
**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, 2016

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

Number of shares of the registrant's common stock outstanding as of March 1, 2016: 56,091,277

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This Form 10-Q contains both historical and forward-looking statements. Forward-looking statements are not based on historical facts but instead reflect the current expectations, estimates, or projections of ABM Industries Incorporated (“ABM”), and its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”), concerning future results or events. In particular, such statements are included in Item 2., “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements generally can be identified by the use of forward-looking words or phrases, such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “intend,” “likely,” “may,” “outlook,” “plan,” “predict,” “should,” “target,” or other similar words or phrases. These statements are not guarantees of future performance and are inherently subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict and could cause our actual results to differ materially from those indicated by these statements. We cannot assure you that any of our expectations, estimates, or projections will be achieved. Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements. These factors include but are not limited to the following:

- changes to our businesses, operating structure, capital structure, or personnel relating to the implementation of our 2020 Vision strategic transformation initiative may not have the desired effects on our financial condition and results of operations;
- we have high deductibles for certain insurable risks, and therefore we are subject to volatility associated with those risks, including the possibility that our risk management and safety programs may not have the intended effect of allowing us to reduce our insurance costs for casualty programs and that our insurance reserves may need to be materially adjusted from time to time;
- our business success depends on our ability to preserve our long-term relationships with clients;
- our business success depends on retaining senior management and attracting and retaining qualified personnel;
- our acquisition strategy may adversely impact our results of operations;
- our captive insurance company may not generate the benefits that we expect;
- we are subject to intense competition that can constrain our ability to gain business as well as our profitability;
- increases in costs that we cannot pass on to clients could affect our profitability;
- 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;
- 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;
- federal health care reform legislation may adversely affect our business and results of operations;
- 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;
- 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;
- actions of activist investors could be disruptive and costly and could cause uncertainty about the strategic direction of our business; and
- disasters or acts of terrorism could disrupt services.

The list of factors above is illustrative and by no means exhaustive. 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, 2015 and in other reports we file from time to time with the Securities and Exchange Commission (including all amendments to those reports).

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 undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in millions, except share and per share amounts)

	January 31, 2016	October 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 55.9	\$ 55.5
Trade accounts receivable, net of allowances of \$10.0 and \$8.6 at January 31, 2016 and October 31, 2015, respectively	777.7	742.9
Prepaid expenses	82.2	68.6
Other current assets	37.2	27.0
Total current assets	953.0	894.0
Other investments	30.5	35.7
Property, plant and equipment, net of accumulated depreciation of \$155.4 and \$148.7 at January 31, 2016 and October 31, 2015, respectively	73.2	74.0
Other intangible assets, net of accumulated amortization of \$155.8 and \$149.4 at January 31, 2016 and October 31, 2015, respectively	130.3	111.4
Goodwill	910.7	867.5
Deferred income taxes, net	42.5	34.1
Other noncurrent assets	115.0	114.0
Total assets	\$ 2,255.2	\$ 2,130.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$ 176.5	\$ 179.1
Accrued compensation	115.8	128.8
Accrued taxes—other than income	40.8	31.6
Insurance claims	91.0	90.0
Income taxes payable	0.7	8.9
Other accrued liabilities	140.4	129.8
Total current liabilities	565.2	568.2
Noncurrent income taxes payable	54.2	53.2
Line of credit	286.7	158.0
Noncurrent insurance claims	301.7	297.4
Other noncurrent liabilities	51.7	46.4
Total liabilities	1,259.5	1,123.2
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; 56,045,640 and 56,105,761 shares issued and outstanding at January 31, 2016 and October 31, 2015, respectively	0.6	0.6
Additional paid-in capital	267.5	275.5
Accumulated other comprehensive loss, net of taxes	(13.5)	(5.1)
Retained earnings	741.1	736.5
Total stockholders' equity	995.7	1,007.5
Total liabilities and stockholders' equity	\$ 2,255.2	\$ 2,130.7

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended January 31,	
	2016	2015
<i>(in millions, except per share amounts)</i>		
Revenues	\$ 1,268.4	\$ 1,194.5
Expenses		
Operating	1,146.4	1,073.0
Selling, general and administrative	94.8	98.7
Restructuring and related	7.2	—
Amortization of intangible assets	6.4	6.0
Total expenses	1,254.8	1,177.7
Operating profit	13.6	16.8
Income from unconsolidated affiliates, net	2.4	1.5
Interest expense	(2.7)	(2.7)
Income from continuing operations before income taxes	13.3	15.6
Benefit from (provision for) income taxes	0.3	(1.3)
Income from continuing operations	13.6	14.3
Income from discontinued operations, net of income tax benefit	0.4	3.4
Net income	14.0	17.7
Other comprehensive income (loss):		
Foreign currency translation	(8.5)	(2.9)
Other	0.1	—
Comprehensive income	\$ 5.6	\$ 14.8
Net income per common share — Basic:		
Income from continuing operations	\$ 0.24	\$ 0.25
Income from discontinued operations	0.01	0.06
Net income	\$ 0.25	\$ 0.31
Net income per common share — Diluted:		
Income from continuing operations	\$ 0.24	\$ 0.25
Income from discontinued operations	—	0.06
Net income	\$ 0.24	\$ 0.31
Weighted-average common and common equivalent shares outstanding		
Basic	56.6	56.4
Diluted	57.1	57.2
Dividends declared per common share	\$ 0.165	\$ 0.160

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,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 14.0	\$ 17.7
Income from discontinued operations, net of income tax benefit	(0.4)	(3.4)
Income from continuing operations	13.6	14.3
Adjustments to reconcile income from continuing operations to net cash used in operating activities of continuing operations:		
Depreciation and amortization	14.3	13.8
Deferred income taxes	(8.1)	(0.3)
Share-based compensation expense	4.0	3.6
Provision for bad debt	2.1	1.2
Discount accretion on insurance claims	0.1	0.1
Gain on sale of assets	(0.1)	(0.7)
Income from unconsolidated affiliates, net	(2.4)	(1.5)
Distributions from unconsolidated affiliates	2.6	3.0
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	(20.9)	(28.3)
Prepaid expenses and other current assets	(6.7)	(4.8)
Other noncurrent assets	(2.9)	(1.3)
Trade accounts payable and other accrued liabilities	(15.5)	(12.4)
Insurance claims	5.3	(5.9)
Income taxes payable	4.7	(6.9)
Other noncurrent liabilities	1.7	(0.6)
Total adjustments	(21.8)	(41.0)
Net cash used in operating activities of continuing operations	(8.2)	(26.7)
Net cash used in operating activities of discontinued operations	(23.2)	(5.7)
Net cash used in operating activities	(31.4)	(32.4)
Cash flows from investing activities:		
Additions to property, plant and equipment	(6.8)	(6.4)
Proceeds from sale of assets	0.2	2.6
Purchase of businesses, net of cash acquired	(81.0)	0.2
Net cash used in investing activities	(87.6)	(3.6)
Cash flows from financing activities:		
Proceeds from issuance of share-based compensation awards, net of taxes withheld	(1.4)	4.9
Incremental tax benefit from share-based compensation awards	0.5	0.3
Repurchases of common stock	(11.3)	—
Dividends paid	(9.2)	(8.9)
Deferred financing costs paid	(0.1)	(0.3)
Borrowings from line of credit	299.6	226.7
Repayment of borrowings from line of credit	(170.9)	(184.0)
Changes in book cash overdrafts	8.0	—
Repayment of capital lease obligations	(0.3)	(0.6)
Other	4.5	—
Net cash provided by financing activities	119.4	38.1
Net increase in cash and cash equivalents	0.4	2.1
Cash and cash equivalents at beginning of year	55.5	36.7
Cash and cash equivalents at end of period	\$ 55.9	\$ 38.8

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, which operates through its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”), is a leading provider of end-to-end, integrated facility solutions that enable our clients to deliver exceptional facility experiences. ABM’s comprehensive capabilities include commercial cleaning, electrical, energy solutions, facilities engineering, HVAC, landscaping, parking, and services in support of airport operations. We provide custom facility solutions in urban, suburban, and rural areas to properties of all sizes—from schools and commercial buildings to airports, hospitals, and manufacturing plants.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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, 2015 (“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 that are considered necessary 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.

During the first quarter of 2016, we early adopted Accounting Standards Update (“ASU”) 2015-17, *Balance Sheet Classification of Deferred Taxes*, on a retrospective basis. As required by ASU 2015-17, all deferred tax assets and liabilities are now classified as noncurrent on our consolidated balance sheets, which is a change from our historical presentation of separating deferred taxes into current and noncurrent amounts. Upon adoption of this ASU, we made the following reclassifications to our consolidated balance sheet as of October 31, 2015:

<i>(in millions)</i>	Previously Reported	Adjustment	Revised
Deferred income tax asset, net (current)	\$ 53.2	\$ (53.2)	\$ —
Deferred income tax liability, net (noncurrent)	\$ 19.1	\$ (19.1)	\$ —
Deferred income tax asset, net (noncurrent)	\$ —	\$ 34.1	\$ 34.1

There have been no other significant changes as a result of the adoption of new accounting pronouncements in our Financial Statements or in our significant accounting policies that were disclosed in our Annual Report

Prior year amounts have also been reclassified to conform with the current year presentation for amounts related to discontinued operations. See Note 4, “Discontinued Operations,” for more information.

Parking Revenue Presentation

Our Parking business operates certain parking facilities under managed location arrangements, whereby we manage the parking facility for a management fee and pass through the revenue and expenses associated with the facility to the owner. Revenues and expenses are reported in equal amounts for costs reimbursed from our managed locations. For the three months ended January 31, 2016 and 2015, such amounts totaled \$80.1 million and \$77.0 million, respectively.

3. RESTRUCTURING AND RELATED COSTS

On September 2, 2015, our Board of Directors approved a comprehensive strategy intended to have a positive transformative effect on ABM (the "2020 Vision"). The 2020 Vision identified a number of key priorities to differentiate ABM in the marketplace, improve our margin profile, and accelerate revenue growth. We also reviewed all service lines and investments to assess whether ABM was positioned to continue to competitively offer value-added services to clients over the long term. We have incurred cumulative 2020 Vision restructuring and related charges of \$19.9 million, which consisted of external support fees of \$9.2 million, employee severance costs of \$6.5 million, asset impairment costs of \$2.6 million, and lease exit and other costs of \$1.6 million.

Reconciliation of Restructuring and Related Cost Accrual

<i>(in millions)</i>	External Support Fees	Employee Severance	Lease Exit and Other	Total
Balance, November 1, 2015	\$ 2.1	\$ 4.3	\$ 0.2	\$ 6.6
Costs recognized ⁽¹⁾	4.6	1.8	0.8	7.2
Payments	—	(1.5)	(0.4)	(1.9)
Balance, January 31, 2016	\$ 6.7	\$ 4.6	\$ 0.6	\$ 11.9

⁽¹⁾ The results by segment, as disclosed in Note 15, "Segment Information," exclude these costs, consistent with the manner in which our management evaluates the performance of each reportable segment based on its respective operating profit results. These costs are included within Corporate expenses.

4. DISCONTINUED OPERATIONS

On October 26, 2015, in connection with our 2020 Vision, we sold substantially all the assets of our Security business for cash proceeds of \$131.0 million, subject to a working capital adjustment, to Universal Protection Service, LP. We have classified the results of operations for this business to discontinued operations.

