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, 2019

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	**94-1369354**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Liberty Plaza, 7th Floor
New York, New York 10006

(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 o

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 o

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Number of shares of the registrant’s common stock outstanding as of March 4, 2019: 66,238,956

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This Form 10-Q contains both historical and forward-looking statements regarding ABM Industries Incorporated (“ABM”) and its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”). We make forward-looking statements related to future expectations, estimates, and projections that are uncertain and often contain words 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 subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict. Particular risks and uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include those listed below.

- We may not realize the full extent of growth opportunities or potential synergies anticipated from the acquisition of GCA Services Group (“GCA”).
- We incurred a substantial amount of debt to complete the acquisition of GCA. To service our debt we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. We also depend on the profitability of our subsidiaries to satisfy our cash needs. If we cannot generate the required cash, we may not be able to make the necessary payments required to service our indebtedness or we may be required to suspend certain discretionary payments, including our dividend.
- Changes to our businesses, operating structure, financial reporting structure, or personnel relating to the implementation of our **2020 Vision** strategic transformation initiative, together with process and technology initiatives following the acquisition of GCA, may not have the desired effects on our financial condition and results of operations.
- Our success depends on our ability to gain profitable business despite competitive pressures and on our ability to preserve long-term client relationships.
- Our business success depends on our ability to attract and retain qualified personnel and senior management.
- Our use of subcontractors or joint venture partners to perform work under customer contracts exposes us to liability and financial risk.
- Our international business involves risks different from those we face in the United States that could have an effect on our results of operations and financial condition.
- Unfavorable developments in our class and representative actions and other lawsuits alleging various claims could cause us to incur substantial liabilities.
- We insure our insurable risks through a combination of insurance and self-insurance, and we retain a substantial portion of the risk associated with expected losses under these programs, which exposes us to volatility associated with those risks, including the possibility that changes in estimates of ultimate insurance losses could result in material charges against our earnings.
- Our risk management and safety programs may not have the intended effect of reducing our liability for personal injury or property loss.
- Impairment of goodwill and long-lived assets could have a material adverse effect on our financial condition and results of operations.
- Changes in general economic conditions, including changes in energy prices, government regulations, and changing consumer preferences, could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition.
- Our business may be materially affected by changes to fiscal and tax policies. Negative or unexpected tax consequences could adversely affect our results of operations.
- We may experience breaches of, or disruptions to, our information technology systems or those of our third-party providers or clients, or other compromises of our data that could adversely affect our business.
- A significant number of our employees are covered by collective bargaining agreements that could expose us to potential liabilities in relationship to our participation in multiemployer pension plans, requirements to make contributions to other benefit plans, and the potential for strikes, work slowdowns or similar activities, and union-organizing drives.
- If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our Company and as a result may have a material adverse effect on the value of our common stock.
- Our business may be negatively impacted by adverse weather conditions.

- Catastrophic events, disasters, and terrorist attacks could disrupt our services.
- Actions of activist investors could disrupt our business.

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, 2018 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, 2019	October 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 30.6	$ 39.1
Trade accounts receivable, net of allowances of $23.4 and $19.2 at January 31, 2019 and October 31, 2018, respectively	1,039.2	1,014.1
Costs incurred in excess of amounts billed	40.2	—
Prepaid expenses	77.4	80.8
Other current assets	43.7	37.0
Total current assets	1,231.1	1,171.0
Other investments	15.5	16.3
Property, plant and equipment, net of accumulated depreciation of $165.1 and $153.9 at January 31, 2019 and October 31, 2018, respectively	140.0	140.1
Other intangible assets, net of accumulated amortization of $265.8 and $250.4 at January 31, 2019 and October 31, 2018, respectively	340.7	355.7
Goodwill	1,836.4	1,834.8
Other noncurrent assets	122.7	109.6
Total assets	$ 3,686.4	$ 3,627.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt, net	$ 42.1	$ 37.0
Trade accounts payable	209.1	221.9
Accrued compensation	142.1	172.1
Accrued taxes—other than income	64.8	56.0
Insurance claims	157.2	149.5
Income taxes payable	7.1	3.2
Other accrued liabilities	175.7	152.7
Total current liabilities	798.0	792.5
Long-term debt, net	945.8	902.0
Deferred income tax liability, net	29.2	37.8
Noncurrent insurance claims	364.5	360.8
Other noncurrent liabilities	70.4	62.9
Noncurrent income taxes payable	17.5	16.9
Total liabilities	2,225.3	2,172.9
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; 66,210,379 and 66,004,361 shares issued and outstanding at January 31, 2019 and October 31, 2018, respectively	0.7	0.7
Additional paid-in capital	694.1	691.8
Accumulated other comprehensive loss, net of taxes	(12.2)	(9.0)
Retained earnings	778.6	771.2
Total stockholders' equity	1,461.1	1,454.6
Total liabilities and stockholders' equity	$ 3,686.4	$ 3,627.5

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

(in millions, except per share amounts)	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018
Revenues	$ 1,607.9	$ 1,588.3
Operating expenses	1,446.0	1,429.3
Selling, general and administrative expenses	112.7	109.0
Restructuring and related expenses	3.8	14.3
Amortization of intangible assets	15.2	16.2
Operating profit	30.3	19.5
Income from unconsolidated affiliates, net	0.9	0.5
Interest expense	(13.5)	(14.3)
Income from continuing operations before income taxes	17.8	5.8
Income tax (provision) benefit	(4.7)	22.2
Income from continuing operations	13.0	28.0
Loss from discontinued operations, net of taxes	(0.1)	(0.1)
Net income	13.0	27.8
Other comprehensive income		
Interest rate swaps	(8.7)	18.6
Foreign currency translation	3.1	9.4
Income tax benefit (provision)	2.4	(5.0)
Comprehensive income	$ 9.7	$ 50.9
Net income per common share — Basic		
Income from continuing operations	$ 0.20	$ 0.42
Loss from discontinued operations	—	—
Net income	$ 0.20	$ 0.42
Net income per common share — Diluted		
Income from continuing operations	$ 0.20	$ 0.42
Loss from discontinued operations	—	—
Net income	$ 0.19	$ 0.42
Weighted-average common and common equivalent shares outstanding		
Basic	66.4	65.9
Diluted	66.7	66.3
Dividends declared per common share	$ 0.180	$ 0.175

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in millions)	Three Months Ended January 31, 2019	2018
Cash flows from operating activities		
Net income	$ 13.0	$ 27.8
Loss from discontinued operations, net of taxes	0.1	0.1
Income from continuing operations	13.0	28.0
Adjustments to reconcile income from continuing operations to net cash (used in) provided by operating activities of continuing operations		
Depreciation and amortization	26.7	29.0
Deferred income taxes	(8.7)	(30.3)
Share-based compensation expense	4.5	3.8
Provision for bad debt	3.0	2.6
Discount accretion on insurance claims	0.2	0.2
Gain on sale of assets	—	(0.1)
Income from unconsolidated affiliates, net	(0.9)	(0.5)
Distributions from unconsolidated affiliates	1.7	—
Changes in operating assets and liabilities, net of effects of acquisitions		
Trade accounts receivable and costs incurred in excess of amounts billed	(68.2)	15.7
Prepaid expenses and other current assets	(8.2)	1.4
Other noncurrent assets	—	(1.7)
Trade accounts payable and other accrued liabilities	(32.5)	(33.2)
Insurance claims	11.1	5.8
Income taxes payable	13.1	10.9
Other noncurrent liabilities	5.9	2.2
Total adjustments	(52.3)	5.8
Net cash (used in) provided by operating activities of continuing operations	(39.3)	33.8
Net cash used in operating activities of discontinued operations	(0.1)	(0.1)
Net cash (used in) provided by operating activities	(39.3)	33.7
Cash flows from investing activities		
Additions to property, plant and equipment	(11.6)	(10.6)
Proceeds from sale of assets	0.2	0.3
Adjustments to sale of business	—	(1.9)
Purchase of businesses, net of cash acquired	—	(2.4)
Investments in unconsolidated affiliates	—	(0.6)
Net cash used in investing activities	(11.4)	(15.3)
Cash flows from financing activities		
Taxes withheld from issuance of share-based compensation awards, net	(2.3)	(2.0)
Dividends paid	(11.9)	(11.5)
Deferred financing costs paid	—	(0.1)
Borrowings from credit facility	357.6	304.3
Repayment of borrowings from credit facility	(309.6)	(303.0)
Changes in book cash overdrafts	7.2	(1.2)
Financing of energy savings performance contracts	1.7	—
Repayment of capital lease obligations	(0.8)	(0.8)
Net cash provided by (used in) financing activities	42.0	(14.3)
Effect of exchange rate changes on cash and cash equivalents	0.3	1.7
Net (decrease) increase in cash and cash equivalents	(8.5)	5.8
Cash and cash equivalents at beginning of year	39.1	62.8
Cash and cash equivalents at end of period	$ 30.6	$ 68.6

See accompanying notes to unaudited consolidated financial statements.

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 integrated facility services with a mission to **make a difference, every person, every day**. We are organized into five industry groups and one Technical Solutions segment:

Through these groups, we offer janitorial, facilities engineering, parking, and specialized mechanical and electrical technical solutions, on a standalone basis or in combination with other services.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with (i) United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and (ii) the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of our management, our unaudited consolidated financial statements and accompanying notes (the "Financial Statements") include all normal recurring adjustments that are necessary for the fair statement of the interim periods presented. Interim results of operations are not necessarily indicative of results for the full year. The Financial Statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) in our Annual Report on Form 10-K for the year ended October 31, 2018 ("Annual Report"). Unless otherwise indicated, all references to years are to our fiscal year, which ends on October 31.

Discontinued Operations

Following the sale of our Security business in 2015, we record all costs associated with this former business in discontinued operations. Such costs generally relate to litigation we retained and insurance reserves.

Prior Year Reclassifications

Effective November 1, 2018, we have modified the presentation of inter-segment revenues, which are recorded at cost with no associated intercompany profit or loss and are eliminated in consolidation. Our prior period segment data in Note 11, "Segment Information," has been reclassified to conform with our fiscal 2019 presentation. These changes had no impact on our previously reported consolidated balance sheets, statements of comprehensive income, or statements of cash flows.

Rounding

We round amounts in the Financial Statements to millions and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding.

Management Reimbursement Revenue by Segment

We operate certain parking facilities under managed location arrangements. Under these arrangements, we manage the parking facility for a management fee and pass through the revenue and expenses associated with the facility to the owner. See Note 3, “Revenue,” for further details regarding managed location arrangement considerations under the new revenue standards. These revenues and expenses are reported in equal amounts as costs reimbursed from our managed locations:

	Three Months Ended January 31,	
(in millions)	**2019**	**2018**
Business & Industry	$ 66.3	$ 63.0
Aviation	24.2	25.5
Healthcare	4.7	4.9
Total	$ 95.2	$ 93.4

Recently Adopted Accounting Standards

Our significant accounting policies are described in Note 2, “Basis of Presentation and Significant Accounting Policies,” in our Annual Report. There have been no material changes to our significant accounting policies during the three months ended January 31, 2019, other than those described below.

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and subsequently issued several ASUs further updating Topic 606.

