writings, designs, discoveries, modifications and improvements, whether or not patentable or reduced to practice and whether or not copyrightable, that relate in any manner to the actual or demonstrably anticipated business or research and development of Company or its affiliates, and that are made, conceived or developed by Executive (either alone or jointly with others), or result from or are suggested by any work performed by Executive (either alone or jointly with others) for or on behalf of Company or its affiliates: (i) during the period of Executive's employment with Company, whether or not made, conceived or developed during regular business hours; or (ii) after termination of Executive's employment if based on Confidential Information. Executive agrees that all such Creations are the sole property of Company or any other entity designated by it, and, to the maximum extent permitted by applicable law, any copyrightable Creation will be deemed a work made for hire. If the State of Employment is California, Executive UNDERSTANDS THAT THIS PARAGRAPH DOES NOT APPLY TO ANY CREATION WHICH QUALIFIES FULLY UNDER THE PROVISIONS OF SECTION 2870 OF THE LABOR CODE OF THE STATE OF CALIFORNIA, A COPY OF WHICH IS ATTACHED BELOW. Executive understands that nothing in this Agreement is intended to expand the scope of protection provided to Executive by Sections 2870 through 2872 of the California Labor Code.
- B. **DISCLOSURE.** Executive agrees to disclose promptly and fully to Executive's immediate supervisor at Company, and to hold in confidence for the sole right, benefit and use of Company, any and all Creations made, conceived or developed by Executive (either alone or jointly with others) during Executive's employment with Company, or within one (1) year after the termination of Executive's employment if based on Confidential Information. Such disclosure will be received and held in confidence by Company. In addition, Executive agrees to keep and maintain adequate and current written records on the development of all Creations made, conceived or developed by Executive (either alone or jointly with others) during Executive's period of employment or during the one-year period following termination of Executive's employment, which records will be available to and remain the sole property of Company at all times.

- C. ASSIST WITH REGISTRATION. Executive agrees that Executive will, at Company's request, promptly execute a written assignment of title for any Creation required to be assigned by Section B. Executive further agrees to perform, during and after Executive's employment, all acts deemed necessary or desirable by Company to assist it (at its expense) in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Creation assigned to Company pursuant to Section B. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Should Company be unable to secure Executive's signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright, or other right or protection relating to any Creation, whether due to Executive's mental or physical incapacity or any other cause, Executive hereby irrevocably designates and appoints Company and each of its duly authorized officers and agents as Executive's agent and attorney-in-fact, to undertake such acts in Executive's name as if executed and delivered by Executive, and Executive waives and quitclaims to Company any and all claims of any nature whatsoever that Executive may not have or may later have for infringement of any intellectual property rights in the Creations. Company will compensate Executive at a reasonable rate for time actually spent by Executive at Company's request on such assistance at any time following termination of Executive's employment with Company.

**CALIFORNIA LABOR CODE
SECTION 2870-2872**

2870. (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

2871. No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by

the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

2872. If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

APPENDIX B

Severance

18 months base pay and target Bonus

In addition, ABM will pay Executive a prorated portion of his Bonus for the fraction of the fiscal year that has been completed prior to the date of termination based on ABM's actual performance for the entire fiscal year. The prorated portion of the Bonus shall be paid at such time as bonuses are paid to employees generally, but in no event later than March 15th of the year following the end of the fiscal year in which the bonus is no longer subject to a substantial risk of forfeiture.

Except as set forth below, severance payments will be made in semi-monthly installments.

Section 409A

Notwithstanding the above, Executive shall not be considered to have terminated employment with ABM for purposes of this Agreement and no payments shall be due to Executive under this Agreement unless Executive would be considered to have incurred a "separation from service" from ABM within the meaning of Section 409A of the Internal Revenue Code ("Section 409A"). Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of Section 409A, and any severance pay payments that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following Executive's termination of employment shall instead be paid on the first business day after the date that is six months following Executive's termination of employment (or upon the officer's death, if earlier). In addition, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, if the Executive terminates employment after October 15th, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement prior to December 31st of the year in which the termination of employment occurs shall, subject to the previous sentence of this section, instead be paid on the first business day following January 1st of the year following Executive's termination of employment.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)**

I, Henrik C. Slipsager, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 4, 2015

/s/ Henrik C. Slipsager
Henrik C. Slipsager
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)**

I, James S. Lusk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 4, 2015

/s/ James S. Lusk
James S. Lusk
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATIONS PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(b) OR 15d-14(b) AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ABM Industries Incorporated (the "Company") for the quarter ended January 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Henrik C. Slipsager, Chief Executive Officer of the Company, and James S. Lusk, Chief Financial Officer of the Company, each certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 4, 2015

/s/ Henrik C. Slipsager
Henrik C. Slipsager
Chief Executive Officer
(Principal Executive Officer)

March 4, 2015

/s/ James S. Lusk
James S. Lusk
Chief Financial Officer
(Principal Financial Officer)