Summarized Results of Operations and Cash Flows from Discontinued Operations

<i>(in millions)</i>	Three Months Ended January 31,	
	2016	2015
Revenues	\$ —	\$ 94.9
Expenses ⁽¹⁾	0.9	92.5
(Loss) income from discontinued operations before income taxes ⁽²⁾	(0.9)	2.4
Benefit from income taxes ⁽³⁾	1.3	1.0
Income from discontinued operations, net of income tax benefit	\$ 0.4	\$ 3.4
Net cash used in operating activities of discontinued operations ⁽⁴⁾	\$ (23.2)	\$ (5.7)

⁽¹⁾ Includes amounts that were directly related to the operations of our former Security business, including certain costs that were previously recorded in Corporate expenses. In addition, certain general corporate expenses that were previously allocated to Security are now allocated back to Corporate expenses and the Janitorial segment. Refer to Note 15, "Segment Information," for further information.

⁽²⁾ Discontinued operations includes both costs related to ongoing legal cases and insurance reserves associated with our former Security business. We will continue to reflect these types of costs within discontinued operations in future periods. Refer to Note 12, "Commitments and Contingencies," and Note 10, "Insurance," for further information.

⁽³⁾ Primarily relates to the retroactive reinstatement of the Work Opportunity Tax Credits ("WOTC") for both periods.

⁽⁴⁾ During the three months ended January 31, 2016, net cash used in operating activities of discontinued operations was primarily attributable to \$20.6 million in taxes paid in connection with the sale of our Security business.

5. NET INCOME PER COMMON SHARE

Basic and Diluted Net Income Per Common Share Calculations

	Three Months Ended January 31,	
	2016	2015
<i>(in millions, except per share amounts)</i>		
Income from continuing operations	\$ 13.6	\$ 14.3
Income from discontinued operations, net of income tax benefit	0.4	3.4
Net income	\$ 14.0	\$ 17.7
Weighted-average common and common equivalent shares outstanding — Basic	56.6	56.4
Effect of dilutive securities:		
Restricted stock units	0.2	0.3
Stock options	0.2	0.3
Performance shares	0.1	0.2
Weighted-average common and common equivalent shares outstanding — Diluted	57.1	57.2
Net income per common share — Basic:		
Income from continuing operations	\$ 0.24	\$ 0.25
Income from discontinued operations	0.01	0.06
Net income	\$ 0.25	\$ 0.31
Net income per common share — Diluted:		
Income from continuing operations	\$ 0.24	\$ 0.25
Income from discontinued operations	—	0.06
Net income	\$ 0.24	\$ 0.31

Anti-Dilutive Outstanding Stock Awards Issued Under Share-Based Compensation Plans:

	Three Months Ended January 31,	
	2016	2015
<i>(in millions)</i>		
Anti-dilutive	0.4	0.4

6. ACQUISITIONS

2016 Acquisitions

Effective December 1, 2015, we acquired all of the outstanding stock of Westway Services Holdings (2014) Ltd. ("Westway"), a provider of technical engineering services to customers in the United Kingdom, for a purchase price of \$81.0 million.

We accounted for this acquisition under the acquisition method of accounting. Accordingly, we allocated the purchase price to the assets acquired and liabilities assumed at their estimated fair values, with the excess of the purchase price recorded as goodwill. As of January 31, 2016, the valuation of the intangible assets was incomplete. As such, the purchase price allocation reflects preliminary amounts of net assets acquired, including other intangible assets, which are subject to adjustments within the measurement period not to exceed one year from the acquisition date.

We recorded preliminary goodwill of \$45.0 million, which is reflective of our identification of buyer-specific synergies that we anticipate will be realized by, among other things, reducing duplicative positions and back office functions and by reducing professional fees and other services. Goodwill is also attributable to projected long-term margin improvement through expansion of our technical services business to new and existing clients in the United Kingdom. The goodwill associated with this acquisition is not deductible for tax purposes.

As of December 1, 2015, the operations of Westway are included in our Building & Energy Solutions segment.

2015 Acquisitions

Effective May 1, 2015, we acquired certain assets and assumed certain liabilities of CTS Services/Facility Support Services ("CTS"), a provider of HVAC services and energy solutions in government, commercial, and industrial buildings, for a purchase price of \$18.8 million, subject to post-closing adjustments. The purchase price includes \$3.8 million of contingent consideration that is based on the expected achievement of certain pre-established revenue goals. See Note 7, "Fair Value of Financial Instruments," regarding the valuation of the contingent consideration liability. As of May 1, 2015, the operations of CTS are included in our Building & Energy Solutions segment.

Pro Forma and Other Supplemental Financial Information

Pro forma and other supplemental financial information is not presented for these acquisitions, as they are not considered material business combinations.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy of Our Financial Instruments

<i>(in millions)</i>	Fair Value Hierarchy	January 31, 2016		October 31, 2015	
		Fair Value			
Financial assets measured at fair value on a recurring basis					
Assets held in funded deferred compensation plan ⁽¹⁾	1	\$	4.6	\$	5.3
Investments in auction rate securities ⁽²⁾	3		13.0		13.0
			17.6		18.3
Other select financial assets					
Cash and cash equivalents ⁽³⁾	1		55.9		55.5
Insurance deposits ⁽⁴⁾	1		11.4		11.4
			67.3		66.9
Total		\$	84.9	\$	85.2
Financial liabilities measured at fair value on a recurring basis					
Interest rate swaps ⁽⁵⁾	2	\$	—	\$	0.1
Contingent consideration liability ⁽⁶⁾	3		5.2		5.2
			5.2		5.3
Other select financial liability					
Line of credit ⁽⁷⁾	2		286.7		158.0
Total		\$	291.9	\$	163.3

⁽¹⁾ Represents investments held in a Rabbi trust associated with one of our deferred compensation plans, which we include in "Other noncurrent 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⁾ At January 31, 2016, we held investments in auction rate securities from three different issuers having an aggregate original principal amount of \$15.0 million. For investments in auction rate securities that were not redeemed or had no market activity indicative of value, the fair value was based on discounted cash flow valuation models, primarily utilizing unobservable inputs. These amounts are included in "Other investments" on the accompanying unaudited consolidated balance sheets. On March 3, 2016, one of our auction rate securities was redeemed by the issuer at its par value of \$5.0 million. For that security, the fair value as of January 31, 2016 was determined to be the same as its par value. This amount is included in "Other current assets" as of January 31, 2016 and "Other investments" as of October 31, 2015 on the accompanying unaudited consolidated balance sheets. See Note 9, "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 noncurrent assets" on the accompanying unaudited consolidated balance sheets. See Note 10, "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 are included in "Other accrued liabilities" on the accompanying unaudited consolidated balance sheets. See Note 11, "Line of Credit," for more information.

⁽⁶⁾ Certain of our acquisitions involve the payment of contingent consideration. Depending on the structure of the contingent consideration arrangement, the fair value of the liability is based on either (i) the expected achievement of certain pre-established revenue goals or (ii) pre-defined forecasted adjusted income from operations using a probability weighted income approach. Our contingent consideration liabilities are included in "Other accrued liabilities" and "Other noncurrent liabilities" on the accompanying unaudited consolidated balance sheets.

⁽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 11, "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 triggering 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 determined using discounted future cash flows for goodwill or undiscounted future cash flows for long-lived assets.

During the three months ended January 31, 2016, we had no transfers of assets or liabilities between any of the above hierarchy levels.

8. ADVANCES TO JOINT VENTURES

We make various advances to our unconsolidated joint ventures to provide working capital for the joint ventures' operations, which are not collateralized, do not carry interest, and have no specific repayment terms. At each of January 31, 2016 and October 31, 2015, the aggregate amounts of these advances were \$1.1 million, and these amounts are included in "Other noncurrent assets" on the accompanying unaudited consolidated balance sheets.

9. AUCTION RATE SECURITIES

At January 31, 2016 and October 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, 2016 and October 31, 2015, the fair value of these 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. On March 3, 2016, one of our auction rate securities was redeemed by the issuer at its par value of \$5.0 million. As of January 31, 2016 and the redemption date, this security was valued at \$5.0 million, therefore, no gain or loss was recognized upon its redemption.

At January 31, 2016 and October 31, 2015, there were no unrealized gains or losses on our 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.

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

Assumption	January 31, 2016	October 31, 2015
Discount rates	L – L + 1.94%	L + 0.38% – L + 2.13%
Yields	2.15%, L + 2.00%	2.15%, L + 2.00%
Average expected lives	4 – 10 years	4 – 10 years

L – One Month LIBOR

10. INSURANCE

We use a combination of insured and self-insurance programs to cover workers' compensation, general liability, automobile 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-occurrence 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 umbrella insurance 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.

The adequacy of our reserves for workers' compensation, general liability, automobile liability, and property damage insurance claims is based upon known trends and events and the actuarial estimates of required reserves considering the most recently completed actuarial reports. We use all available information to develop our best estimate of insurance claims reserves as information is obtained.

During the three months ended January 31, 2016, an actuarial review was performed for the majority of our casualty insurance programs and indicated unfavorable developments in our estimates of ultimate losses related to certain general liability, workers' compensation, and automobile claims.

For our general liability program, claim frequency was generally consistent with our expectations; however, the review identified adverse developments in prior year claims. The adverse developments can be largely attributed to increases in the projected costs to resolve several high exposure claims within our retained limits, coupled with increases in the average incurred cost for our less severe claims.

In addition, our workers' compensation estimate of ultimate losses was negatively impacted by increases in projected costs for a large population of prior year claims in New York. These claims have been impacted by increases in the statutory benefits paid to the claimants and a slowing of closures in which settlements cannot be quickly attained. In California, we have experienced similar increases in severity for claims and increases in frequency beyond that projected for the 2015 policy year.

The increase in the projected estimates for our automobile liability program was primarily due to significant claim reserve adjustments for a small population of high exposure claims within the 2013 policy year and for increases in frequency experienced in the 2015 policy year.

As a result of this actuarial review, we increased our total reserves for claims related to prior periods by \$6.0 million at January 31, 2016. During the third quarter of 2016, comprehensive actuarial evaluations are expected to be completed for our significant programs using recent claims data. We will continue to monitor subsequent developments, which may result in further adjustments to earnings.

We are also self-insured for certain employee medical and dental plans. We retain up to \$0.4 million of exposure on a per-participant, per-year basis with respect to claims under our medical plan.

At January 31, 2016 and October 31, 2015, we had insurance claim reserves totaling \$392.7 million and \$387.4 million, respectively, which include \$8.7 million and \$8.1 million in reserves, respectively, related to our medical and dental self-insured plans. At each of January 31, 2016 and October 31, 2015, we also had insurance recoverables, which we include in "Other current assets" and "Other noncurrent assets" on the accompanying unaudited consolidated balance sheets, totaling \$65.9 million.

Instruments Used to Collateralize Our Insurance Obligations

<i>(in millions)</i>	January 31, 2016	October 31, 2015
Standby letters of credit	\$ 121.2	\$ 105.4
Surety bonds	55.9	55.9
Restricted insurance deposits	11.4	11.4
Total	<u>\$ 188.5</u>	<u>\$ 172.7</u>

11. LINE OF CREDIT

On November 30, 2010, we entered into a syndicated credit agreement pursuant to which we obtained an unsecured revolving credit facility (the "Facility"). This credit agreement, as amended from time to time, is referred to as the "Credit Agreement." The aggregate amount of the Credit Agreement is \$800.0 million, and the current 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 financial 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. In addition, during 2015, we entered into an amendment to our Credit Agreement to update the calculations of certain leverage and financial covenants for changes in our business resulting from our 2020 Vision and to incorporate adjustments with respect to insurance liabilities for periods prior to 2015. As of January 31, 2016, we were in compliance with these covenants.