Additionally, in May 2017, the FASB issued ASU 2017-10*, Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services*, to clarify how operating entities should determine the customer of operation services for transactions within the scope of this guidance, which U.S. GAAP did not address prior to this ASU. The amendment eliminates diversity in practice by clarifying that the grantor is the customer of the operation services in all cases for those arrangements. We determined that revenue we generate from service concession arrangements, primarily from certain parking arrangements, will be accounted for under this guidance. We adopted the amendments in this update in conjunction with the adoption of Topic 606, as discussed below.

Collectively these ASUs introduce a new principles-based framework for revenue recognition and disclosure. The core principle of the standard is when an entity transfers goods or services to customers it will recognize revenue in an amount that reflects the consideration it expects to be entitled to for those goods or services. The standard also expands the required disclosures to include the disaggregation of revenue from contracts with customers into categories that depict how the nature, timing, and uncertainty of revenue and cash flows are affected by economic factors.

We adopted Topic 606 and Topic 853 on November 1, 2018 using a modified retrospective approach with a cumulative-effect adjustment to retained earnings as of the beginning of 2019; prior period financial statements are not adjusted. We applied the standards to contracts that had not been completed at November 1, 2018 and did not apply them to contracts that were modified before the beginning of the earliest reporting period presented. See Note 3, “Revenue,” for further details.

Other Recently Adopted Accounting Standards

During the first quarter of 2019, we adopted the following ASUs with no material impact on our consolidated financial statements:

ASU	Topic	Method of Adoption
2016-01	Financial Instruments	Modified retrospective
2016-15	Statement of Cash Flows — Classification of Certain Cash Receipts and Cash Payments	Retrospective
2016-16	Income Taxes — Intra-Entity Transfers of Assets Other Than Inventory	Modified retrospective
2016-18	Statement of Cash Flows — Restricted Cash	Retrospective
2017-07	Compensation — Retirement Benefits	Retrospective
2017-09	Compensation — Stock Compensation	Prospective
2018-02	Income Statement — Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	Early adopted; we elected not to reclassify any stranded tax effects of the Tax Cuts and Jobs Act (the “Tax Act”) due to the insignificance of the amount remaining in accumulated other comprehensive income (“AOCI”).
2018-04	Investments — Debt Securities	Adopted in conjunction with ASU 2016-01

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which replaces existing lease accounting guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. The new guidance will require us to continue to classify leases as either operating or financing, with classification affecting the pattern of expense recognition in the statement of comprehensive income. The FASB issued several updates to ASU 2016-02, including ASU 2018-10, *Codification Improvements*, and ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an additional transition method to adopt Topic 842.

We have established an implementation team to comprehensively evaluate the impact of adopting this guidance, which includes: reviewing our lease portfolio; implementing new system tools to help us meet reporting requirements; and assessing the impact to business processes, internal control over financial reporting, and the related disclosure requirements. While our evaluation is ongoing, we believe the adoption of this standard will have a significant impact on our consolidated balance sheets due to the recognition of right-of-use assets and corresponding lease liabilities. Refer to Note 14, “Commitments and Contingencies,” in our 2018 Annual Report for information about our lease obligations. This standard will become effective for us on November 1, 2019. We plan to adopt using a modified retrospective transition approach for leases that exist in the period of adoption, and therefore we will not restate the prior comparative periods.

No other recently issued standards are expected to have a significant impact on our fiscal 2020 consolidated financial statements.

3. REVENUE

Impact of Adopting Topic 606 and Topic 853 on the Consolidated Financial Statements

On November 1, 2018, we recorded a pre-tax increase of $9.1 million to our opening retained earnings as a result of adopting Topic 606. These changes primarily related to: (1) the capitalization of certain commission costs that were previously expensed as incurred; (2) the deferral of revenue, and the associated margin, on uninstalled materials associated with certain project type contracts that will now be recognized when installation is substantially complete; and (3) the deferral of initial franchise license fees that were previously recognized when the franchise license term began but will now be recognized over the term of the initial franchise arrangement. Changes to our consolidated balance sheets include the separate presentation of costs incurred in excess of amounts billed, which were previously included in trade accounts receivable, net. Additionally, in accordance with Topic 853, rent expense related to service concession arrangements, which was previously classified as an operating expense, is now classified as a reduction of revenues.

(in millions)	Balance at October 31, 2018	Adjustments Due to Adoption of Topic 606	Balance at November 1, 2018
ASSETS			
Current assets			
Trade accounts receivable, net	$ 1,014.1	$ (40.1)	$ 974.0
Costs incurred in excess of amounts billed	—	40.1	40.1
Other current assets	37.0	3.6	40.6
Other noncurrent assets	109.6	11.5	121.1
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Other accrued liabilities	$ 152.7	$ 6.0	$ 158.9
Deferred income tax liability, net	37.8	2.6	40.3
Retained earnings	771.2	6.5	777.6

The impact of adopting Topic 606 on our unaudited consolidated balance sheet as of January 31, 2019 was as follows:

	As of January 31, 2019		
(in millions)	Under Historical Guidance	Effect of Adoption	As Reported
ASSETS			
Current assets			
Other current assets	$ 38.9	$ 4.8	$ 43.7
Other noncurrent assets	111.4	11.3	122.7
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Other accrued liabilities	$ 170.9	$ 4.8	$ 175.7
Deferred income tax liability, net	27.3	1.9	29.2
Retained earnings	769.2	9.4	778.6

The impacts of adopting Topic 606 and Topic 853 on our unaudited consolidated statements of comprehensive income for the three months ended January 31, 2019 were as follows:

	Three Months Ended January 31, 2019		
(in millions, except per share amounts)	Under Historical Guidance	Effect of Adoption	As Reported
Revenues	$ 1,617.9	$ (10.0)	$ 1,607.9
Operating expenses	1,457.3	(11.3)	1,446.0
Selling, general and administrative expenses	113.6	(0.9)	112.7
Income tax (provision) benefit	(4.2)	(0.6)	(4.7)
Net income	11.3	1.7	13.0
Net income per common share — Basic	$ 0.17	$ 0.03	$ 0.20
Net income per common share — Diluted	$ 0.17	$ 0.03	$ 0.19

There were no significant impacts on our consolidated statements of cash flows other than offsetting shifts in net cash provided by operating activities between net income and various changes in working capital line items.

Disaggregation of Revenue

We generate revenues under several types of contracts, as further explained below. Generally, the type of contract is determined by the nature of the services provided by each of our major service lines throughout our reportable segments; therefore, we disaggregate revenue from contracts with customers into major service lines. We have determined that disaggregating revenue into these categories best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Our reportable segments are Business & Industry ("B&I"), Aviation, Technology and Manufacturing ("T&M"), Education, Technical Solutions, and Healthcare, as described in Note 11, "Segment Information."

	Three Months Ended January 31, 2019						
(in millions)	B&I	Aviation	T&M	Education	Technical Solutions	Healthcare	Total
Major Service Line							
Janitorial(1)	$ 549.7	$ 31.1	$ 187.8	$ 183.3	$ —	$ 38.0	$ 989.9
Parking(2)	114.4	85.8	7.4	0.8	—	13.7	222.1
Facility Services(3)	110.2	18.0	40.8	20.7	—	15.0	204.7
Airline Services(4)	0.2	117.5	—	—	—	—	117.7
Building & Energy Solutions(5)	—	—	—	—	107.9	—	107.9
	$ 774.5	**$ 252.4**	**$ 236.1**	**$ 204.7**	**$ 107.9**	**$ 66.7**	**$ 1,642.3**
Elimination of inter-segment revenues							(34.4)
Total							**$ 1,607.9**

(1) Janitorial arrangements provide a wide range of essential cleaning services for commercial office buildings, airports and other transportation centers, educational institutions, government buildings, health facilities, industrial buildings, retail stores, and stadiums and arenas.

(2) Parking arrangements provide parking and transportation services for clients at various locations, including airports and other transportation centers, commercial office buildings, educational institutions, health facilities, hotels, and stadiums and arenas. Certain of our management reimbursement, leased, and allowance location arrangements are considered service concession agreements and are accounted for under the guidance of Topic 853. For the three months ended January 31, 2019, rent expense related to service concession arrangements, previously recorded within operating expenses, has been recorded as a reduction of the related parking service revenues.

(3) Facility Services arrangements provide onsite mechanical engineering and technical services and solutions relating to a broad range of facilities and infrastructure systems that are designed to extend the useful life of facility fixed assets, improve equipment operating efficiencies, reduce energy consumption, lower overall operational costs for clients, and enhance the sustainability of client locations.

[4] Airline Services arrangements support airlines and airports with services ranging from passenger assistance, catering logistics, and airplane cabin maintenance.

[5] Building & Energy Solutions arrangements provide custom energy solutions, electrical, HVAC, lighting, and other general maintenance and repair services for clients in the public and private sectors. We also franchise certain operations under franchise agreements relating to our Linc Network and TEGG brands.

Contracts with Customers

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Once a contract is identified, we evaluate whether it is a combined or single contract and whether it should be accounted for as more than one performance obligation. Generally, most of our contracts are cancelable by either party without a substantive penalty and the majority have a notification period of 30 to 60 days. If a contract includes a cancellation clause, the remaining contract term is limited to the required termination notice period.

At contract inception, we assess the services promised to our customers and identify a performance obligation for each promise to transfer to the customer a service, or a bundle of services, that is distinct. To identify the performance obligation, we consider all of our services promised in the contract, regardless of whether they are explicitly stated or are implied by customary business practices.

The majority of our contracts contain multiple promises that represent an integrated bundle of services comprised of activities that may vary over time; however, these activities fulfill a single integrated performance obligation since we perform a continuous service that is substantially the same and has the same pattern of transfer to the customer. Our performance obligations are primarily satisfied over time as we provide the related services. We allocate the contract transaction price to this single performance obligation and recognize revenue as the services are performed, as further described in “Contract Types” below.

Certain arrangements involve variable consideration (primarily per transaction fees, reimbursable expenses, and sales-based royalties). We do not estimate the variable consideration for these arrangements; rather, we recognize these variable fees in the period they are earned. Some of our contracts, often related to Airline Services, may also include performance incentives based on variable performance measures that are ascertained exclusively by future performance and therefore cannot be estimated at contract inception and are recognized as revenue once known and mutually agreed upon. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current, and forecasted) that is reasonably available to us.

We primarily account for our performance obligations under the series guidance, using the as-invoiced practical expedient when applicable. We apply the as-invoiced practical expedient to record revenue as the services are provided, given the nature of the services provided and the frequency of billing under the customer contracts. Under this practical expedient, we recognize revenue in an amount that corresponds directly with the value to the customer of our performance completed to date and for which we have the right to invoice the customer.

We typically bill customers on a monthly basis and have the right to consideration from customers in an amount that corresponds directly with the performance obligation satisfied to date. The time between completion of the performance obligation and collection of cash is generally 30 to 60 days. Sales-based taxes are excluded from revenue.

Contracts generally can be modified to account for changes in specifications and requirements. We consider contract modifications to exist when the modification either changes the consideration, creates new performance obligations, or changes the existing scope of the contract and related performance obligations. Historically, contract modifications have been for services that are not distinct from the existing contract, since we are providing a bundle of services that are highly inter-related and are therefore treated as if they were part of that existing contract. Such modifications are generally accounted for prospectively as part of the existing contract.

Contract Types

We have arrangements under various contract types within our major service lines.

Monthly Fixed-Price

Monthly fixed-price arrangements are contracts in which the client agrees to pay a fixed fee every month over a specified contract term. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. Certain Janitorial, Facilities Services, and Airline Services contracts are structured pursuant to this type of arrangement.

Square-Foot

Monthly square-foot arrangements are contracts in which the client agrees to pay a fixed fee every month based on the actual square footage serviced over a specified contract term. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. Certain Janitorial contracts are structured pursuant to this type of arrangement.

Cost-Plus

Cost-plus arrangements are contracts in which the clients reimburse us for the agreed-upon amount of wages and benefits, payroll taxes, insurance charges, and other expenses associated with the contracted work, plus a profit margin. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. Certain Janitorial, Facilities Services, and Airline Services contracts are structured pursuant to this type of arrangement.

Tag Services

Tag work generally consists of supplemental services requested by clients outside of the standard service specification and includes cleanup after tenant moves, construction cleanup, flood cleanup, and snow removal. Because the nature of these short-term contracts involves performing one-off type services, revenue is recognized at the agreed-upon contractual amount over time as the services are provided, because the customer simultaneously receives and consumes the benefits of the services as they are performed. Certain Janitorial and Facilities Services are often structured under to this type of arrangement.

Transaction-Price

Transaction-price contracts are arrangements in which customers are billed a fixed price for each transaction performed on a monthly basis (e.g., wheelchair passengers served, airplane cabins cleaned). We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. Certain Airline Services contracts are structured under this type of arrangement.

Hourly

Hourly arrangements are contracts in which the client is billed a fixed hourly rate for each labor hour provided. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time because the customer simultaneously receives and consumes the benefits of the services as they are performed. Certain Airline Services contracts are structured under this type of arrangement.

Management Reimbursement

Under management reimbursement arrangements, within our Parking service line, we manage a parking facility for a management fee and pass through the revenue and expenses associated with the facility to the owner. We measure progress toward satisfaction of the performance obligation over time as the services are provided. Under these contracts we recognize both revenues and expenses, in equal amounts, that are directly reimbursed from the property owner for operating expenses, as such expenses are incurred. Such revenues do not include gross customer collections at the managed locations because they belong to the property owners. We have determined we are the principal in these transactions, because the nature of our performance obligation is for us to provide the services on behalf of the customer and we have control of the promised services before they are transferred to the customer.

Leased Location

Under leased location parking arrangements, within our Parking service line, we pay a fixed amount of rent, plus a percentage of revenues derived from monthly and transient parkers, to the property owner. We retain all revenues and we are responsible for most operating expenses incurred. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized over time because the customer simultaneously receives and consumes the benefits of the services as they are performed.

As described above and in Note 2, “Basis of Presentation and Significant Accounting Policies,” and in accordance with Topic 853, rental expense and certain other expenses under contracts that meet the definition of service concession arrangements are recorded as a reduction of revenue.

Allowance

Under allowance parking arrangements, within our Parking service line, we are paid a fixed amount or hourly rate to provide parking services and we are responsible for certain operating expenses that are specified in the contract. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual rate over time because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Energy Savings Contracts and Fixed-Price Repair and Refurbishment

Under energy savings and fixed-price repair and refurbishment arrangements, within our Building & Energy Solutions service line, we agree to develop, design, engineer, and construct a project. Additionally, as part of bundled energy solutions arrangements, we guarantee the project will satisfy agreed-upon performance standards.

We use the cost-to-cost method, which compares the actual costs incurred to date with the current estimate of total costs to complete in order to measure the satisfaction of the performance obligation and recognize revenue as work progresses, as we believe this best depicts the transfer of control to the customer, that occurs as we incur costs on our contracts. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments. Equipment purchased for these projects is project-specific and considered a value-added element to our work. Equipment costs are incurred when title is transferred to us, typically upon delivery to the work site. Revenue for uninstalled equipment is recognized at cost and the associated margin is deferred until installation is substantially complete.

We recognize revenue over time for all of our services as we perform them, because (i) control continuously transfers to the customer as work progresses or (ii) we have the right to bill the customer as costs are incurred. The customer typically controls the work in process as evidenced either by contractual termination clauses or by our rights to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to us.

Certain project contracts include a schedule of billings or invoices to the customer based on our job-to-date percentage of completion of specific tasks inherent in the fulfillment of our performance obligation(s) or in accordance with a fixed billing schedule. Fixed billing schedules may not precisely match the actual costs incurred. Therefore, revenue recognized may differ from amounts that can be billed or invoiced to the customer at any point during the contract, resulting in balances that are considered revenue recognized in excess of cumulative billings or cumulative billings in excess of revenue recognized. Advanced payments from our customers generally do not represent a significant financing component as the payments are used to meet working capital demands that can be higher in the early stages of a contract, as well as to protect us from our customer failing to meet its obligations under the contract.

Certain projects include service maintenance agreements under which existing systems are repaired and maintained for a specific period of time. We generally recognize revenue under these arrangements over time. Our service maintenance agreements are generally one-year renewable agreements.

Franchise

We franchise certain engineering services through individual and area franchises under the Linc Service and TEGG brands, which are part of ABM Technical Solutions and are included in our Building & Energy Solutions service line. Initial franchise fees result from the sale of a franchise license and include the use of the name, trademarks, and proprietary methods. The franchise license is considered symbolic intellectual property, and revenue related to the sale of this right is recognized at the agreed-upon contractual amount over the term of the initial franchise agreement.

Royalty fee revenue consists of sales-based royalties received as part of the consideration for the franchise right, which is calculated as a percentage of the franchisees' revenue. We recognize royalty fee revenue at the agreed-upon contractual rates over time as the customer revenue is generated by the franchisees. A receivable is recognized for an estimate of the unreported royalty fees, which are reported and remitted to us in arrears.

Remaining Performance Obligations

At January 31, 2019, we had $193.0 million related to performance obligations that were unsatisfied or partially unsatisfied for which we expect to recognize revenue. We expect to recognize revenue on approximately 54% of the remaining performance obligations over the next 12 months, with the remaining recognized thereafter.

These amounts exclude variable consideration primarily related to: (1) contracts where we have determined that the contract consists of a series of distinct service periods and revenues are based on future performance that cannot be estimated at contract inception; (2) parking contracts where we and the customer share the gross revenues or operating profit for the location; and (3) contracts where transaction prices include performance incentives that are based on future performance and therefore cannot be estimated at contract inception. We apply the practical expedient that permits exclusion of information about the remaining performance obligations with original expected durations of one year or less.

Costs to Obtain a Contract With a Customer

We capitalize the incremental costs of obtaining a contract with a customer, primarily commissions, as contract assets and recognize the expense on a straight-line basis over a weighted average expected customer relationship period. Upon adoption of Topic 606 on November 1, 2018, we capitalized $15.1 million of commissions related to contracts that were not completed at that date. Capitalized commissions are classified as current or noncurrent based on the timing of when we expect to recognize the expense.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract liabilities, as further explained below. The timing of revenue recognition may differ from the timing of invoicing to customers. If a contract includes a cancellation clause that allows for the termination of the contract by either party without a substantive penalty, the contract term is limited to the termination notice period.

Contract assets consist of billed trade receivables, unbilled trade receivables, and costs incurred in excess of amounts billed. Billed and unbilled trade receivables represent amounts from work completed in which we have an unconditional right to bill our customer. Costs incurred in excess of amounts billed typically arise when the revenue recognized on projects exceeds the amount billed to the customer. These amounts are transferred to billed trade receivables when the rights become unconditional. Contract liabilities consist of deferred revenue and advance payments and billings in excess of revenue recognized. We generally classify contract liabilities as current since the related contracts are generally for a period of one year or less. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

The following tables present the balances in our contract assets and contract liabilities:

(in millions)	January 31, 2019	November 1, 2018
Contract assets		
Billed trade receivables[1]	$ 971.5	$ 918.9
Unbilled trade receivables[1]	91.1	74.3
Costs incurred in excess of amounts billed[2]	40.2	40.1
Capitalized commissions[3]	16.1	15.1

[1] Included in trade accounts receivable, net, on the consolidated balance sheets. The fluctuation correlates directly to the execution of new customer contracts and invoicing and collections from customers in the normal course of business.

[2] Increase is primarily due to the timing of payments on our contracts measured using the cost-to-cost method of revenue recognition.

[3] Included in other current assets and other noncurrent assets on the consolidated balance sheets. During the three months ended January 31, 2019, we capitalized $2.1 million of new costs and amortized $1.2 million of previously capitalized costs. There was no impairment loss recorded on the costs capitalized.

(in millions)	Three Months Ended January 31, 2019
Contract liabilities[1]	
Balance at beginning of period	$ 41.7
Additional contract liabilities	92.6
Recognition of deferred revenue	(91.7)
Balance at end of period	$ 42.6

[1] Included in other accrued liabilities on the consolidated balance sheets.

4. RESTRUCTURING AND RELATED COSTS

GCA Services Group Restructuring

During the first quarter of 2018, we initiated a restructuring program to achieve cost synergies following the acquisition of GCA Services Group ("GCA"). We incurred the majority of our anticipated severance expense associated with this restructuring program in the first half of 2018. We expect to incur additional charges related to other project fees as we continue to further integrate and consolidate our operational and financial processes to support the growth and capabilities of our shared services and operations. Additionally, we continue standardizing our financial systems and streamlining our operations by migrating and upgrading several key management platforms, including our human resources information systems, enterprise resource planning system, and labor management system. We also continue consolidating our real estate leases.

2020 Vision Restructuring

During the fourth quarter of 2015, our Board of Directors approved a comprehensive strategy intended to have a positive transformative effect on ABM (the "**2020 Vision**"). As part of the **2020 Vision**, we identified key priorities to differentiate ABM in the marketplace, accelerate revenue growth for certain industry groups, and improve our margin profile. We do not expect to incur significant **2020 Vision** restructuring and related expenses in the future.

Rollforward of Restructuring and Related Liabilities

(in millions)	Balance, October 31, 2018	Costs Recognized[1]	Payments	Balance, January 31, 2019
Employee severance	$ 3.8	$ 1.3	$ (1.7)	$ 3.4
Lease exit costs and asset impairment	3.1	—	(0.3)	2.8
Other project fees	1.8	2.5	(1.5)	2.7
Total	**$ 8.6**	**$ 3.8**	**$ (3.5)**	**$ 8.9**

[1] We include these costs within corporate expenses.