If an event of default occurs under the Credit Agreement, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, 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.

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, 2016, the total outstanding amounts under the Facility in the form of cash borrowings and standby letters of credit were \$286.7 million and \$128.8 million, respectively. At October 31, 2015, the total outstanding amounts under the Facility in the form of cash borrowings and standby letters of credit were \$158.0 million and \$112.9 million, respectively.

At January 31, 2016 and October 31, 2015, we had up to \$384.5 million and \$529.1 million of 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 on such amounts, at rates ranging from 0.44% to 0.47%. These interest rate swap agreements will mature between March 18, 2016 and April 11, 2016 and are intended 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 7, "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 January 31, 2016, the amounts recorded in AOCL were insignificant. At October 31, 2015, the amounts recorded in AOCL were \$0.1 million (\$0.1 million, net of taxes).

12. 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, 2016, these surety bonds and letters of credit totaled approximately \$395.8 million and \$128.8 million, respectively. Included in the total amount of surety bonds is \$5.9 million of bonds with an effective date starting after January 31, 2016.

Guarantees

In some instances, we offer certain clients guaranteed energy savings under certain energy savings contracts. At January 31, 2016 and October 31, 2015, total guarantees were \$91.5 million and \$91.1 million, respectively, and these guarantees extend through 2031 and 2030, respectively. 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 client 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, 2016, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was \$11.5 million.

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 the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made is between zero and \$11 million, which excludes the Augustus and Bucio cases discussed below. 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 alleged violations of certain California state laws relating to rest breaks. The case centers on 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 (the "common fund"). 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." The plaintiffs filed a petition for review with the California Supreme Court on March 4, 2015, and on April 29, 2015, the California Supreme Court granted the plaintiffs' petition. No date has been set for oral argument. We believe that the Appeals Court correctly ruled in our favor, and we look forward to presenting our arguments to the California Supreme Court.

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.

Plaintiffs Evelia Davila, Elizabeth Marcos, and Angelica Aguilar v. ABM Janitorial Services, Inc., ABM, Jeremias Rivera, and Rene Quintanar, filed on April 6, 2012 in the Superior Court of Los Angeles County, California (the "Davila" case). A Second Amended Complaint was filed on August 13, 2012.

We are a defendant in the Davila case. Plaintiffs are three former janitors who have made various allegations of sexual harassment and discrimination, assault and battery, retaliation, wrongful discharge, discrimination based on disability and age, and related claims against ABM, a former co-worker, and a former ABM human resources representative. A mandatory settlement conference took place on January 15, 2016. Following this settlement conference, the parties agreed to a settlement in an amount that is reflected in our accruals for probable litigation losses. We have employment practices liability insurance that covers us for this case, subject to our negotiated retention. We recorded this liability at the gross amount of the settlement and the corresponding insurance recoverable as an asset.

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 position, results of operations, or cash flows.

13. COMMON STOCK

On September 2, 2015, our Board of Directors authorized the repurchase of up to \$200.0 million shares of our common stock under a new share repurchase program, which replaced a previously authorized repurchase program. Purchases may take place on the open market or otherwise, and all or part of the repurchases may be made pursuant to Rule 10b5-1 plans or in privately negotiated transactions. The timing of repurchases is at our discretion and will depend upon several factors, including market and business conditions, share price, and share availability. Repurchased shares are retired and returned to an authorized but unissued status. The repurchase program may be suspended or discontinued at any time without prior notice.

Repurchase Activity

<i>(in millions, except per share amounts)</i>	Three Months Ended January 31, 2016	
Total number of shares repurchased		0.4
Average price paid per share	\$	28.19
Total cash paid for share repurchases ⁽¹⁾	\$	11.3

⁽¹⁾ At January 31, 2016, authorization for \$177.3 million of share repurchases remained under our current share repurchase program.

14. INCOME TAXES

The effective tax rates on income from continuing operations for the three months ended January 31, 2016 and 2015 were 2.3% and 8.3%, respectively. The effective tax rate for the three months ended January 31, 2016 reflects \$5.0 million of WOTC from the retroactive reinstatement of the WOTC for calendar year 2015, as well as the impact of the 2016 WOTC. The effective tax rate for the three months ended January 31, 2015 reflects the \$3.6 million of credits from the retroactive reinstatement of the WOTC for calendar year 2014 and state employment-based tax credits of \$1.8 million.

15. SEGMENT INFORMATION

Segment Information

As discussed in Note 4, "Discontinued Operations," during the fourth quarter of 2015 we sold our Security business, which was previously reported as a reportable segment. This business is now included within discontinued operations for all periods presented, and we have revised our segment results accordingly. As such, we currently have five reportable segments: Janitorial, Facility Services, Parking, 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;
- restructuring and related charges;
- certain adjustments resulting from actuarial developments of self-insurance reserves; and
- direct acquisition costs.

Financial Information by Reportable Segment

<i>(in millions)</i>	Three Months Ended January 31,	
	2016	2015
Revenues:		
Janitorial	\$ 685.7	\$ 666.0
Facility Services	158.5	156.2
Parking	162.0	155.7
Building & Energy Solutions	149.8	119.4
Other	112.4	97.2
	<u>\$ 1,268.4</u>	<u>\$ 1,194.5</u>
Operating profit:⁽¹⁾		
Janitorial	\$ 33.7	\$ 34.4
Facility Services	5.1	5.9
Parking	5.0	6.5
Building & Energy Solutions	6.5	1.2
Other	1.7	2.6
Corporate	(35.6)	(32.3)
Adjustment for income from unconsolidated affiliates, net, included in Building & Energy Solutions	(2.5)	(1.5)
Adjustment for tax deductions for energy efficient government buildings, included in Building & Energy Solutions	(0.3)	—
	<u>13.6</u>	<u>16.8</u>
Income from unconsolidated affiliates, net	2.4	1.5
Interest expense	(2.7)	(2.7)
Income from continuing operations before income taxes	<u>\$ 13.3</u>	<u>\$ 15.6</u>

⁽¹⁾ In connection with the sale of our Security business, certain general corporate expenses that were previously allocated to Security are now allocated back to Corporate expenses and the Janitorial segment. In addition, certain Corporate expenses that were directly related to the operations of our former Security business have been allocated to discontinued operations. As a result of these allocations, there was a \$0.5 million net increase in Janitorial expenses for the three months ended January 31, 2015.

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 subsidiaries (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, 2015 ("Annual Report"), which has been filed with the Securities and Exchange Commission ("SEC"). This MD&A contains 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 the "Forward-Looking Statements" section for more information. 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
- Recent Accounting Pronouncements

Business Overview

ABM is a leading provider of integrated facility solutions, customized by industry, that enable our clients to deliver exceptional facility experiences. In September 2015, following a comprehensive strategic review, we announced a transformation initiative (our "2020 Vision"), which we expect will drive long-term profitable growth and enhance shareholder value. Commencing in the fourth quarter of 2015, we began reorganizing how we deliver our services through an industry-based, go-to-market strategy that initially focuses on five groups: Aviation, Business and Industry, Education, Healthcare, and High Tech. In addition, we divested our Security business during the fourth quarter of 2015. The Security business is now included within discontinued operations for all periods presented, and we have revised our segment results accordingly.

In 2016, in order to execute our 2020 Vision, we will continue to focus on organizational realignment, consistent excellence, cost optimization, and talent development. The elements of this strategy are described below.

- Organizational Realignment: Aligning our business operations for specific industries and developing custom client solutions will transform us into an integrated, industry-focused company, with a simplified organizational structure and a consolidated shared services model.
- Consistent Excellence: We are implementing best practices in account management and labor management across the organization, and we are developing a more integrated approach for continuous improvement in our risk and safety programs.
- Cost Optimization: Leveraging our scale will allow us to manage costs more efficiently and effectively through enhanced procurement management.
- Talent Development: Creating greater opportunities and career paths for our employees lays the foundation for our future growth.

See "*Quarterly Highlights—Restructuring and Related Costs*" below for additional details on these initiatives.

Quarterly Highlights

Westway Acquisition

During the first quarter of 2016, we acquired Westway Services Holdings (2014) Ltd. ("Westway"), a provider of technical engineering services to customers in the United Kingdom. This acquisition complements ABM's existing technical services business and supports our initiative to deliver value-added solutions through the ability to supply mechanical, electrical, and core service lines to our current client base in the United Kingdom. In addition, this acquisition provides the opportunity to cross sell ABM's services to existing Westway clients. Further, this acquisition is in line with our long-term strategic vision as we can achieve higher margins and deliver greater value to our shareholders through our technical services business.

Restructuring and Related Costs

In the first quarter of 2016, we recorded restructuring and related charges of \$7.2 million related to the 2020 Vision initiative. A summary of the pre-tax costs associated with this initiative is as follows:

<i>(\$ in millions)</i>	Three Months Ended January 31, 2016	Year Ended October 31, 2015	Cumulative
External Support Fees ⁽¹⁾	\$ 4.6	\$ 4.6	\$ 9.2
Employee Severance ⁽²⁾	1.8	4.7	6.5
Asset Impairment ⁽³⁾	—	2.6	2.6
Lease Exit and Other ⁽⁴⁾	0.8	0.8	1.6
Total	\$ 7.2	\$ 12.7	\$ 19.9

⁽¹⁾ External support fees relate to services provided by Boston Consulting Group in connection with the development of our 2020 Vision.

⁽²⁾ Employee severance costs relate to the elimination of certain positions identified as part of our 2020 Vision. We expect to generate annualized savings of approximately \$10.6 million related to the elimination of these positions. During the three months ended January 31, 2016, we realized \$1.3 million in savings, of which \$0.9 million were included within our Building & Energy Solutions segment.

⁽³⁾ In the fourth quarter of 2015, we wrote down an investment in certain proprietary task management software.

⁽⁴⁾ Lease exit and other costs primarily relate to costs associated with office consolidations.

We anticipate pre-tax restructuring and related charges ranging from \$45 million to \$60 million. The majority of these charges will be incurred through the end of 2016 and are primarily for severance and project fees. We estimate the ranges for major types of costs to be incurred as follows: (a) employee severance from \$17 million to \$20 million; (b) external support fees from \$14 million to \$19 million; (c) other project fees relating to the 2020 Vision and other costs from \$7 million to \$8 million; (d) real estate consolidation expenses from \$5 million to \$10 million; and (e) write-down of certain investments from \$2 million to \$3 million.

We expect the majority of the organizational benefits to be realized by the end of 2017. The strategy and realignment is expected to be fully implemented by the second half of 2017, and we expect annualized run-rate for operational benefits in the range of \$40 million to \$50 million.

Work Opportunity Tax Credits

The Work Opportunity Tax Credits ("WOTC") program is a federal tax credit that provides financial incentives to hire certain targeted employees. In December 2015, the U.S. Congress retroactively extended WOTC between January 1, 2015 and December 31, 2019. During the first quarter of 2016, we benefited from the retroactive reinstatement for the ten months of our fiscal year 2015, which resulted in a reduction to tax expense of \$5.0 million for continuing operations and \$0.9 million for discontinued operations. The WOTC benefit related to new hires during 2016 is expected to result in a reduction of tax expense of approximately \$7 million for continuing operations spread throughout the fiscal year.