Cumulative Restructuring and Related Charges

(in millions)	External Support Fees	Employee Severance	Other Project Fees	Lease Exit Costs	Asset Impairment	Total
GCA	$ 2.0	$ 14.8	$ 10.3	$ —	$ —	$ 27.1
2020 Vision	30.0	13.0	10.7	7.7	5.2	66.5
Total	**$ 32.0**	**$ 27.8**	**$ 21.0**	**$ 7.7**	**$ 5.2**	**$ 93.6**

5. NET INCOME PER COMMON SHARE

Basic and Diluted Net Income Per Common Share Calculations

(in millions, except per share amounts)	Three Months Ended January 31, 2019		Three Months Ended January 31, 2018	
Income from continuing operations	$	13.0	$	28.0
Loss from discontinued operations, net of taxes		(0.1)		(0.1)
Net income	$	13.0	$	27.8
Weighted-average common and common equivalent shares outstanding — Basic		66.4		65.9
Effect of dilutive securities				
Restricted stock units		0.1		0.2
Stock options		0.1		0.1
Performance shares		0.1		0.1
Weighted-average common and common equivalent shares outstanding — Diluted		66.7		66.3
Net income per common share — Basic				
Income from continuing operations	$	0.20	$	0.42
Loss from discontinued operations		—		—
Net income	$	0.20	$	0.42
Net income per common share — Diluted				
Income from continuing operations	$	0.20	$	0.42
Loss from discontinued operations		—		—
Net income	$	0.19	$	0.42

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

(in millions)	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018
Anti-dilutive	0.4	0.2

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy of Our Financial Instruments

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in millions)	Fair Value Hierarchy	January 31, 2019	October 31, 2018
Cash and cash equivalents[1]	1	$ 30.6	$ 39.1
Insurance deposits[2]	1	0.8	0.6
Assets held in funded deferred compensation plan[3]	1	2.5	2.7
Credit facility[4]	2	997.0	949.0
Interest rate swap (liabilities) assets[5]	2	(6.0)	1.3
Investments in auction rate securities[6]	3	5.0	5.0

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

(2) Represents restricted 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 7, “Insurance,” for further information.

(3) 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.

(4) Represents gross outstanding borrowings under our syndicated line of credit and term loan. Due to variable interest rates, the carrying value of outstanding borrowings under our line of credit and term loan approximates the fair value. See Note 8, “Credit Facility,” 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. At January 31, 2019 and October 31, 2018, our interest rate swaps are included in “Other noncurrent liabilities” and “Other noncurrent assets,” respectively, on the accompanying unaudited consolidated balance sheets. See Note 8, “Credit Facility,” for further information.

(6) The fair value of investments in auction rate securities is based on discounted cash flow valuation models, primarily utilizing unobservable inputs, including assumptions about the underlying collateral, credit risks associated with the issuer, credit enhancements associated with financial insurance guarantees, and the possibility of the security being re-financed by the issuer or having a successful auction.

At January 31, 2019 and October 31, 2018, we held an investment in one auction rate security that had an original principal amount, amortized cost, and fair value of $5.0 million that is included in “Other investments” on the accompanying unaudited consolidated balance sheets. This auction rate security is a debt instrument with a stated maturity in 2050. The interest rate for this security is designed to be reset through Dutch auctions approximately every thirty days; however, auctions for this security have not occurred since August 2007. At January 31, 2019 and October 31, 2018, there were no unrealized gains or losses on our auction rate security included in AOCI.

During the three months ended January 31, 2019, we had no transfers of assets or liabilities between any of the above hierarchy levels.

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a non-recurring basis, which are subject to fair value adjustments in certain circumstances. These assets can include: goodwill; intangible assets; property, plant and equipment; and long-lived assets that have been reduced to fair value when they are held for sale.

7. 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 ranging between $1.0 million and $5.0 million per occurrence. To cover general liability and automobile 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 per occurrence limits of $75.0 million. We are also self-insured for certain employee medical and dental plans. We maintain stop-loss insurance for our self-insured medical plan under which we retain up to $0.4 million of exposure on a per-participant, per-year basis with respect to claims.

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. The results of actuarial studies are used to estimate our insurance rates and insurance reserves for future periods and to adjust reserves, if appropriate, for prior years.

Actuarial Review Performed During the First Quarter of 2019

During the three months ended January 31, 2019, we performed an actuarial review of the majority of our casualty insurance programs that considered changes in claim developments and claim payment activity for the period commencing May 1, 2018 and ending October 31, 2018 for all policy years in which open claims existed.

The actuarial review indicated the changes we have made to our risk management program have reduced the frequency of claims; however, we are experiencing adverse developments that impact claim costs relating to prior periods. Claim management initiatives include programs to identify those claims earlier in the claims cycle that may potentially develop adversely and ensure the establishment of reserves consistent with known fact patterns. However, with respect to claims related to prior fiscal years, the actuarial review showed unfavorable developments in our estimates of ultimate losses related to general liability, property damage, workers' compensation, and automobile liability claims, as described below.

The actuarial review related to our general liability program indicated the total number of claims continues to show a pattern of decreasing frequency, particularly with bodily injury claims. However, we experienced adverse developments with respect to claims related to prior fiscal years that are largely attributable to adjustments for certain alleged bodily injury claims.

Due to increases in projected costs and severity of claims in prior fiscal years, we increased our estimate of ultimate losses for workers' compensation claims. Statutory, regulatory, and legal developments have also contributed to the increase in our estimated losses. Our workers' compensation estimate of ultimate losses was primarily impacted by increases in projected costs for a significant number of prior year claims in California.

Our automobile liability program covers our fleet of passenger vehicles, service vans, and shuttle buses, which are associated with our various transportation service contracts. Claim frequency and severity associated with our fleet operations developed unfavorably versus actuarial expectations, consistent with insurance trends exhibited in the broader insurance book of claims.

Based on the results of the actuarial review and subsequent developments, we increased our total reserves for known claims as well as our estimate of the loss amounts associated with incurred but not reported claims by $5.0 million during the three months ended January 31, 2019. This adjustment was $3.0 million higher than the total adjustment related to prior year claims of $2.0 million during the three months ended January 31, 2018. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

Insurance Related Balances and Activity

(in millions)	January 31, 2019	October 31, 2018
Insurance claim reserves, excluding medical and dental	$ 512.0	$ 501.4
Medical and dental claim reserves	9.7	8.9
Insurance recoverables	73.7	73.7

At January 31, 2019 and October 31, 2018, insurance recoverables are included in both “Other current assets” and “Other noncurrent assets” on the accompanying unaudited consolidated balance sheets.

Instruments Used to Collateralize Our Insurance Obligations

(in millions)	January 31, 2019	October 31, 2018
Standby letters of credit	$ 143.5	$ 144.1
Surety bonds	89.2	89.2
Restricted insurance deposits	0.8	0.6
Total	$ 233.5	$ 233.9

8. CREDIT FACILITY

On September 1, 2017, we refinanced and replaced our then-existing $800.0 million credit facility with a new senior, secured five-year syndicated credit facility (the “Credit Facility”), consisting of a $900.0 million revolving line of credit and an $800.0 million amortizing term loan, scheduled to mature on September 1, 2022. In accordance with the terms of the Credit Facility, the line of credit was reduced to $800.0 million on September 1, 2018. The Credit Facility also provides for the issuance of up to $300.0 million for standby letters of credit and the issuance of up to $75.0 million in swingline advances. The obligations under the Credit Facility are secured on a first-priority basis by a lien on substantially all of our assets and properties, subject to certain exceptions.

Borrowings under the Credit Facility bear interest at a rate equal to 1-month LIBOR plus a spread that is based upon our leverage ratio. The spread ranges from 1.00% to 2.25% for Eurocurrency loans and 0.00% to 1.25% for base rate loans. At January 31, 2019, the weighted average interest rate on our outstanding borrowings was 4.32%. We also pay a commitment fee, based on our leverage ratio and payable quarterly in arrears, ranging from 0.200% to 0.350% on the average daily unused portion of the line of credit. 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 line of credit.

The Credit Facility, as amended, contains certain covenants, including a maximum leverage ratio of 4.50 to 1.0, which steps down to 3.50 to 1.0 by July 2021, and a minimum fixed charge coverage ratio of 1.50 to 1.0, as well as other financial and non-financial covenants. In the event of a material acquisition, as defined in the Credit Facility, we may elect to increase the leverage ratio to 3.75 to 1.0 for a total of four fiscal quarters, provided the leverage ratio had already been reduced to 3.50 to 1.0. Our borrowing capacity is subject to, and limited by, compliance with the covenants described above. At January 31, 2019, we were in compliance with these covenants.

The Credit Facility also includes customary events of default, including failure to pay principal, interest, or fees when due, failure to comply with covenants, the occurrence of certain material judgments, or a change in control of the Company. If certain events of default occur, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, the lenders can terminate or suspend our access to the Credit Facility, declare all amounts outstanding (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.

Total deferred financing costs related to the Credit Facility were $18.7 million, consisting of $13.4 million related to the term loan and $5.2 million related to the line of credit, which are being amortized to interest expense over the term of the Credit Facility.

Credit Facility Information

(in millions)	January 31, 2019	October 31, 2018
Current portion of long-term debt		
Gross term loan	$ 45.0	$ 40.0
Unamortized deferred financing costs	(2.9)	(3.0)
Current portion of term loan	$ 42.1	$ 37.0
Long-term debt		
Gross term loan	$ 725.0	$ 740.0
Unamortized deferred financing costs	(6.2)	(6.9)
Total noncurrent portion of term loan	718.8	733.1
Line of credit(1)(2)	227.0	169.0
Long-term debt	$ 945.8	$ 902.0

(1) Standby letters of credit amounted to $152.4 million at January 31, 2019.

(2) At January 31, 2019, we had borrowing capacity of $410.2 million; however, covenant restrictions limited our borrowing capacity to $352.5 million.

Term Loan Maturities

During the first quarter of 2019, we made $10.0 million of principal payments under the term loan. As of January 31, 2019, the following principal payments are required under the term loan.

(in millions)	2019	2020	2021	2022
Debt maturities	$ 30.0	$ 60.0	$ 120.0	$ 560.0

Interest Rate Swaps

We enter into interest rate swaps to manage the interest rate risk associated with our floating-rate, LIBOR-based borrowings under our Credit Facility. Under these arrangements, we typically pay a fixed interest rate in exchange for LIBOR-based variable interest throughout the life of the agreement. We initially report the mark-to-market gain or loss on a derivative as a component of AOCI and subsequently reclassify the gain or loss into earnings when the hedged transactions occur and affect earnings. Interest payables and receivables under the swap agreements are accrued and recorded as adjustments to interest expense. All of our interest rate swaps have been designated and accounted for as cash flow hedges from inception. See Note 6, "Fair Value of Financial Instruments," regarding the valuation of our interest rate swaps.

Notional Amounts	Fixed Interest Rates	Effective Dates	Maturity Dates
$ 90.0 million	2.83%	November 1, 2018	April 30, 2021
$ 90.0 million	2.84%	November 1, 2018	October 31, 2021
$ 130.0 million	2.86%	November 1, 2018	April 30, 2022
$ 130.0 million	2.84%	November 1, 2018	September 1, 2022

At January 31, 2019 and October 31, 2018, amounts recorded in AOCI for interest rate swaps were $11.5 million, net of taxes of $4.7 million, and $17.8 million, net of taxes of $7.1 million, respectively. These amounts included the gain associated with the interest rate swaps we terminated in 2018, which is being amortized to interest expense as interest payments are made over the term of our Credit Facility. During the three months ended January 31, 2019, we amortized $1.0 million of this gain, net of taxes of $0.4 million, to interest expense. At January 31, 2019, the total amount expected to be reclassified from AOCI to earnings during the next twelve months was $2.8 million, net of taxes of $1.2 million.

9. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Surety Bonds

We use letters of credit and surety bonds to secure certain commitments related to insurance programs and for other purposes. As of January 31, 2019, these letters of credit and surety bonds totaled $152.4 million and $463.6 million, respectively.

Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At January 31, 2019, total guarantees were $179.5 million and extend through 2038. 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 material 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 2021. Annual revenues relating to the underlying contracts are approximately $35 million. Should the joint venture be unable to perform under these contracts, the joint venture partners would be jointly and severally liable for any losses incurred by the client due to the failure to perform.

Sales Tax Audits

We collect sales tax from clients and remit those collections to the applicable states. When clients fail to pay their invoices, including the amount of any sales tax that we paid on their behalf, in some cases we are entitled to seek a refund of that amount of sales tax from the applicable state.

Sales tax laws and regulations enacted by the various states are subject to interpretation, and our compliance with such laws is routinely subject to audit and review by such states. Audit risk is concentrated in several states, and these states are conducting ongoing audits. The outcomes of ongoing and any future audits and changes in the states' interpretation of the sales tax laws and regulations could materially adversely impact our results of operations.

Legal Matters

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining 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 class actions on behalf of a class or purported class of employees.

At January 31, 2019, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was $12.1 million. This $12.1 million includes accruals of $3.3 million in connection with the *Hussein* case and $5.4 million in connection with the *Castro* case, which amounts were previously accrued and are discussed further below.

Litigation outcomes are difficult to predict and the estimation of probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. If one or more matters are resolved in a particular period in an amount in excess of, or in a manner different than, what we anticipated, this could have a material adverse effect on our financial position, results of operations, or cash flows.

We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of 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 $6 million. Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

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

While the results of these lawsuits, claims, and proceedings 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 financial position, results of operations, or cash flows.

Certain Legal Proceedings

Certain 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. These factors include, but are 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 is or 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 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 class action pending in San Francisco Superior Court that alleges we failed to provide legally required meal periods and make additional premium payments for such meal periods, pay split shift premiums when owed, and reimburse janitors for travel expenses. There is also a claim for penalties under the California Labor Code Private Attorneys General Act ("PAGA"). 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 appealed the class certification issues. The trial court stayed the underlying lawsuit pending the decision in the appeal. The Court of Appeal of the State of California, First Appellate District (the "Court of Appeal"), heard oral arguments on November 7, 2017. On December 11, 2017, the Court of Appeal reversed the trial court's order denying class certification and remanded the matter for certification of a meal period, travel expense reimbursement, and split shift class. The case was remitted to the trial court for further proceedings on class certification, discovery, dispositive motions, and trial.

On September 20, 2018, the trial court entered an order defining four certified subclasses of janitors who were employed by the legacy ABM janitorial companies in California at any time between April 7, 2002 and April 30, 2013, on claims based on previous automatic deduction practices for meal breaks, unpaid meal premiums, unpaid split shift premiums, and unreimbursed business expenses, such as mileage reimbursement for use of personal vehicles to travel between worksites. On February 1, 2019, the Superior Court held that the discovery related to PAGA claims allegedly arising after April 30, 2013 would be stayed until after the class and PAGA claims accruing prior to April 30, 2013 had been tried. This matter has not been set for trial. Prior to trial, we will have the opportunity to move for summary judgment, seek decertification of the classes, or mediate, if we deem such actions appropriate.

Hussein and Hirsi v. Air Serv Corporation filed on January 20, 2016, pending in the United States District Court for the Western District of Washington at Seattle (the "Hussein case") and

Isse et al. v. Air Serv Corporation filed on February 7, 2017 in the Superior Court of Washington for King County (the "Isse case")

The *Hussein* case was a certified class action involving a class of certain hourly Air Serv employees at Seattle-Tacoma International Airport in SeaTac, Washington. The plaintiffs alleged that Air Serv violated a minimum wage requirement in an ordinance applicable to certain employers in the local city of SeaTac (the "Ordinance"). Plaintiffs sought retroactive wages, double damages, interest, and attorneys' fees. This matter was removed to federal court. In a separate lawsuit brought by Filo Foods, LLC, Alaska Airlines, and several other employers at SeaTac Airport, the King County Superior Court (the "Superior Court") issued a decision that invalidated the Ordinance as it applied to workers at SeaTac Airport. Subsequently, the Washington Supreme Court reversed the Superior Court's decision. On February 7, 2017, the *Isse* case was filed against Air Serv on behalf of 60 individual plaintiffs (who would otherwise be members of the *Hussein* class), who alleged failure to comply with both the minimum wage provision and the sick and safe time provision of the Ordinance. The *Isse* plaintiffs sought retroactive wages and sick benefits, double damages for wages and sick benefits, interest, and attorneys' fees. The *Isse* case later expanded to approximately 220 individual plaintiffs.

In mediations on November 2 and 3, 2017, and without admitting liability in either matter, we agreed to settle the *Hussein* and *Isse* cases for a combined total of $8.3 million, inclusive of damages, interest, attorneys' fees, and employer payroll taxes. On December 8, 2017, the Superior Court approved the settlement agreement for the 220 *Isse* plaintiffs, and we subsequently made a settlement payment of $4.5 million to the *Isse* plaintiffs in January 2018.

On July 30, 2018, the United States District Court for the Western District of Washington at Seattle preliminarily approved the settlement in the *Hussein* case. At the final approval hearing on December 4, 2018, the court (i) accepted opt-out notices from 78 *Hussein* class members (the "opt-out members") indicating their intent to participate in separate lawsuits (leaving 386 class members in the *Hussein* class), (ii) directed the parties to recalculate the settlement amount by deducting the settlement funds attributable to the 78 opt-out members, and (iii) requested other minor changes, but indicated that the court intended to grant final approval of the settlement with these changes. On December 20, 2018, the court issued its order granting final approval of the *Hussein* class action settlement in the amount of $2.1 million. The *Hussein* settlement funds were distributed to the class on March 6, 2019. In January 2019, we reached a tentative agreement to resolve the claims of the opt-out members for $1.2 million.

Castro and Marmolejo v. ABM Industries, Inc., et al., filed on October 24, 2014, pending in the United States District Court for the Northern District of California (the "Castro case")

On October 24, 2014, Plaintiff Marley Castro filed a class action lawsuit alleging that ABM did not reimburse janitorial employees in California for using their personal cell phones for work-related purposes, in violation of California Labor Code section 2802. On January 23, 2015, Plaintiff Lucia Marmolejo was added to the case as a named plaintiff. On October 27, 2017, plaintiffs moved for class certification seeking to represent a class of all employees who were, are, or will be employed by ABM in the State of California with the Employee Master Job Description Code "Cleaner" (hereafter referred to as "Cleaner Employees") beginning from October 24, 2010. ABM filed its opposition to class certification on November 27, 2017. On January 26, 2018, the district court granted plaintiffs' motion for class certification. The court rejected plaintiffs' proposed class, instead certifying three classes that the court formulated on its own: (1) all employees who were, are, or will be employed by ABM in the State of California as Cleaner Employees who used a personal cell phone to punch in and out of the EPAY system and who (a) worked at an ABM facility that did not provide a biometric clock and (b) were not offered an ABM-provided cell phone during the period beginning on January 1, 2012, through the date of notice to the Class Members that a class has been certified in this action; (2) all employees who were, are, or will be employed by ABM in the State of California as Cleaner Employees who used a personal cell phone to report unusual or suspicious circumstances to supervisors and were not offered (a) an ABM-provided cell phone or (b) a two-way radio during the period beginning four years prior to the filing of the original complaint, October 24, 2014, through the date of notice to the Class Members that a class has been certified in this action; and (3) all employees who were, are, or will be employed by ABM in the State of California as Cleaner Employees who used a personal cell phone to respond to communications from supervisors and were not offered (a) an ABM-provided cell phone or (b) a two-way radio during the period beginning four years prior to the filing of the original complaint, October 24, 2014, through the date of notice to the Class Members that a class has been certified in this action.

On February 9, 2018, ABM filed a petition for permission to appeal the district court's order granting class certification with the United States Court of Appeals for the Ninth Circuit, which was denied on April 30, 2018. On March 20, 2018, ABM moved to compel arbitration of the claims of certain class members pursuant to the terms of three collective bargaining agreements. In response to that motion, on May 14, 2018, the district court modified the class definition to exclude all claims arising after the operative date(s) of the applicable collective bargaining agreements (which is June 1, 2016 for one agreement and May 1, 2016 for the other two agreements). However, the district court denied the motion to compel arbitration as to claims that arose prior to the operative date(s) of the applicable collective bargaining agreements. ABM has appealed to the Ninth Circuit the district court's order denying the motion to compel arbitration with respect to the periods preceding the operative dates of the collective bargaining agreements.

After a court-ordered mediation held on October 15, 2018, the parties agreed to a class action settlement of $5.4 million, subject to court approval. The plaintiffs' motion for preliminary approval of the settlement was filed on January 4, 2019, and the court held a hearing on the motion on February 12, 2019. On February 14, 2019, the court granted preliminary approval of the settlement. In connection with the settlement, we modified our existing written policies for California to expressly confirm that ABM service workers are not required to use personal cell phones for work purposes and began centralizing the process and implementing technology for such employees to request reimbursement for personal cell phone use due to work. A hearing on final approval of the settlement is scheduled to be held on August 20, 2019.

10. INCOME TAXES

On December 22, 2017, the Tax Act was enacted into law, which, among other provisions, reduced the federal corporate income tax rate from 35% to 21% and required companies to pay a one-time transition tax on the deemed repatriation of indefinitely reinvested earnings of international subsidiaries. Since we have an October 31 fiscal year-end, the lower corporate income tax rate was phased in, resulting in a U.S. statutory federal rate of 23.3% for fiscal 2018 and 21% for subsequent fiscal years. Other provisions under the Tax Act became effective for us in fiscal 2019, including limitations on deductibility of interest and executive compensation as well as a new minimum tax on Global Intangible Low-Taxed Income ("GILTI"), which we have elected to account for as a period cost.

Due to the complexities of implementing the provisions of the Tax Act, the staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin 118 to provide guidance on accounting for the tax effects of the Tax Act and permitted companies to record provisional amounts during a measurement period not to exceed one year from the enactment date. During the first quarter of 2018, we remeasured certain deferred tax assets and liabilities based on the new tax rates at which they were expected to reverse in the future and recorded a provisional one-time tax benefit of $28.7 million related to this remeasurement. In addition, we recorded a provisional expense of $7.0 million for the one-time transition tax on the deemed repatriation of indefinitely reinvested earnings of our international subsidiaries. We completed our analysis of the impacts of these provisions under the Tax Act as of October 31, 2018, and recorded adjustments during the fourth quarter of 2018 that (i) increased the benefit to $29.6 million for the remeasurement of certain deferred tax assets and liabilities and (ii) decreased the expense to $4.5 million for the one-time transition tax on the deemed repatriation of indefinitely reinvested earnings of our international subsidiaries. We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Act, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

Our quarterly provision for income taxes from continuing operations is calculated using an estimated annual effective income tax rate, which is adjusted for discrete items that occur during the reporting period. Our income taxes for the three months ended January 31, 2019 increased by $0.7 million due to certain reserves and decreased by $0.5 million of excess tax benefits related to the vesting of share-based compensation awards.