Actuarial Insurance Evaluations

We use all available information to develop our best estimate of insurance claims reserves as information is obtained. As such, we use the results of actuarial reviews to estimate our insurance rates and our insurance reserves for future periods as well as to adjust reserves, if appropriate, for prior years. During the third quarter of 2015, our actuarial evaluations showed unfavorable developments in our estimate of ultimate losses related to certain general liability, workers' compensation, and automobile liability claims. These evaluations indicated that previously estimated decreases in our average claim cost and the anticipated reduction in the total number of claims had not occurred at the pace contemplated in the 2014 actuarial evaluations. As a result, in the third quarter of 2015, we increased our insurance reserves. In addition, we increased the rate used to record our insurance reserves in the current year, resulting in a negative year over year impact on operating profit of \$6.9 million, or 0.6%.

During the three months ended January 31, 2016, an actuarial review was performed for the majority of our casualty insurance programs and indicated unfavorable developments in our estimates of ultimate losses related to certain general liability, workers' compensation, and automobile claims.

For our general liability program, claim frequency was generally consistent with our expectations; however, the review identified adverse developments in prior year claims. The adverse developments can be largely attributed to increases in the projected costs to resolve several high exposure claims within our retained limits, coupled with increases in the average incurred cost for our less severe claims.

In addition, our workers' compensation estimate of ultimate losses was negatively impacted by increases in projected costs for a large population of prior year claims in New York. These claims have been impacted by increases in the statutory benefits paid to the claimants and a slowing of closures in which settlements cannot be quickly attained. In California, we have experienced similar increases in severity for claims and increases in frequency beyond that projected for the 2015 policy year.

The increase in the projected estimates for our automobile liability program was primarily due to significant claim reserve adjustments for a small population of high exposure claims within the 2013 policy year and for increases in frequency experienced in the 2015 policy year.

As a result of this actuarial review, we increased our total reserves for claims related to prior periods by \$6.0 million at January 31, 2016. During the third quarter of 2016, comprehensive actuarial evaluations are expected to be completed for our significant programs using recent claims data. We will continue to monitor subsequent developments, which may result in further adjustments to earnings.

Financial and Operating Summary

- Revenues increased by \$73.9 million or 6.2% during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Organic revenue increased 3.7%.
- Operating profit decreased by \$3.2 million during the three months ended January 31, 2016 as compared to the three months ended January 31, 2015. The decrease in operating profit was primarily attributable to the negative impact of insurance reserves and restructuring and related costs associated with our 2020 Vision. This decrease was partially offset by strong organic growth and contributions from acquisitions. Additionally, operating profit benefited from an improved contract mix within our Onsite Services businesses as we continue to focus on gaining more profitable work.
- The effective tax rates on income from continuing operations for the three months ended January 31, 2016 and 2015 were 2.3% and 8.3%, respectively. The effective tax rates were favorably impacted by the retroactive reinstatement of WOTC in both 2016 and 2015. Refer to “*Quarterly Highlights—Work Opportunity Tax Credits*” above for additional details on these credits.
- Net cash used in operating activities of continuing operations was \$8.2 million during the three months ended January 31, 2016. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the fiscal year. We expect operating activities to provide positive cash flows for 2016.
- During the three months ended January 31, 2016, we purchased 0.4 million shares of our common stock at an average price of \$28.19 per share for a total of \$11.3 million.
- Dividends of \$9.2 million were paid to shareholders, and dividends totaling \$0.165 per common share were declared during the three months ended January 31, 2016.
- At January 31, 2016, total outstanding borrowings under our line of credit were \$286.7 million, and we had up to \$384.5 million borrowing capacity under our line of credit, subject to covenant restrictions.

Results of Operations

Three Months Ended January 31, 2016 Compared with the Three Months Ended January 31, 2015

Consolidated

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2016	2015		
Revenues	\$ 1,268.4	\$ 1,194.5	\$ 73.9	6.2%
Expenses				
Operating	1,146.4	1,073.0	73.4	6.8%
<i>Gross margin</i>	9.6%	10.2%	(0.6)%	
Selling, general and administrative	94.8	98.7	(3.9)	(4.0)%
Restructuring and related	7.2	—	7.2	100.0%
Amortization of intangible assets	6.4	6.0	0.4	6.7%
Total expenses	1,254.8	1,177.7	77.1	6.5%
Operating profit	13.6	16.8	(3.2)	(19.0)%
Income from unconsolidated affiliates, net	2.4	1.5	0.9	60.0%
Interest expense	(2.7)	(2.7)	—	—
Income from continuing operations before income taxes	13.3	15.6	(2.3)	(14.7)%
Benefit from (provision for) income taxes	0.3	(1.3)	1.6	NM*
Income from continuing operations	13.6	14.3	(0.7)	(4.9)%
Income from discontinued operations, net of income tax benefit	0.4	3.4	(3.0)	(88.2)%
Net income	\$ 14.0	\$ 17.7	\$ (3.7)	(20.9)%

* Not meaningful

Revenues

Revenues increased by \$73.9 million, or 6.2%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase in revenues was primarily attributable to: (i) organic growth within our Onsite Services businesses, (ii) contract expansion within our Air Serv U.S. operations, (iii) higher technical services revenues within our Building & Energy Solutions segment, and (iv) \$29.3 million of incremental revenues from acquisitions.

Operating Expenses

Operating expenses increased by \$73.4 million, or 6.8%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Gross margin decreased by 0.6% to 9.6% in the three months ended January 31, 2016 from 10.2% in the three months ended January 31, 2015. The decrease in gross margin was primarily attributable to the unfavorable impact of insurance expense and operational issues at certain clients within our Air Serv business. This decrease was partially offset by better performance within our Onsite Services and Building & Energy Solutions businesses as a result of the expansion of more profitable accounts and the absence of non-recurring operational issues at certain healthcare clients in the prior year quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by \$3.9 million, or 4.0%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The decrease in selling, general and administrative expenses was primarily related to:

- the absence of \$3.2 million in severance expense related to the departure of our former CEO in the prior year;
- a \$2.7 million decrease in legal fees and settlements costs, including the absence of a \$2.3 million legal settlement in the prior year quarter;

- \$0.9 million increase in volume-related and other rebates received; and
- the absence of \$0.7 million in costs associated with the realignment of our Onsite Services operational structure.

This decrease was partially offset by \$3.5 million of incremental selling, general and administrative expenses from acquisitions.

Restructuring and Related

In connection with our 2020 Vision, we incurred restructuring and related costs of \$7.2 million during the three months ended January 31, 2016. Refer to “*Quarterly Highlights—Restructuring and Related Costs*” above for additional details on these initiatives.

Income from Unconsolidated Affiliates, Net

Income from unconsolidated affiliates, net, increased by \$0.9 million, or 60.0%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily related to higher equity earnings from certain investments in unconsolidated affiliates that provide facility solutions principally to the U.S. Government and international clients.

Benefit from (Provision for) Income Taxes

The effective tax rates on income from continuing operations for the three months ended January 31, 2016 and 2015 were 2.3% and 8.3%, respectively. The effective tax rate for the three months ended January 31, 2016 reflects \$5.0 million of WOTC from the retroactive reinstatement of the WOTC for calendar year 2015, as well as the impact of the 2016 WOTC. The effective tax rate for the three months ended January 31, 2015 reflects the \$3.6 million of credits from the retroactive reinstatement of the WOTC for calendar year 2014 and state employment-based tax credits of \$1.8 million. Refer to “*Quarterly Highlights—Work Opportunity Tax Credits*” above for additional details on these credits.

Segment Information

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

Financial Information for Each Reportable Segment

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2016	2015		
Revenues				
Janitorial	\$ 685.7	\$ 666.0	\$ 19.7	3.0%
Facility Services	158.5	156.2	2.3	1.5%
Parking	162.0	155.7	6.3	4.0%
Building & Energy Solutions	149.8	119.4	30.4	25.5%
Other	112.4	97.2	15.2	15.6%
	<u>\$ 1,268.4</u>	<u>\$ 1,194.5</u>	<u>\$ 73.9</u>	<u>6.2%</u>
Operating profit:⁽¹⁾				
Janitorial	\$ 33.7	\$ 34.4	\$ (0.7)	(2.0)%
Operating profit margin	4.9%	5.2%	(0.3)%	
Facility Services	5.1	5.9	(0.8)	(13.6)%
Operating profit margin	3.2%	3.8%	(0.6)%	
Parking	5.0	6.5	(1.5)	(23.1)%
Operating profit margin	3.1%	4.2%	(1.1)%	
Building & Energy Solutions	6.5	1.2	5.3	NM*
Operating profit margin	4.3%	1.0%	3.3%	
Other	1.7	2.6	(0.9)	(34.6)%
Operating profit margin	1.5%	2.7%	(1.2)%	
Corporate	(35.6)	(32.3)	(3.3)	(10.2)%
Adjustment for income from unconsolidated affiliates, net, included in Building & Energy Solutions	(2.5)	(1.5)	(1.0)	(66.7)%
Adjustment for tax deductions for energy efficient government buildings, included in Building & Energy Solutions	(0.3)	—	(0.3)	(100.0)%
	<u>\$ 13.6</u>	<u>\$ 16.8</u>	<u>\$ (3.2)</u>	<u>(19.0)%</u>

* Not meaningful

⁽¹⁾ In connection with the sale of our Security business, certain general corporate expenses that were previously allocated to Security are now allocated back to Corporate expenses and the Janitorial segment. In addition, certain Corporate expenses that were directly related to the operations of our former Security business have been allocated to discontinued operations. As a result of these allocations, there was a \$0.5 million net increase in Janitorial expenses for the three months ended January 31, 2015.

Janitorial

(\$ in millions)	Three Months Ended January 31,			Increase / (Decrease)	
	2016	2015			
Revenues	\$ 685.7	\$ 666.0	\$ 19.7	3.0%	
Operating profit	33.7	34.4	(0.7)	(2.0)%	
Operating profit margin	4.9%	5.2%	(0.3)%		

Janitorial revenues increased by \$19.7 million, or 3.0%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily attributable to organic growth driven by expansion of existing accounts, including additional tag revenue.

Operating profit decreased by \$0.7 million, or 2.0%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Operating profit margin decreased by 0.3% to 4.9% in the three months ended January 31, 2016 from 5.2% in the three months ended January 31, 2015. The decrease in operating profit margin was primarily attributable to the unfavorable impact of insurance expense and higher compensation expense associated with hiring additional personnel in the second half of 2015 to support selling and safety initiatives. This decrease was partially offset by the impact of higher margin revenue and overall cost control measures.

Facility Services

(\$ in millions)	Three Months Ended January 31,			Increase / (Decrease)	
	2016	2015			
Revenues	\$ 158.5	\$ 156.2	\$ 2.3	1.5%	
Operating profit	5.1	5.9	(0.8)	(13.6)%	
Operating profit margin	3.2%	3.8%	(0.6)%		

Facility Services revenues increased by \$2.3 million, or 1.5%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily attributable to additional tag revenue and the timing of a biannual contractual performance-based award.

Operating profit decreased by \$0.8 million, or 13.6%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Operating profit margin decreased by 0.6% to 3.2% in the three months ended January 31, 2016 from 3.8% in the three months ended January 31, 2015. The decrease in operating profit margin was primarily attributable to the unfavorable impact of insurance expense, a reserve established for an outstanding client receivable that is no longer considered probable of collection, and higher legal settlement costs. This decrease was partially offset by the timing of a biannual contractual performance-based award.