During the three months ended January 31, 2018, we had an income tax benefit on income from continuing operations of $22.2 million, primarily due to a net discrete tax benefit of $21.7 million related to provisional amounts recorded under the Tax Act and $1.5 million of excess tax benefits related to the vesting of share-based compensation awards.

11. SEGMENT INFORMATION

Our reportable segments consist of B&I, Aviation, T&M, Education, Technical Solutions, and Healthcare, as further described below. Refer to Note 2, “Basis of Presentation and Significant Accounting Policies,” for information related to the modification in our presentation of inter-segment revenues.

REPORTABLE SEGMENTS AND DESCRIPTIONS	
B&I	B&I, our largest reportable segment, encompasses janitorial, facilities engineering, and parking services for commercial real estate properties and sports and entertainment venues. B&I also provides vehicle maintenance and other services to rental car providers.
Aviation	Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation.
T&M	T&M provides janitorial, facilities engineering, and parking services to industrial and high-tech manufacturing facilities.
Education	Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities.
Technical Solutions	Technical Solutions specializes in mechanical and electrical services. These services can also be leveraged for cross-selling across all of our industry groups, both domestically and internationally.
Healthcare	Healthcare offers janitorial, facilities management, clinical engineering, food and nutrition, laundry and linen, parking and guest services, and patient transportation services at traditional hospitals and non-acute facilities.

Financial Information by Reportable Segment

(in millions)	Three Months Ended January 31, 2019	2018
Revenues		
Business & Industry	$ 774.5	$ 756.3
Aviation	252.4	260.1
Technology & Manufacturing	236.1	232.2
Education	204.7	206.9
Technical Solutions	107.9	104.0
Healthcare	66.7	67.7
Elimination of inter-segment revenues	(34.4)	(38.9)
	$ 1,607.9	$ 1,588.3
Operating profit (loss)		
Business & Industry	$ 36.5	$ 28.5
Aviation	3.9	5.8
Technology & Manufacturing	18.2	16.9
Education	10.3	9.2
Technical Solutions	5.9	5.5
Healthcare	1.2	2.7
Government Services	—	(0.7)
Corporate	(44.7)	(47.4)
Adjustment for income from unconsolidated affiliates, net, included in Aviation	(0.9)	(0.6)
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	—	(0.3)
	30.3	19.5
Income from unconsolidated affiliates, net	0.9	0.5
Interest expense	(13.5)	(14.3)
Income from continuing operations before income taxes	$ 17.8	$ 5.8

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 expenses, certain information technology costs, share-based compensation, certain legal costs and settlements, restructuring and related costs, certain adjustments resulting from actuarial developments of self-insurance reserves, and direct acquisition costs.

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, 2018 ("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 be materially different from those we currently anticipate. See "Forward-Looking Statements" for more information.

Throughout the MD&A, amounts and percentages may not recalculate due to rounding. Unless otherwise indicated, all information in the MD&A and references to years are based on our fiscal year, which ends on October 31.

Effective November 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2017-10*, Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services* using a modified retrospective approach with a cumulative-effect adjustment to retained earnings as of the beginning of 2019; prior period financial statements are not adjusted. Refer to Note 2, "Basis of Presentation," and Note 3, "Revenue," in the Financial Statements for additional information regarding the impact of adoption.

Business Overview

ABM is a leading provider of integrated facility services, customized by industry, with a mission to **make a difference, every person, every day**.

2020 Vision Developments in 2019

In September 2015, we announced a comprehensive transformation initiative ("**2020 Vision**") intended to drive long-term profitable growth through an industry-based go-to-market approach. We continue focusing on several key initiatives across our organization to sustain our **2020 Vision** strategy and profitably deliver leading industry-based facility solutions. We are targeting significant investments in our information technology infrastructure to help simplify our operating environment, drive productivity, and create consistency and efficiency across our organization. We continue upgrading several key platforms, including our human resources information systems, enterprise resource planning system, and labor management system. We are also utilizing technology to help improve processes company-wide, including account planning, labor management, payroll, and procurement. We continue to centralize many of our back-office functions through our Enterprise Services Center in Sugar Land, Texas to help drive consistency in practice and support operating efficiency. In addition, by consolidating purchasing activities we have been able to leverage our scale, increase our purchasing power, and identify preferred suppliers, which has enabled cost saving opportunities in supplies and materials procurement.

Developments and Trends

Economic Labor Outlook

The U.S. economy continues to demonstrate positive underlying fundamentals, with expanding gross domestic product growth and improving employment conditions, which have led to historically low levels of both unemployment and underemployment across the country. These factors have contributed to the lower availability of qualified labor for our business and higher turnover in certain markets, as our employees have more job opportunities both inside and outside our industry. This in turn has caused, and may continue to cause, higher labor and related personnel costs.

Restructuring and Related Costs

During the first quarter of 2018, we initiated a restructuring program to achieve cost synergies following the acquisition of GCA Services Group (“GCA”). We incurred the majority of our anticipated severance expense associated with this restructuring program in the first half of 2018. We expect to incur additional charges related to other project fees as we continue to further integrate and consolidate our operational and financial processes to support the growth and capabilities of our shared services and operations. Additionally, we continue standardizing our financial systems and streamlining our operations by migrating and upgrading several key management platforms, including our human resources information systems, enterprise resource planning system, and labor management system. We also continue consolidating our real estate leases.

(in millions)	Three Months Ended January 31, 2019	Cumulative
Employee Severance	$ 1.3	$ 14.8
Other Project Fees	2.5	10.3
External Support Fees	—	2.0
Total	**$ 3.8**	**$ 27.1**

Segment Reporting

Our reportable segments consist of Business & Industry (“B&I”), Aviation, Technology & Manufacturing (“T&M”), Education, Technical Solutions, and Healthcare, as further described below. Effective November 1, 2018, we have modified the presentation of inter-segment revenues, which are recorded at cost with no associated intercompany profit or loss and are eliminated in consolidation. Our prior period segment data has been reclassified to conform with our fiscal 2019 presentation. These changes had no impact on our previously reported consolidated balance sheets, statements of comprehensive income, or statements of cash flows.

REPORTABLE SEGMENTS AND DESCRIPTIONS	
Business & Industry	B&I, our largest reportable segment, encompasses janitorial, facilities engineering, and parking services for commercial real estate properties and sports and entertainment venues. B&I also provides vehicle maintenance and other services to rental car providers.
Aviation	Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation.
Technology & Manufacturing	T&M provides janitorial, facilities engineering, and parking services to industrial and high-tech manufacturing facilities.
Education	Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities.
Technical Solutions	Technical Solutions specializes in mechanical and electrical services. These services can also be leveraged for cross-selling across all of our industry groups, both domestically and internationally.
Healthcare	Healthcare offers janitorial, facilities management, clinical engineering, food and nutrition, laundry and linen, parking and guest services, and patient transportation services at traditional hospitals and non-acute facilities.

Insurance

During the three months ended January 31, 2019, we performed an actuarial review of the majority of our casualty insurance programs that considered changes in claim developments and claim payment activity for the period commencing May 1, 2018 and ending October 31, 2018 for all policy years in which open claims existed. The actuarial review indicated the changes we have made to our risk management program have reduced the frequency of claims; however, we are experiencing adverse developments that impact claim costs relating to prior periods. Claim management initiatives include programs to identify those claims earlier in the claims cycle that may potentially develop adversely and ensure the establishment of reserves consistent with known fact patterns. However, with respect to claims related to prior fiscal years, the actuarial review showed unfavorable developments in our estimates of ultimate losses related to general liability, property damage, workers’ compensation, and automobile liability claims.

Based on the results of the actuarial review and subsequent developments, we increased our total reserves for known claims as well as our estimate of the loss amounts associated with incurred but not reported claims by $5.0 million during the three months ended January 31, 2019. This adjustment was $3.0 million higher than the total adjustment related to prior year claims of $2.0 million during the three months ended January 31, 2018. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

Key Financial Highlights

- Revenues increased by $19.6 million, or 1.2%, as compared to the three months ended January 31, 2018.
- Operating profit increased by $10.8 million, or 55.4%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The increase in operating profit is primarily attributable to higher gross margin, particularly within B&I, and lower corporate expenses due to lower restructuring and related expenses.
- Our income taxes from continuing operations for the three months ended January 31, 2019 increased by $0.7 million due to certain reserves and decreased by $0.5 million of excess tax benefits related to the vesting of share-based compensation awards. Comparatively, the three months ended January 31, 2018, benefited from a net discrete tax benefit of $21.7 million related to provisional amounts recorded under the Tax Cuts and Jobs Act (the “Tax Act”) and $1.5 million of excess tax benefits related to the vesting of share-based compensation awards.
- Net cash used in operating activities was $39.3 million during the three months ended January 31, 2019. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the year, primarily due to the timing of certain working capital requirements during the first quarter. We expect operating activities of continuing operations to provide positive cash flows for 2019.
- Dividends of $11.9 million were paid to shareholders, and dividends totaling $0.180 per common share were declared during the three months ended January 31, 2019.
- At January 31, 2019, total outstanding borrowings under our credit facility were $997.0 million, and we had up to $410.2 million of borrowing capacity under our credit facility; however, covenant restrictions limited our actual borrowing capacity to $352.5 million.

Results of Operations

Three Months Ended January 31, 2019 Compared with the Three Months Ended January 31, 2018

Consolidated

($ in millions)	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Increase / (Decrease)	
Revenues	$ 1,607.9	$ 1,588.3	$ 19.6	1.2%
Operating expenses	1,446.0	1,429.3	16.7	1.2%
Gross margin	*10.1%*	*10.0%*	*6 bps*	
Selling, general and administrative expenses	112.7	109.0	3.7	3.4%
Restructuring and related expenses	3.8	14.3	(10.5)	(73.6)%
Amortization of intangible assets	15.2	16.2	(1.0)	(6.2)%
Operating profit	30.3	19.5	10.8	55.4%
Income from unconsolidated affiliates, net	0.9	0.5	0.4	71.1%
Interest expense	(13.5)	(14.3)	0.8	(5.7)%
Income from continuing operations before income taxes	17.8	5.8	12.0	NM*
Income tax (provision) benefit	(4.7)	22.2	(26.9)	NM*
Income from continuing operations	13.0	28.0	(15.0)	(53.4)%
Loss from discontinued operations, net of taxes	(0.1)	(0.1)	—	(55.8)%
Net income	13.0	27.8	(14.8)	(53.4)%
Other comprehensive income				
Interest rate swaps	(8.7)	18.6	(27.3)	NM*
Foreign currency translation	3.1	9.4	(6.3)	(67.4)%
Income tax benefit (provision)	2.4	(5.0)	7.4	NM*
Comprehensive income	$ 9.7	$ 50.9	$ (41.2)	(80.9)%

*Not meaningful

Revenues

Revenues increased by $19.6 million, or 1.2%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The increase in revenues was primarily attributable to organic growth in B&I, in our U.S. Technical Solutions business, and in T&M. This increase was partially offset by a reclassification of $11.3 million of rent expense related to service concession arrangements, primarily within Aviation. This expense was previously recorded as an operating expense but is now recorded as a reduction of revenues, due to the adoption of Topic 853. Additionally, we lost certain accounts in Aviation, in our U.K. Technical Solutions business, and in Education.