Parking

(\$ in millions)	Three Months Ended January 31,			Increase / (Decrease)	
	2016	2015			
Revenues	\$ 162.0	\$ 155.7	\$ 6.3	4.0%	
Operating profit	5.0	6.5	(1.5)	(23.1)%	
Operating profit margin	3.1%	4.2%	(1.1)%		

Management reimbursement revenues totaled \$80.1 million and \$77.0 million for the three months ended January 31, 2016 and 2015, respectively.

Parking revenues increased by \$6.3 million, or 4.0%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily related to increased scope of work from existing clients and higher management reimbursement revenues.

Operating profit decreased by \$1.5 million, or 23.1%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Operating profit margin decreased by 1.1% to 3.1% in the three months ended January 31, 2016 from 4.2% in the three months ended January 31, 2015. The decrease in operating profit margin was primarily attributable to the conversion of some contracts from managed to leased location arrangements. Also negatively impacting operating profit margin was the unfavorable impact of a tax audit and additional insurance expense.

Building & Energy Solutions

(\$ in millions)	Three Months Ended January 31,			Increase	
	2016	2015			
Revenues	\$ 149.8	\$ 119.4	\$	30.4	25.5%
Operating profit	6.5	1.2		5.3	NM*
Operating profit margin	4.3%	1.0%		3.3%	

* Not meaningful

Building & Energy Solutions revenues increased by \$30.4 million, or 25.5%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. This increase was primarily attributable to incremental revenues from acquisitions of \$26.7 million and organic growth from technical service contracts.

Operating profit increased by \$5.3 million during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Operating profit margin increased by 3.3% to 4.3% in the three months ended January 31, 2016 from 1.0% in the three months ended January 31, 2015. The increase in operating profit margin was primarily attributable to higher technical services revenues, which have higher profit margins. We also benefited from the impact of higher equity earnings in unconsolidated affiliates that provide facility solutions to the U.S. Government and international clients, along with a reduction in selling, general and administrative expenses due to both cost control measures and the impact of our 2020 Vision. In addition, the prior year quarter was negatively impacted by non-recurring items at certain healthcare clients, including the settlement of a customer dispute.

Other

(\$ in millions)	Three Months Ended January 31,			Increase / (Decrease)	
	2016	2015			
Revenues	\$ 112.4	\$ 97.2	\$	15.2	15.6%
Operating profit	1.7	2.6		(0.9)	(34.6)%
Operating profit margin	1.5%	2.7%		(1.2)%	

Revenues from our Other segment increased by \$15.2 million, or 15.6%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily driven by higher revenues from lobby agent services, cabin cleaning, and passenger services.

Operating profit decreased by \$0.9 million, or 34.6%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. Operating profit margin decreased by 1.2% to 1.5% in the three months ended January 31, 2016 from 2.7% in the three months ended January 31, 2015. The decrease in operating profit margin was primarily attributable to the unfavorable impact of insurance expense and a penalty imposed by a regulatory agency. Also negatively impacting operating profit margin was the operations in one region of a large multi-regional contract. We have taken steps to improve the profitability of this contract within the impacted region. This decrease was partially offset by the positive impact of a reduction in general and administrative expenses due to cost control measures.

Corporate

(\$ in millions)	Three Months Ended January 31,				Increase	
	2016	2015				
Corporate expenses	\$ 35.6	\$ 32.3	\$	\$	3.3	10.2%

Corporate expenses increased by \$3.3 million, or 10.2%, during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase in corporate expenses was primarily related to:

- \$7.1 million in restructuring and related costs, net of the reversal of share-based compensation expense, in connection with our 2020 Vision; and
- a \$6.0 million increase in self-insurance expense related to prior year claims as a result of an actuarial analysis performed in the three months ended January 31, 2016.

This increase was partially offset by:

- the absence of \$3.2 million in severance expense related to the departure of our former CEO in the prior year;
- a \$3.0 million decrease in legal fees and settlement costs, including the absence of a \$2.3 million legal settlement in the prior year quarter;
- a bonus reversal of \$1.3 million for certain incentive plans;
- \$0.9 million increase in volume-related and other rebates received; and
- the absence of \$0.7 million in costs associated with the realignment of our Onsite Services operational structure.

Liquidity and Capital Resources

We project anticipated cash requirements for our operating, investing, and financing needs based on our commitments for operating leases, payroll payments, insurance claims payments, interest payments, legal settlements, and pension funding obligations, among other items. 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 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.

We plan to permanently reinvest our foreign earnings. As a result, we have not provided for federal and state income taxes or foreign withholding taxes that may result if such earnings of our foreign subsidiaries are remitted to the United States of America ("U.S."). We believe that our cash on hand in the U.S., along with available lines of credit and future domestic cash flows, are sufficient to satisfy our domestic liquidity requirements.

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

At January 31, 2016, the total outstanding amounts under our \$800.0 million line of credit in the form of cash borrowings and standby letters of credit were \$286.7 million and \$128.8 million, respectively. At January 31, 2016, we had up to \$384.5 million borrowing capacity under our line of credit.

Our ability to draw down available capacity under our line of credit is subject to, and limited by, compliance with certain financial covenants, including covenants relating to a fixed charge coverage ratio, a leverage ratio, and consolidated net worth. During 2015, we entered into an amendment to our line of credit to update the calculations of certain leverage and financial covenants for changes in our business resulting from our 2020 Vision and to incorporate adjustments with respect to insurance liabilities for periods prior to 2015. Other covenants under our line of credit include limitations on liens, dispositions, fundamental changes, investments, and certain transactions and payments. As of January 31, 2016, we were in compliance with these covenants and expect to be in compliance in the foreseeable future.

In the first quarter of 2015, we formed a wholly-owned captive insurance company ("IFM Assurance Company"). The formation of IFM Assurance Company is part of our enterprise-wide, multi-year insurance strategy that is intended to better position our risk and safety programs and should provide us with increased flexibility in the end-to-end management of our insurance programs. IFM Assurance Company began providing coverage to us as of January 1, 2015. In 2016, we expect that cash tax savings related to coverage provided by IFM Assurance Company will range between \$15 million and \$20 million.

Share Repurchases

On September 2, 2015, our Board of Directors authorized the repurchase of up to \$200.0 million shares of our common stock under a new share repurchase program, which replaced a previously authorized repurchase program. Purchases may take place on the open market or otherwise, and all or part of the repurchases may be made pursuant to Rule 10b5-1 plans or in privately negotiated transactions. The timing of repurchases is at our discretion and will depend upon several factors, including market and business conditions, share price, and share availability. Repurchased shares are retired and returned to an authorized but unissued status. The repurchase program may be suspended or discontinued at any time without prior notice. During the three months ended January 31, 2016, we purchased 0.4 million shares of our common stock at an average price of \$28.19 per share for a total of \$11.3 million.

Cash Flows

In addition to revenues and operating profit, our management views operating cash flows as a good indicator of financial performance, because strong operating cash flows provide opportunities for growth both organically and through acquisitions. Net cash used in operating activities of continuing operations was \$8.2 million during the three months ended January 31, 2016. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the fiscal year. We expect operating activities to provide positive cash flows for 2016. 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,	
	2016	2015
Net cash used in operating activities of continuing operations	\$ (8.2)	\$ (26.7)
Net cash used in operating activities of discontinued operations	(23.2)	(5.7)
Net cash used in operating activities	(31.4)	(32.4)
Net cash used in investing activities	(87.6)	(3.6)
Net cash provided by financing activities	119.4	38.1

Operating Activities of Continuing Operations

Net cash used in operating activities of continuing operations decreased by \$18.5 million during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. This decrease was primarily related to the timing of client receivable collections and tax payments.

Operating Activities of Discontinued Operations

Net cash used in operating activities of discontinued operations increased by \$17.5 million during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. This increase was primarily attributable to \$20.6 million in taxes paid in connection with the sale of our Security business.

Investing Activities

Net cash used in investing activities increased by \$84.0 million during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily related to \$80.0 million cash paid, net of cash acquired, for the Westway acquisition during the first quarter of 2016.

Financing Activities

Net cash provided by financing activities increased by \$81.3 million during the three months ended January 31, 2016, as compared to the three months ended January 31, 2015. The increase was primarily related to an \$86.0 million increase in net borrowings from our line of credit to finance the purchase of Westway. This increase was partially offset by an \$11.3 million increase in cash used for common stock repurchases.

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, 2016, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was \$11.5 million.

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 the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made is between zero and \$11 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 12, "Commitments and Contingencies," in the Financial Statements.

Critical Accounting Policies and Estimates

Our accompanying Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require us to make estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of our 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.

Recent Accounting Pronouncements

Accounting Standard	Description	Effective Date	Effect on the Financial Statements
In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU")—Leases (Topic 842).	This ASU improves transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements.	November 1, 2019	We are currently evaluating the impact of implementing this guidance on our Financial Statements.
In January 2016, the FASB issued ASU 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	This ASU enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation, and disclosure.	November 1, 2018	While we are currently evaluating the impact of this standard, we do not expect this new guidance to have a material impact on our Financial Statements.

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, 2015.

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 2016 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 12, "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, 2015, in response to Item 1A., "Risk Factors," of Part I of the Annual Report.

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

On September 2, 2015, our Board of Directors authorized the repurchase of up to \$200.0 million shares of our common stock under a new share repurchase program, which replaced a previously authorized repurchase program. Purchases may take place on the open market or otherwise, and all or part of the repurchases may be made pursuant to Rule 10b5-1 plans or in privately negotiated transactions. The timing of repurchases is at our discretion and will depend upon several factors, including market and business conditions, share price, and share availability. Repurchased shares are retired and returned to an authorized but unissued status. The repurchase program may be suspended or discontinued at any time without prior notice.

Repurchase Activity

<i>(in millions, except per share amounts)</i>	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Period				
11/1/2015 - 11/30/2015	0.1	\$ 27.52	0.1	\$ 187.8
12/1/2015 - 12/31/2015	0.1	\$ 29.03	0.1	\$ 185.0
1/1/2016 - 1/31/2016	0.2	\$ 27.97	0.2	\$ 177.3
	<u>0.4</u>	<u>\$ 28.19</u>	<u>0.4</u>	<u>\$ 177.3</u>

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*‡	Form of Change in Control Agreement with Dean A. Chin
10.2*‡	Employment Agreement dated January 16, 2016, with Dean A. Chin.
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 9, 2016

/s/ D. Anthony Scaglione

D. Anthony Scaglione
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer)

March 9, 2016

/s/ Dean A. Chin

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

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (this "Agreement"), effective as of [date], is made between ABM Industries Incorporated, a Delaware corporation (the "Company"), and the individual executing this Agreement as the Executive on the signature page (the "Executive").

RECITALS

- A. The Executive is a senior executive of the Company and has made and is expected to continue to make major contributions to the short- and long-term profitability, growth and financial strength of the Company;
- B. The Company recognizes that the possibility of a Change in Control exists and that such possibility, and the uncertainty it may create among management, may result in the distraction or departure of management personnel, to the detriment of the Company and its stockholders, including a reduction of the value received by stockholders in a Change in Control transaction;
- C. The Company desires to assure itself of both present and future continuity of management and to establish fixed severance benefits for certain of its senior executives, including the Executive, applicable in the event of a Change in Control; and
- D. The Company desires to provide additional inducement for the Executive to continue to remain in the employ of the Company. Accordingly, the Company and the Executive agree as follows:
 1. Certain Defined Terms. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:
 - (a) "After-Tax Amount" means the amount to be received by an Executive 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.
 - (b) "Base Pay" means the Executive's annual base salary rate as in effect at the time a determination is required to be made under Section 4.
 - (c) "Board" means the Board of Directors of the Company; any action of the Board herein contemplated will be valid if adopted by a majority of the total number of directors then in office or a majority of the Incumbent Directors and, for purposes of interpreting, amending or waiving any portion of this Agreement, may be adopted by a majority of the Incumbent Directors by written action, whether or not unanimous, or may be delegated by specific action of the Board of Directors after the date hereof to any directorate committee comprised solely of Incumbent Directors who are also Independent Directors.
 - (d) "Cause" shall mean, with respect to the Executive: (i) the willful and continued failure to substantially perform the Executive's duties and responsibilities for reasons other than death or disability, after a written demand for substantial performance is delivered to him/her by the Company which specifically identifies the manner in which the Company believes that the Executive has not substantially performed the Executive's duties; (ii) the Executive's conviction (or entry of a plea bargain admitting criminal guilt) of any felony or a misdemeanor involving moral turpitude; (iii) intentional breach by the Executive of his/her fiduciary obligations to the Company or any securities laws applicable to the Company; or (iv) intentional wrongful engagement by the Executive in any Competitive Activity; and, for purposes of this subsection (iv), any such act shall have been demonstrably and materially harmful to the Company. For purposes of this Agreement, no act or failure to act on the part of the Executive will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

- (e) "Change in Control" means that during the Term any of the following events occurs, provided that the occurrence of such event constitutes a "change in effective ownership or control" of the Company, as defined in Section 409A:
- (i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") (A) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 35% of the combined voting power of the then-outstanding Voting Stock of the Company or succeeds in having nominees as directors elected in an "election contest" within the meaning of Rule 14a-12(c) under the Exchange Act and (B) within 18 months after either such event, individuals who were members of the Board of Directors of the Company immediately prior to either such event cease to constitute a majority of the members of the Board of Directors of the Company; or
 - (ii) a majority of the Board ceases to be comprised of Incumbent Directors; or
 - (iii) the consummation of a reorganization, merger, consolidation, plan of liquidation or dissolution, recapitalization or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another corporation, or other transaction (each, a "Business Transaction"), unless, in any such case, (A) no Person (other than the Company, any entity resulting from such Business Transaction or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Transaction) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then-outstanding shares of Voting Stock of the entity resulting from such Business Transaction or, if it is such entity, the Company and (B) at least one-half of the members of the Board of Directors of the entity resulting from such Business Transaction were Incumbent Directors at the time of the execution of the initial agreement providing for such Business Transaction.
- (f) "Code" means the Internal Revenue Code of 1986, as amended.
- (g) "Competitive Activity" means the Executive's participation, without the written consent signed by an officer of the Company and authorized by the Board, in the management of any business enterprise if (i) such enterprise engages in substantial and direct competition with the Company and such enterprise's sales of any product or service competitive with any product or service of the Company amounted to 10% of such enterprise's net sales for its most recently completed fiscal year and if the Company's net sales of said product or service amounted to 10% of the Company's net sales for its most recently completed fiscal year or (ii) the primary business done or intended to be done by such enterprise is in direct competition with the business of providing facility services in any geographic market in which the Company operates. "Competitive Activity" will not include the mere ownership of securities in any such enterprise and the exercise of rights appurtenant thereto, if such ownership is less than 5% of the outstanding voting securities or units of such enterprise.
- (h) "Employee Benefits" means the benefits and service credit for benefits as provided under any and all employee retirement income and welfare benefit policies, plans, programs or arrangements in which the Executive is entitled to participate, including without limitation any stock option, performance share, performance unit, stock purchase, stock appreciation, savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company or a Subsidiary), disability, salary continuation, expense reimbursement and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs or arrangements that may be adopted hereafter by the Company or a Subsidiary, providing benefits and service credit for benefits at least as great in the aggregate as are payable thereunder immediately prior to a Change in Control.

- (i) "ERISA" means the Employee Retirement Income Security Act of 1976, as amended
- (j) "Excess Parachute Payment" means a payment that creates an obligation for Executive to pay excise taxes under Section 280G of the Code or any successor provision thereto.
- (k) "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (l) "Good Reason" means the occurrence of one or more of the following events:
 - (i) Failure to elect or reelect or otherwise to maintain the Executive in the office or the position he had with the Company immediately prior to a Change in Control, or a substantially equivalent or better office or position than that which he had with the Company immediately prior to the Change in Control, in either such case with the Company, any legal successor to the Company or, if the Company merges with or into another entity with substantial operations, with respect to the business of the Company and its Subsidiaries substantially as conducted immediately prior to the Change in Control;
 - (ii) Failure of the Company to remedy any of the following within 30 calendar days after receipt by the Company of written notice thereof from the Executive: (A) a significant adverse change in the nature or scope of the authorities, powers or functions attached to the position with the Company which the Executive held immediately prior to the Change in Control, (B) a material reduction in the Executive's Base Pay, (C) a material reduction in the Executive's Incentive Pay Opportunity or Incentive Pay Target, or (D) the termination or denial of the Executive's rights to material Employee Benefits or a material reduction in the scope or value thereof, unless such termination or reduction referred to in clauses (B), (C) or (D) applies on a substantially similar basis to all executives of the Company and its parent entities or such right is replaced with a right with a substantially similar scope or value;
 - (iii) The liquidation, dissolution, merger, consolidation or reorganization of the Company or the transfer of all or substantially all of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization, transfer or otherwise) to which all or substantially all of its business and/or assets have been transferred (by operation of law or otherwise) assumed all duties and obligations of the Company under this Agreement pursuant to Section 11(a);
 - (iv) If the Executive's principal residence at the time in question is within 35 miles of the Company's headquarters or the headquarters of the Subsidiary that is Executive's employer, the Company requires the Executive to have Executive's principal location of work changed to any location that is in excess of 50 miles from such residence without Executive's prior written consent; or
 - (v) Without limiting the generality or effect of the foregoing, any material breach of this Agreement or any Other Employment Agreement (as defined in Section 6) by the Company or any successor thereto which is not remedied by the Company within 10 calendar days after receipt by the Company of written notice from the Executive of such breach.

A termination of employment by the Executive for one of the reasons set forth in clauses (i) - (v), above, will not constitute "Good Reason" unless, within the 60-day period immediately following the occurrence of such Good Reason event, the Executive has given written notice to the Company specifying in reasonable detail the event or events relied upon for such termination and the Company has not remedied such event or events within 30 days of the receipt of such notice. The Company and the Executive may mutually waive in writing any of the foregoing

provisions with respect to an event or events that otherwise would constitute Good Reason.

- (m) "Incumbent Directors" means the individuals who, as of the date hereof, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's shareholders or appointment was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
- (n) "Incentive Pay" means compensation in addition to Base Pay determined by reference to one or more performance measures, whether payable in cash, securities or otherwise.
- (o) "Incentive Pay Opportunity" means the maximum amount of Incentive Pay that the Executive would receive pursuant to any Incentive Pay Plan in existence immediately prior to a Change in Control (disregarding the effects of the Change in Control, including without limitation increased depreciation or amortization, financing expense and transaction costs), assuming satisfaction of all thresholds or other conditions thereto established (i) prior to the Change in Control or (ii) after the Change in Control either (A) with the Executive's specific prior written approval or (B) by action of a committee of the Board comprised solely of Independent Directors.
- (p) "Incentive Pay Plan" means any plan, program, agreement or arrangement (excluding employee stock options, restricted stock or other rights the value of which is determined solely by reference to the value of the Company's common stock).
- (q) "Incentive Pay Target" means the amount or value of Incentive Pay the Executive would have received assuming that the Incentive Pay Plans in effect immediately prior to the Change in Control continue unchanged and are satisfied at the target level and, if applicable, any conditions to entitlement to payment at the target level thereunder that are not measured by the Company's results of operation are satisfied at the target level.
- (r) "Independent Directors" means directors who qualify as "independent" directors under then-applicable New York Stock Exchange rules applicable to compensation committees (whether or not the Company's securities continue to be listed for trading thereon).
- (s) "Other Agreement" means an agreement, contract or understanding (including any option or equity plan or agreement) other than this Agreement, heretofore or hereafter entered into by the Executive with the Company or any Subsidiary.
- (t) "Retirement Plans" means the benefit plans of the Company that are intended to be qualified under Section 401(a) of the Code and any supplemental executive retirement benefit plan or any other plan that is a successor thereto as such Retirement Plans were in effect immediately prior to the Change in Control and if the Executive was a participant in such Retirement Plan immediately prior to the Change in Control.
- (u) Section 162(m) means Section 162(m) of the Code, and the regulations and guidance promulgated thereunder, or any successor statute.
- (v) Section 409A means Section 409A of the Code, and the regulations and guidance promulgated thereunder, or any successor statute.

- (w) "Severance Period" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the second anniversary of the occurrence of the Change in Control and (ii) the Executive's death.
- (x) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.
- (y) "Term" means the period commencing as of the date hereof and expiring on the close of business on December 31, []; provided, however, that (i) commencing on January 1, [] and each January 1 thereafter, the term of this Agreement will automatically be extended for an additional year unless, not later than September 30 of the immediately preceding year, the Company or the Executive shall have given notice that it or the Executive, as the case may be, does not wish to have the Term extended; (ii) if a Change in Control occurs during the Term, the Term will expire on the last day of the Severance Period; and (iii) subject to Section 3(c), if, prior to a Change in Control, the Executive ceases for any reason to be a full-time employee of the Company, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate and be of no further effect.
- (z) "Termination Date" means the date on which the Executive's employment is terminated (the effective date of which will be the date of termination, or such other date that may be specified by the Executive if the termination is pursuant to Section 3(b)).
- (aa) "Voting Stock" means securities entitled to vote generally in the election of directors.
- (ab) "Welfare Benefits" means Employee Benefits that are provided under any "welfare plan" (within the meaning of Section 3(1) of ERISA) of the Company, and fringe benefits and other perquisites of employment, such as car allowances, club dues, financial planning and product discounts.

2. Operation of Agreement. This Agreement will be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, except as provided in Section 3(c), this Agreement will not be operative unless and until a Change in Control occurs. Upon the occurrence of a Change in Control at any time during the Term, without further action, this Agreement will become immediately operative.

3. Termination Following a Change in Control. (a) In the event of the occurrence of a Change in Control, the Executive's employment may be terminated by the Company during the Severance Period and the Executive will be entitled to the benefits provided by Section 4 unless such termination is the result of the occurrence of one or more of the following events:

- (i) The Executive's death;
- (ii) if the Executive becomes permanently disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Executive immediately prior to the Change in Control; or
- (iii) Cause.

If, during the Severance Period, the Executive's employment is terminated by the Company other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), the Executive will be entitled to the benefits provided by Section 4, provided that such termination constitutes a "separation from service" as defined in Section 409A.

(b) In the event of the occurrence of a Change in Control, the Executive may terminate employment with the Company during the Severance Period for Good Reason with the right to severance compensation as provided in Section 4 regardless of whether any other

reason, other than Cause, for such termination exists or has occurred, including without limitation other employment.