Operating Expenses

Operating expenses increased by $16.7 million, or 1.2%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. This increase was partially offset by the reclassification of $11.3 million of rent expense related to service concession arrangements to revenue, as noted above. Gross margin increased slightly by 6 bps to 10.1% in the three months ended January 31, 2019 from 10.0% in the three months ended January 31, 2018. The increase in gross margin was primarily associated with improved margins on certain B&I and T&M accounts, partially offset by a higher self-insurance adjustment related to prior year claims.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $3.7 million, or 3.4%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The increase in selling, general and administrative expenses was primarily related to:

- the absence of a $4.0 million reimbursement of previously expensed legal settlement costs;
- a $3.7 million increase in technology investments and related support; and
- a $2.1 million increase in bad debt expense primarily associated with specific reserves established for client receivables.

This increase was partially offset by:

- a $5.4 million decrease in compensation and related expenses; and
- the absence of $1.4 million of acquisition costs related to the GCA acquisition in the prior year.

Restructuring and Related Expenses

Restructuring and related expenses decreased by $10.5 million, or 73.6%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018, due to restructuring expenses, mainly severance, incurred in the prior year following the acquisition of GCA, partially offset by continued integration expenses in the current year.

Income Taxes from Continuing Operations

During the three months ended January 31, 2019, we had an income tax provision of $4.7 million, compared with an income tax benefit of $22.2 million during the three months ended January 31, 2018. Our income taxes for the three months ended January 31, 2019 increased by $0.7 million due to certain reserves and decreased by $0.5 million of excess tax benefits related to the vesting of share-based compensation awards. Comparatively, our income taxes for the three months ended January 31, 2018 were favorably impacted by a net discrete tax benefit of $21.7 million related to provisional amounts recorded under the Tax Act and $1.5 million of excess tax benefits related to the vesting of share-based compensation awards.

Interest Rate Swaps

During the three months ended January 31, 2019, we recognized as a component of our comprehensive income a loss of $8.7 million related to our interest rate swaps, compared with a gain of $18.6 million during the three months ended January 31, 2018, due to underlying changes in the fair value of the interest rate swaps. Additionally, during the current period we amortized $1.0 million, net of taxes of $0.4 million, of the gain we realized in 2018 from the termination of our prior interest rate swaps.

Foreign Currency Translation

Foreign currency translation gain decreased by $6.3 million during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. This decrease was related to the greater relative weakening of the U.S. Dollar ("USD") against the Great Britain Pound during the three months ended January 31, 2018. Future gains and losses on foreign currency translation will be dependent upon changes in the relative value of foreign currencies to the USD and the extent of our foreign assets and liabilities.

Segment Information

Financial Information for Each Reportable Segment

($ in millions)	Three Months Ended January 31, 2019		2018		Increase / (Decrease)		
Revenues							
Business & Industry	$	774.5	$	756.3	$	18.2	2.4%
Aviation		252.4		260.1		(7.7)	(2.9)%
Technology & Manufacturing		236.1		232.2		3.9	1.7%
Education		204.7		206.9		(2.2)	(1.1)%
Technical Solutions		107.9		104.0		3.9	3.7%
Healthcare		66.7		67.7		(1.0)	(1.6)%
Elimination of inter-segment revenues		(34.4)		(38.9)		4.5	11.6%
	$	1,607.9	$	1,588.3	$	19.6	1.2%
Operating profit (loss)							
Business & Industry	$	36.5	$	28.5	$	8.0	27.8%
Operating profit margin		*4.7%*		*3.8%*		*94 bps*	
Aviation		3.9		5.8		(1.9)	(32.2)%
Operating profit margin		*1.6%*		*2.2%*		*(67) bps*	
Technology & Manufacturing		18.2		16.9		1.3	8.0%
Operating profit margin		*7.7%*		*7.3%*		*45 bps*	
Education		10.3		9.2		1.1	11.8%
Operating profit margin		*5.0%*		*4.4%*		*58 bps*	
Technical Solutions		5.9		5.5		0.4	8.5%
Operating profit margin		*5.5%*		*5.3%*		*24 bps*	
Healthcare		1.2		2.7		(1.5)	(57.5)%
Operating profit margin		*1.7%*		*4.0%*		*(228) bps*	
Government Services		—		(0.7)		0.7	NM*
Operating profit margin		*NM**		*NM**		*NM**	
Corporate		(44.7)		(47.4)		2.7	5.7%
Adjustment for income from unconsolidated affiliates, net, included in Aviation		(0.9)		(0.6)		(0.3)	(51.0)%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions		—		(0.3)		0.3	NM*
	$	30.3	$	19.5	$	10.8	55.4%

*Not meaningful

Business & Industry

($ in millions)	Three Months Ended January 31, 2019		2018		Increase		
Revenues	$	774.5	$	756.3	$	18.2	2.4%
Operating profit		36.5		28.5		8.0	27.8%
Operating profit margin		*4.7%*		*3.8%*		*94 bps*	

B&I revenues increased by $18.2 million, or 2.4%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The increase was primarily attributable to organic growth, including the expansion of a contract that started in 2018 in our U.K. business, targeted expansion of certain key clients within our U.S. business, and additional tag revenue from the holiday season. Management reimbursement revenues for this segment totaled $66.3 million and $63.0 million for the three months ended January 31, 2019 and 2018, respectively.

Operating profit increased by $8.0 million, or 27.8%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. Operating profit margin increased by 94 bps to 4.7% in the three months ended January 31, 2019 from 3.8% in the three months ended January 31, 2018. The increase in operating profit margin was primarily associated with higher margins on certain accounts in our U.S. business, a decrease in unemployment taxes in certain states, and lower legal settlement costs. This increase was partially offset by lower margins on certain accounts in our U.K. business and a provision for the settlement of a union health and welfare benefits audit. While labor challenges are present in certain areas of our B&I business, it is our most mature business and has the highest proportion of unionized labor.

Aviation

	Three Months Ended January 31,						
($ in millions)	2019		2018		Decrease		
Revenues	$	252.4	$	260.1	$	(7.7)	(2.9)%
Operating profit		3.9		5.8		(1.9)	(32.2)%
Operating profit margin		*1.6%*		*2.2%*		*(67) bps*	

Aviation revenues decreased by $7.7 million, or 2.9%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The decrease was primarily attributable to a reclassification of $11.1 million of rent expense related to service concession arrangements due to the adoption of Topic 853. This expense is now recorded as a reduction of revenues, but had previously been recorded as an operating expense. The decrease was also due to the loss of certain facility services and passenger services accounts, partially offset by organic growth in catering logistics. Management reimbursement revenues for this segment totaled $24.2 million and $25.5 million for the three months ended January 31, 2019 and 2018, respectively.

Operating profit decreased by $1.9 million, or 32.2%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. Operating profit margin decreased by 67 bps to 1.6% in the three months ended January 31, 2019 from 2.2% in the three months ended January 31, 2018. The decrease in operating profit margin was primarily attributable to operational issues on certain accounts, but was partially offset by higher margins on certain new contracts.

Technology & Manufacturing

	Three Months Ended January 31,						
($ in millions)	2019		2018		Increase		
Revenues	$	236.1	$	232.2	$	3.9	1.7%
Operating profit		18.2		16.9		1.3	8.0%
Operating profit margin		*7.7%*		*7.3%*		*45 bps*	

T&M revenues increased by $3.9 million, or 1.7%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The increase was primarily related to the expansion of existing accounts and net new business.

Operating profit increased by $1.3 million, or 8.0%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. Operating profit margin increased by 45 bps to 7.7% in the three months ended January 31, 2019 from 7.3% in the three months ended January 31, 2018. The increase in operating profit margin was primarily attributable to improved margins on certain accounts and the loss of a low margin account in the prior year, partially offset by specific reserves established for client receivables and an increase in wages and related personnel costs.

Education

($ in millions)	Three Months Ended January 31,				Increase / (Decrease)		
	2019		2018				
Revenues	$	204.7	$	206.9	$	(2.2)	(1.1)%
Operating profit		10.3		9.2		1.1	11.8%
Operating profit margin		*5.0%*		*4.4%*		*58 bps*	

Education revenues decreased by $2.2 million, or 1.1%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The decrease was attributable to the loss of certain accounts in the prior year, partially offset by new business.

Operating profit increased by $1.1 million, or 11.8%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. Operating profit margin increased by 58 bps to 5.0% in the three months ended January 31, 2019 from 4.4% in the three months ended January 31, 2018. The increase in operating profit margin was primarily attributable to certain synergies and the loss of certain lower margin contracts in the prior year, partially offset by an increase in wages and related personnel costs.

Technical Solutions

($ in millions)	Three Months Ended January 31,				Increase		
	2019		2018				
Revenues	$	107.9	$	104.0	$	3.9	3.7%
Operating profit		5.9		5.5		0.4	8.5%
Operating profit margin		*5.5%*		*5.3%*		*24 bps*	

Technical Solutions revenues increased by $3.9 million, or 3.7%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. This increase was primarily attributable to growth in our U.S. business related to power projects and bundled energy solutions projects due to the timing of bookings, partially offset by the contraction of certain accounts in our U.K. business.

Operating profit increased by $0.4 million, or 8.5%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. Operating profit margin increased by 24 bps to 5.5% in the three months ended January 31, 2019 from 5.3% in the three months ended January 31, 2018. The increase in operating profit margin was primarily attributable to a decrease in sales commissions expense in the current year due to the adoption of Topic 606. These amounts were previously expensed when incurred, but are now capitalized and amortized over the weighted average expected customer relationship period. The increase was also due to lower amortization expense. The increase was partially offset by lower margins on certain power projects and on energy savings performance contracts in our U.S. business, the loss of certain higher margin contracts in our U.K. business, and specific reserves established for certain client receivables.

Healthcare

($ in millions)	Three Months Ended January 31,				Decrease		
	2019		2018				
Revenues	$	66.7	$	67.7	$	(1.0)	(1.6)%
Operating profit		1.2		2.7		(1.5)	(57.5)%
Operating profit margin		*1.7%*		*4.0%*		*(228) bps*	

Healthcare revenues decreased by $1.0 million, or 1.6%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018.

Operating profit decreased by $1.5 million, or 57.5%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. Operating profit margin decreased by 228 bps to 1.7% in the three months ended January 31, 2019 from 4.0% in the three months ended January 31, 2018. This decrease was primarily attributable to the loss of certain contracts, lower margin new business, and specific reserves established for client receivables.

Corporate

($ in millions)	Three Months Ended January 31, 2019		Three Months Ended January 31, 2018		Decrease		
Corporate expenses	$	44.7	$	47.4	$	(2.7)	(5.7)%

Corporate expenses decreased by $2.7 million, or 5.7%, during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The decrease in corporate expenses was primarily related to:

- a $10.5 million decrease in restructuring and related expenses as a result of restructuring expenses, mainly severance, incurred in the prior year following the acquisition of GCA, partially offset by continued integration expenses in the current year;
- $1.7 million lower compensation and related expense; and
- the absence of $1.4 million of acquisition costs related to the GCA acquisition in the prior year.