(c) Nothing in this Agreement will (i) be construed as creating an express or implied contract of employment, changing the status of Executive as an employee at will, giving Executive any right to be retained in the employ of the Company, or giving Executive the right to any particular level of compensation or benefits or (ii) interfere in any way with the right of the Company to terminate the employment of the Executive at any time with or without Cause, subject in either case to the obligations of the Company under this Agreement.

4. Severance Compensation. (a) If, following the occurrence of a Change in Control, the Company terminates the Executive's employment during the Severance Period other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), or if the Executive terminates Executive's employment pursuant to Section 3(b) (any such termination, a "Triggering Termination"), provided that such Triggering Termination constitutes a "separation from service" as defined in Section 409A, the Company will pay to the Executive the amounts described in Annex A within five business days after the Termination Date (subject to the provisions of Section 4(d) of this Agreement) and will continue to provide to the Executive the benefits described in Annex A for the periods described therein.

(b) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the "prime rate" as set forth from time to time during the relevant period in The Wall Street Journal "Money Rates" column, plus 200 basis points, compounded monthly, or, if less, the maximum rate legally allowed. Such interest will be payable as it accrues on demand. Any change in such prime rate will be effective on and as of the date of such change.

(c) Unless otherwise expressly provided by the applicable plan, program or agreement, after the occurrence of a Change in Control, the Company will pay in cash to the Executive a lump sum amount equal to the sum of (i) any unpaid Incentive Pay that has been earned, accrued, allocated or awarded to the Executive for any performance period that by its terms as in effect prior to a Triggering Termination has been completed (any such period, a "Completed Performance Period") (regardless of whether payment of such compensation would otherwise be contingent on the continuing performance of services by the Executive) and (ii) the Pro Rata Portion of the Incentive Pay Target in effect for any subsequent performance period. For this purpose, "Pro Rata Portion" means (x) the number of days from and including the first day immediately following the last day of the immediately preceding Completed Performance Period to and including the Termination Date, divided by (y) the total number of days in such subsequent performance period. Such payments will be made at the earlier of (x) the date prescribed for payment pursuant to the applicable plan, program or agreement and (y) within five business days after the Termination Date, and will be payable and calculated disregarding any otherwise applicable vesting requirements.

(d) 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 the Executive's termination of employment shall instead be paid on the first business day after the date that is six months following the Executive's termination of employment (or upon the Executive's death, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A, and any payments described in Annex A 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.

5. Limitations on Payments and Benefits. Notwithstanding any provision of this Agreement or any Other Agreement to the contrary, if any amount or benefit to be paid or provided under this Agreement or any Other Agreement would be an Excess Parachute Payment (including after taking

into account the value, to the maximum extent permitted by Section 280G of the Code, of the covenants in Section 8 hereof), but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement and any Other Agreement 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 After-Tax Amount less than 90% of the After-Tax Amount of the severance payments he or she would have received under Section 4 or under any Other Agreement without regard to this clause. Whether requested by the Executive or the Company, the determination of whether any reduction in such payments or benefits to be provided under this Agreement or otherwise is required pursuant to the preceding sentence, and the value to be assigned to the Executive's covenants in Section 8 hereof for purposes of determining the amount, if any, of the Excess Parachute Payment will be made at the expense of the Company by the Company's independent accountants or benefits consultant. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 5 will not of itself limit or otherwise affect any other rights of the Executive pursuant to this Agreement or any Other Agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this Section 5, the Executive will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this Section 5, provided, however, that payments that do not constitute deferred compensation within the meaning of Section 409A shall be reduced first. The Company will provide the Executive with all information reasonably requested by the Executive to permit the Executive to make such designation. In the event that the Executive fails to make such designation within 10 business days after receiving notice from the Company of a reduction under this Section 5, the Company may effect such reduction in any manner it deems appropriate.

6. No Mitigation Obligation; Other Agreements. (a) The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following the Termination Date. Accordingly, the payment of the severance compensation by the Company to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in Paragraph 2(E) of Annex A.
 - (b) A termination of employment pursuant to Section 3(a), 3(b) or 3(c) will not affect any rights that the Executive may have pursuant to any agreement, policy, plan, program or arrangement of the Company or Subsidiary providing Employee Benefits, which rights will be governed by the terms thereof. To the extent that the Executive receives payments by reason of his or her termination of employment pursuant to any other employment or severance agreement or employee plan (collectively, "Other Employment Agreements"), the amounts otherwise receivable under Section 4 will be reduced by the amounts actually paid pursuant to the Other Employment Agreements, but not below zero, to avoid duplication of payments so that the total amount payable or value of benefits receivable hereunder and under the Other Employment Agreements is not less than the amounts so payable or value so receivable had such benefits been paid in full hereunder.
7. Legal Fees and Expenses. It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement or defense of Executive's rights in connection with any dispute arising under this Agreement because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of Executive's choice, at the expense of the Company as hereafter provided, to advise and represent the Executive in connection with any such dispute or proceeding. Without respect to whether the Executive prevails, in whole or in

part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all reasonable attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing; provided that, in regard to such matters, the Executive has not acted in bad faith or with no colorable claim of success. The Executive shall promptly submit a written request for reimbursement of such expenses, but in no event later than ninety days following the date on which such expenses were incurred, accompanied by such evidence of fees and expenses incurred as the Company may reasonably require, and such reimbursements will be made within thirty business days after delivery of the Executive's written requests for payment.

8. Competitive Activity; Confidentiality; Nonsolicitation. (a) For the period following the Termination Date specified in Paragraph (3) of Annex A (the "Non-Competition Period"), subject to the Executive's receipt of benefits under Section 4, the Executive will not, without the prior written consent of the Company, which consent will not be unreasonably withheld, engage in any Competitive Activity.
- (b) During the Term, the Company agrees that it will disclose to Executive its confidential or proprietary information (as defined in this Section 8(b)) to the extent necessary for Executive to carry out Executive's obligations to the Company. The Executive hereby covenants and agrees that Executive will not, without the prior written consent of the Company, during the Term and two years thereafter disclose to any person not employed by the Company, or use in connection with engaging in competition with the Company, any confidential or proprietary information of the Company. For purposes of this Agreement, the term "confidential or proprietary information" will include all information of any nature and in any form that is owned by the Company and that is not publicly available (other than by Executive's breach of this Section 8(b)) or generally known to persons engaged in businesses similar or related to those of the Company. Confidential or proprietary information will include, without limitation, the Company's financial matters, customers, employees, industry contracts, strategic business plans, product development (or other proprietary product data), marketing plans, and all other secrets and all other information of a confidential or proprietary nature. For purposes of the preceding two sentences, the term "Company" will also include any Subsidiary (collectively, the "Restricted Group"). The obligations imposed by this Section 8(b) will not apply (i) during the Term, in the course of the business of and for the benefit of the Company, (ii) if such confidential or proprietary information has become, through no fault of the Executive, generally known to the public or (iii) if the Executive is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement).
- (c) The Executive hereby covenants and agrees that for a period ending one year after the Termination Date Executive will not, without the prior written consent of the Company, which consent will not unreasonably be withheld as to Executive's personal assistant, on behalf of Executive or on behalf of any person, firm or company, directly or indirectly, attempt to influence, persuade or induce, or assist any other person in so persuading or inducing, any employee of the Restricted Group to give up, or to not commence, employment or a business relationship with the Restricted Group.
- (d) Executive and the Company agree that the covenants contained in this Section 8 are reasonable under the circumstances and subject to the provisions of Section 14 of this Agreement. Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of Executive's obligations under this Section 8 would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law, in equity or under this Agreement, upon adequate proof of Executive's violation of any such provision of this Agreement, the Company will be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

9. Employment Rights. Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Executive to have the Executive remain in the employment of the Company or any Subsidiary prior to or following any Change in Control.
10. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling.
11. Successors and Binding Agreement. (a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.
 - (b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.
 - (c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 11(a) and 11(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 11(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred or delegated.
12. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to the Executive at Executive's principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.
13. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Delaware and federal law, without giving effect to the principles of conflict of laws of such State, except as expressly provided herein. In the event the Company exercises its discretion under Section 8(d) to bring an action to enforce the covenants contained in Section 8 in a court of competent jurisdiction where the Executive has breached or threatened to breach such covenants, and in no other event, the parties agree that the court may apply the law of the jurisdiction in which such action is pending in order to enforce the covenants to the fullest extent permissible.
14. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, including without limitation Section 8 hereof, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary

to make it enforceable, valid or legal. If any covenant in Section 8 should be deemed invalid, illegal or unenforceable because its time, geographical area, or restricted activity, is considered excessive, such covenant will be modified to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

15. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement. The headings used in this Agreement are intended for convenience or reference only and will not in any manner amplify, limit, modify or otherwise be used in the construction or interpretation of any provision of this Agreement. References to Sections are to Sections of this Agreement. References to Paragraphs are to Paragraphs of an Annex to this Agreement. Any reference in this Agreement to a provision of a statute, rule or regulation will also include any successor provision thereto.
16. Survival. Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under Sections 3(c), 4, 5, 7, 8, 9, 10, 11(b), 16 and 18 will survive any termination or expiration of this Agreement or the termination of the Executive's employment following a Change in Control for any reason whatsoever.
17. Beneficiaries. The Executive will be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following the Executive's death, and may change such election, in either case by giving the Company written notice thereof in accordance with Section 12. In the event of the Executive's death or a judicial determination of the Executive's incompetence, reference in this Agreement to the "Executive" will be deemed, where appropriate, to the Executive's beneficiary, estate or other legal representative.
18. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same agreement.
19. Section 409A. To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A. This Agreement will be administered in a manner consistent with this intent, and any provision that would cause the Agreement to fail to satisfy Section 409A will have no force and effect until amended to comply with Section 409A (which amendment may be retroactive to the extent permitted by Section 409A and may be made by the Company without the consent of the Executive). Prior to any Change in Control, the Company and the Executive will agree to any amendment of this Agreement approved by the Board based on the advice of Skadden, Arps, Slate, Meagher & Flom, LLP or any other nationally recognized law firm designated by the Board that such amendment, if implemented, is or is reasonably likely to reduce any adverse effect on the Company or the Executive of any rule, regulation or IRS interpretation of Section 409A and that such firm is recommending similar changes or provisions to its other clients that have change-in-control, severance or employment agreements or plans.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

ABM INDUSTRIES INCORPORATED

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

Signature: /s/ Dean A. Chin
Date: March 9, 2016

SEVERANCE COMPENSATION, ETC.

- (1) A lump sum payment in an amount equal to 1.5 times the sum of (A) Base Pay (at the rate in effect for the year in which the Termination Date occurs), plus (B) Incentive Pay Target (or, if the Incentive Pay Target shall not have been established or shall be reduced after a Change in Control, the highest aggregate Incentive Pay Target as in effect for any of the three fiscal years immediately preceding the year in which the Change in Control occurred).
- (2) (A) For any Welfare Benefits that the Executive was receiving or entitled to receive immediately prior to the Termination Date (or, if greater, immediately prior to the reduction, termination or denial described in Section 1(1)(ii)) that are considered to be "reimbursement arrangements" covered under Section 1.409A-1(b)(9)(iv)(A) of the Code:
 - (i) for a period of 18 months following the Termination Date (the "Continuation Period"), the Company will arrange to provide the Executive with Welfare Benefits substantially similar to those that the Executive was receiving or entitled to receive immediately prior to the Termination Date (or, if greater, immediately prior to the reduction, termination, or denial described in Section 1(I)(ii)) except that the level of any such Welfare Benefits to be provided to the Executive may be reduced in the event of a corresponding reduction generally applicable to all similarly situated recipients of or participants in such Welfare Benefits. If and to the extent that any benefit described in this Paragraph 2 is not or cannot be paid or provided under any policy, plan, program or arrangement of the Company or any Subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, Executive's dependents and beneficiaries, of such Welfare Benefits along with, in the case of any benefit described in this Paragraph 2 that is subject to tax because it is not or cannot be paid or provided under any such policy, plan, program or arrangement of the Company or any Subsidiary, an additional amount such that after payment by the Executive, or Executive's dependents or beneficiaries, as the case may be, of all taxes so imposed, the recipient retains an amount equal to such taxes. Such tax payment will be made to the Executive by the Company no later than December 31st of the year in which the Executive remits such tax payments to the appropriate taxing authorities.
 - (ii) the Company will pay to the Executive, in a lump sum within the time period described in Section 4(a), an amount equal to the difference between (1) the present value of the continuation of such benefits for 18 months and (2) the present value of the benefits the Executive will receive under Paragraph 2(A) (i).
- (B) Notwithstanding the foregoing, or any other provision of the Agreement, for purposes of determining the period of continuation coverage to which the Executive or any of Executive's dependents is entitled pursuant to Section 4980B of the Code under the Company's medical, dental and other group health plans, or successor plans, the Executive's "qualifying event" will be the termination of the Continuation Period and the Executive will be considered to have remained actively employed on a full-time basis through that date, provided, however, that (1) with respect to health benefits the continuation period will in all events terminate on the 18-month anniversary of the termination date as so determined and (2) the Company will pay, or reimburse the Executive for, all COBRA continuation costs during such period.
- (C) For purposes of the immediately preceding sentence and for purposes of calculating service or age to determine the Executive's eligibility for welfare benefits, including benefits under any retiree medical benefits or life insurance plan or policy, the Executive will be considered to have remained actively employed on a full-time basis through the termination of the Continuation Period.
- (D) For any Welfare Benefits that the Executive was receiving or entitled to receive immediately prior to the Termination Date (or, if greater, immediately prior to the reduction, termination, or denial described in Section 1(1)(5)) that are not considered to be "reimbursement arrangements" covered under Section 1.409A-1(b)(9)(iv)(A) of the Code, the Company shall pay to the Executive, within

the time period described in Section 4(a), in a lump sum, an amount equal to the present value of the continuation of such benefits for 18 months following the Termination Date.

(E) Welfare Benefits otherwise receivable by the Executive pursuant to this Paragraph 2 will be reduced to the extent comparable Welfare Benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Termination Date, and any such Welfare Benefits actually received by the Executive will be reported by the Executive to the Company.

(3) The Non-Competition Period contemplated by Section 8(a) will be 12 months from the Termination Date.

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is effective Jan 16, 2016, between Dean Chin ("**Executive**") and ABMI, a Delaware corporation ("**Company**").

- 1. EMPLOYMENT.** In consideration of the terms and commitments contained in this Agreement, Executive agrees to and acknowledges the following:
- 2. DUTIES, RESPONSIBILITIES AND TITLE.** 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 the Company. Executive's title shall be Senior Vice President and Corporate Controller of the Company, subject to modification as determined by the Company's Chief Executive Officer ("CEO").
- 3. COMPENSATION.** 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 the 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") or applicable severance policy, 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 the Company in its discretion.
- 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 and ABM.
- 5. RESTRICTIVE COVENANTS.** In consideration of the compensation, contract term, potential Severance Benefits, 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 the Company or its subsidiaries, or of the employees of any company that contracts to provide services to the 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; (vii) 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 the 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. In addition, Executive agrees that at all times after the voluntary or involuntary termination of Executive's employment, Executive shall not attempt to seek, seek, attempt to solicit, solicit, or accept work from of any customer or active customer prospect of Company or any other Company-affiliated entity through the direct or indirect use of any Confidential Information or by any other unfair or unlawful business practice.
- 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 the 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 the 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 the Company within the twelve-month period preceding the effective date of Executive's termination of employment; and/or (b) where the Company has business operations and

Executive was provided Confidential Information regarding the 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 the 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 the 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 the 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 the Company within the twelve-month period preceding the effective date of Executive's termination of employment; and/or (ii) where the Company has business operations and Executive was provided Confidential Information regarding the 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 the 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 the 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, employees, consultants, and/or agents.

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 the Company or induce the 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 the Company. Executive has no other agreements or relationships with or commitments to any other person or entity that conflicts with Executive's obligations to the Company as an employee of the 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 the Company would make it difficult for Executive not to disclose to the Company any legally protected confidential, proprietary or trade secret information or materials belonging to others, Executive will immediately inform the 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 the 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 the Company immediately in the event there is a request for information or inquiry pertaining to the Company, any Company-affiliated entity, or Executive's knowledge of or employment with the 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 7.2 ("Severance Period"), 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 the 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. **AT-WILL.** The employment of Executive shall be "at-will" at all times. The Company or Executive may terminate Executive's employment with the Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company relating to the employment, discipline or termination of its employees. Following the termination of Executive's employment, the Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination. Thereafter, all obligations of the Company under this Agreement shall cease other than those set forth in Section 7.

7. TERMINATION OF EMPLOYMENT

7.1 TERMINATION BY COMPANY FOR CAUSE. Where the Company terminates Executive's employment for Cause, all obligations of the Company under this Agreement shall cease, other than those set forth in Section 6. 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 the 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 the Company's Code of Business Conduct; and (vii) any other material breach of this Agreement by Executive.

7.2 TERMINATION BY COMPANY WITHOUT CAUSE. Where the Company terminates Executive's employment in the absence of a good faith determination of Cause by the, and Executive's employment is not terminated due to death or Disability (as defined below), severance benefits ("Severance Benefits"), if any, which Executive may be eligible to receive shall be governed by the terms of the ABM Severance Policy, or any policy or plan of the Company as in effect as of the termination date (collectively, the "Policy"), which Policy may be modified, amended, suspended and/or terminated at any time for any reason by the Company in its sole discretion; provided, that, notwithstanding anything to the contrary set forth in the Policy, Executive's eligibility to receive the Severance Benefits is conditioned on Executive's continued compliance with all continuing obligations under this Agreement, including but not limited to those set forth

in Section 5. Executive shall not have any other rights or claims under this Agreement, and all other obligations of the Company under this Agreement shall cease.

7.3 VOLUNTARY TERMINATION BY EXECUTIVE. Executive may give written notice of Executive's resignation of employment at any time during this Agreement pursuant to Section 6, and thereafter, all obligations of the Company under this Agreement shall cease. Executive is requested to provide sixty (60) days' written notice of Executive's resignation or as much time as reasonable under the circumstances. Company reserves the right to relieve Executive of Executive's duties at the Company's discretion following notice of Executive's intent to resign.

7.4 DEATH OR DISABILITY. Executive's employment hereunder shall automatically terminate upon the death of Executive and may be terminated at the 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 the Company. If Executive's employment is terminated by the Company due to Executive's death or Disability, Executive, or, upon death, to Executive's designated beneficiary or estate, as applicable, shall 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: (i) Executive having first signed a release agreement in the form provided by the Company and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive's termination of employment; and (ii) Executive's continued compliance with all continuing obligations under this Agreement, including but not limited to those set forth in Section 5. Thereafter, 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 the Company under this Agreement shall cease.

7.5 TIMING OF PAYMENTS. In the event that Executive becomes entitled to receive Severance Benefits pursuant to Section 7.2, Executive shall receive such payments pursuant to the terms set forth in the Policy. Any pro-rated Bonus that becomes payable to Executive pursuant to Section 7.4 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 7.4 shall be exempt from 409A of the Internal Revenue Code) as a short-term deferral within the meaning of Treasury Regulation section 1.409A-1(d).

7.6 EXCESS PARACHUTE PAYMENTS. Subject to a Release between Executive and the 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 the 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 the Company, the determination of whether any reduction 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 the Company by the 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 the Company by independent accountants selected by Company or the Company's benefits consultant. The determination of whether any reduction in Severance Benefits, an equity award or any other agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of the Company

by independent accountants selected by Company or the 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, provided, however, that payments that do not constitute deferred compensation within the meaning of Section 409A will be reduced first. The Company will provide Executive with all information reasonably requested by Executive to permit Executive to make such designation. In the event that Executive fails to make such designation within ten (10) business days after receiving notice from the Company of a reduction under this Section, the Company may affect such reduction in any manner it deems appropriate. 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.

7.7 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 the 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 the 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 the Company in any process whereby the 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 the Company belongs to the Company and shall be promptly returned to the Company upon termination of Executive's employment.

7.8 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.

8. NOTICES

8.1 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: Dean Chin
382 West Shore Drive
Wyckoff New Jersey 07481

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

8.2 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.

9. GENERAL PROVISIONS

- 9.1 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.
- 9.2 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.
- 9.3 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.
- 9.4 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.
- 9.5 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 understands and agrees that Executive's employment with the Company is at-will and that nothing in this Agreement is intended to create a contract of employment for any fixed or definite term. Executive understands Executive is also now eligible for Severance Benefits to which Executive was not previously entitled and acknowledges the value of such benefits. 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.
- 9.6 ENTIRE AGREEMENT. Unless otherwise specified herein, this Agreement, together with Appendix A, 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 CEO, Senior Vice President of Human Resources or Vice President of Human Resources.
- 9.6a 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.
- 9.6b OTHER AGREEMENTS. It is specifically understood and accepted that this Agreement supersedes all oral and written employment agreements between Executive and Company prior to the date of this Agreement. However, it is 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 Asset Purchase Agreement, Merger Agreement or Stock Purchase Agreement or any agreements ancillary thereto, entered into by and between Executive and any ABM-affiliated entity setting forth Executive's duties under a Covenant Not To Compete in connection with the sale of such assets, shall remain in full force and effect during employment and thereafter.
- 9.6c AMENDMENTS. This Agreement may not be amended except in a writing approved by the CEO or CHRO and signed by the Executive.

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

Executive: **Dean Chin**

Signature: /s/ Dean A. Chin

Date: March 9, 2016

Company: ABM Industries Incorporated

Signature: /s/ D. Anthony Scaglione

Title: Executive Vice President and Chief
Financial Officer

Date: March 9, 2016

APPENDIX A

- A. **ASSIGNMENT.** Executive hereby assigns, and agrees to assign, to the 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 the 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 the Company or its affiliates: (i) during the period of Executive's employment with the 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 the 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 the 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 the 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 the 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 the Company at all times.
- C. **ASSIST WITH REGISTRATION.** Executive agrees that Executive will, at the 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 the 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 the 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 the 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 the 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 the 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. The Company will compensate Executive at a reasonable rate for time actually spent by Executive at the Company's request on such assistance at any time following termination of Executive's employment with the 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.

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

I, Scott Salmirs, 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 9, 2016

/s/ Scott Salmirs
Scott Salmirs
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, D. Anthony Scaglione, 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 9, 2016

/s/ D. Anthony Scaglione
D. Anthony Scaglione
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, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott Salmirs, Chief Executive Officer of the Company, and D. Anthony Scaglione, 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 9, 2016

/s/ Scott Salmirs
Scott Salmirs
Chief Executive Officer
(Principal Executive Officer)

March 9, 2016

/s/ D. Anthony Scaglione
D. Anthony Scaglione
Chief Financial Officer
(Principal Financial Officer)