This decrease was partially offset by:

- the absence of a $4.0 million reimbursement of previously expensed legal settlement costs;
- a $3.7 million increase in technology investments and related support; and
- a $3.0 million higher adjustment to self-insurance reserves related to prior year claims as a result of an actuarial review completed in the three months ended January 31, 2019.

Liquidity and Capital Resources

Our primary sources of liquidity are operating cash flows and borrowing capacity under our credit facility. We assess our liquidity in terms of our ability to generate cash to fund our short- and long-term cash requirements. As such, we project our anticipated cash requirements as well as cash flows generated from operating activities to meet those needs.

In addition to normal working capital requirements, we anticipate that our short- and long-term cash requirements will include funding legal settlements, insurance claims, dividend payments, capital expenditures, and integration costs related to the GCA acquisition. We anticipate long-term cash uses will also include strategic acquisitions and share repurchases.

We believe that our operating cash flows and borrowing capacity under our credit facility are sufficient to fund our cash requirements for the next twelve months. In the event that our plans change or our cash requirements are greater than we anticipate, we may need to access the capital markets to finance future cash requirements. However, there can be no assurance that such financing will be available to us should we need it or, if available, that the terms will be satisfactory to us and not dilutive to existing shareholders.

On a long-term basis, we will continue to rely on our credit facility for any long-term funding not provided by operating cash flows. In addition, we anticipate that future cash generated from operations will be augmented by working capital improvements driven by our **2020 Vision**, such as the management of costs through consolidated procurement.

IFM Assurance Company ("IFM") is a wholly-owned captive insurance company that we formed in 2015. IFM is part of our enterprise-wide, multi-year insurance strategy that is intended to better position our risk and safety programs and provide us with increased flexibility in the end-to-end management of our insurance programs. IFM began providing coverage to us as of January 1, 2015. In 2019, we expect accelerated cash tax savings related to coverage provided by IFM to be approximately $5 million.

Credit Facility

On September 1, 2017, we refinanced and replaced our then-existing $800.0 million credit facility with a new senior, secured five-year syndicated credit facility (the "Credit Facility"), consisting of a $900.0 million revolving line of credit and an $800.0 million amortizing term loan, scheduled to mature on September 1, 2022. In accordance with the terms of the Credit Facility, the line of credit was reduced to $800.0 million on September 1, 2018. Initial borrowings under the Credit Facility were used to finance, in part, the cash portion of the purchase price related to the GCA acquisition, to refinance certain existing indebtedness of ABM, and to pay transaction costs.

Our ability to draw down available capacity under the Credit Facility, as amended, is subject to, and limited by, compliance with certain financial covenants, which include a maximum leverage ratio of 4.50 to 1.0, which steps down to 3.50 to 1.0 by July 2021, and a minimum fixed charge coverage ratio of 1.50 to 1.0. Other covenants under the Credit Facility include limitations on liens, dispositions, fundamental changes, investments, and certain transactions and payments. At January 31, 2019, we were in compliance with these covenants and expect to be in compliance in the foreseeable future.

During the first quarter of 2019, we made $10.0 million of principal payments under the Credit Facility. At January 31, 2019, the total outstanding borrowings under our Credit Facility in the form of cash borrowings and standby letters of credit were $997.0 million and $152.4 million, respectively. At January 31, 2019, we had up to $410.2 million of borrowing capacity under the Credit Facility; however, covenant restrictions limited our actual borrowing capacity to $352.5 million.

Reinvestment of Foreign Earnings

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Act, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

Share Repurchases

On September 2, 2015, our Board of Directors authorized a program to repurchase up to $200.0 million of our common stock. 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, future cash flows, 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. There were no share repurchases during the three months ended January 31, 2019. At January 31, 2019, authorization for $134.1 million of repurchases remained under our share repurchase program.

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 was $39.3 million during the three months ended January 31, 2019. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the year, primarily due to the timing of certain working capital requirements during the first quarter. We expect operating activities of continuing operations to provide positive cash flows for 2019. Operating cash flows primarily depend on: revenue levels; the quality and timing of collections of accounts receivable; 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 and legal settlements.

	Three Months Ended January 31,	
(in millions)	**2019**	**2018**
Net cash (used in) provided by operating activities	$ (39.3)	$ 33.7
Net cash used in investing activities	(11.4)	(15.3)
Net cash provided by (used in) financing activities	42.0	(14.3)

Operating Activities

Net cash used in operating activities was $39.3 million during the three months ended January 31, 2019, as compared to net cash provided by operating activities of $33.7 million during the three months ended January 31, 2018. This change was primarily related to the timing of client receivable collections.

Investing Activities

Net cash used in investing activities decreased by $3.9 million during the three months ended January 31, 2019, as compared to the three months ended January 31, 2018. The decrease was primarily related to a working capital settlement associated with the GCA acquisition in the prior year.

Financing Activities

Net cash provided by financing activities was $42.0 million during the three months ended January 31, 2019 as compared to net cash used in financing activities of $14.3 million during the three months ended January 31, 2018. This change was primarily related to higher net borrowings of $46.7 million.

Contingencies

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining 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 class actions on behalf of a class or purported class of employees.

At January 31, 2019, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was $12.1 million.

Litigation outcomes are difficult to predict and the estimation of probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. If one or more matters are resolved in a particular period in an amount in excess of, or in a manner different than, what we anticipated, this could have a material adverse effect on our financial position, results of operations, or cash flows.

We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of 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 $6 million. Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

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

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

Critical Accounting Policies and Estimates

Our accompanying Financial Statements are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), which require us to make estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of our management. On November 1, 2018, we adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services.* Refer to Note 2, "Basis of Presentation and Significant Accounting Policies," and Note 3, "Revenue," in the Financial Statements for additional information regarding the impact of adopting these standards. Additionally, refer to Note 2, "Basis of Presentation and Significant Accounting Policies," for other standards adopted during the first quarter of 2019, none of which had a material impact on our consolidated financial statements. There have been no other 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/Method of Adoption	Effect on the Financial Statements
In November 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.*	This ASU provides guidance on whether certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606. It specifically addresses when the participant is a customer in the context of a unit of account, adds unit of account guidance in Topic 808 to align with guidance in Topic 606, and precludes presenting the collaborative arrangement transaction together with revenue recognized under Topic 606 if the collaborative arrangement participant is not a customer.	November 1, 2020, applied retrospectively.	We are currently evaluating the impact of implementing this guidance on our financial statements.
In October 2018, the FASB issued ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities.*	This ASU provides that indirect interest held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interest.	November 1, 2020	We are currently evaluating the impact of implementing this guidance on our financial statements.
In October 2018, the FASB issued ASU 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate ("SOFR") Overnight Index Swap ("OIS") Rate as a Benchmark Interest Rate for Hedge Accounting Purposes.*	This ASU adds the OIS rate based on SOFR (a swap rate based on the underlying overnight SOFR rate) as an eligible benchmark interest rate for purposes of applying hedge accounting. SOFR is a volume-weighted median interest rate that is calculated daily based on overnight transactions from the prior day's trading activity in specified segments of the U.S. Treasury repo market. SOFR was selected by the Alternative Reference Rates Committee as its preferred alternative reference rate to LIBOR.	Since we early adopted ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which simplified hedge accounting, this update will be effective for us on November 1, 2020 on a prospective basis.	We are currently evaluating the impact of implementing this guidance on our financial statements.

Accounting Standard	Description	Effective Date/Method of Adoption	Effect on the Financial Statements
In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Topic 350).*	This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.	November 1, 2020	We are currently evaluating the impact of implementing this guidance on our financial statements.
In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—General (Topic 715).*	This ASU modifies the disclosure requirements on company-sponsored defined benefit plans.	November 1, 2020	We are currently evaluating the impact of implementing this guidance on our financial statements.
In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework*.	This ASU modifies the disclosure requirements on fair value measurements by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty, and adding new disclosure requirements.	November 1, 2020	We are currently evaluating the impact of implementing this guidance on our financial statements.
In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*.	This ASU replaces the existing incurred loss impairment model with a methodology that incorporates all expected credit loss estimates, resulting in more timely recognition of losses.	November 1, 2020 This standard will be applied using a modified retrospective adoption approach with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption, except for certain provisions that are required to be applied prospectively.	We are currently evaluating the impact of implementing this guidance on our financial statements.
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The FASB has issued several updates to ASU 2016-02, including ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, and ASU 2018-10, *Codification Improvements to Topic 842, Leases*, that were issued in July 2018.	ASU 2016-02 improves transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about leasing arrangements. ASU 2018-11 and ASU 2018-10 amend various aspects of Topic 842, including an additional transition method.	November 1, 2019 This guidance may be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements with certain practical expedients available. Alternatively, this guidance may also be applied at the adoption date by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.	We are currently evaluating the impact of implementing this guidance on our financial statements. Refer to Note 2, "Basis of Presentation and Significant Accounting Policies," in the Financial Statements for additional information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no other material changes related to market risk from the disclosures in our Annual Report on Form 10-K for the year ended October 31, 2018.

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.

We continue to migrate many of our financial reporting and other processes to the ABM enterprise service center along with integrating GCA. These are enhancements of ongoing activities to support the growth of our financial shared service capabilities and standardize our financial systems. We also continue to update several key platforms, including our human resources information systems, enterprise resource planning system, and labor management system. Both the migration of GCA’s back-office functions to the ABM enterprise service center and the implementation of several key platforms involve changes in the systems that include internal controls. Although the transitions have proceeded to date without material adverse effects, the possibility exists that they could adversely affect our internal controls over financial reporting and procedures.

There were no other changes in our internal control over financial reporting during the first quarter of 2019 identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors identified in our Annual Report on Form 10-K for the year ended October 31, 2018, 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 a program to repurchase up to $200.0 million of our common stock. During the three months ended January 31, 2019, there were no share repurchases. At January 31, 2019, authorization for $134.1 million of repurchases remained under our share repurchase program.

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.	Exhibit Description
3.1	Amended and Restated Bylaws of ABM Industries Incorporated, dated December 4, 2018 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on December 10, 2018)
10.1*†	Executive Employment Agreement, dated as of March 1, 2018, by and between ABM Industries Incorporated and Andrea Newborn
10.2*†	Change in Control Agreement, dated as of March 1, 2018, by and between ABM Industries Incorporated and Andrea Newborn
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 7, 2019	/s/ D. Anthony Scaglione D. Anthony Scaglione Executive Vice President and Chief Financial Officer (Duly Authorized Officer)
March 7, 2019	/s/ Dean A. Chin Dean A. Chin Senior Vice President, Chief Accounting Officer, and Corporate Controller (Principal Accounting Officer)

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (“Agreement”) is effective March 1, 2018 (“Effective Date”) between Andrea Newborn (“Executive”) and ABM Industries Incorporated, a Delaware corporation (“Company” or “ABM”). As of the Effective Date, this Agreement supersedes in its entirety the Executive Employment Agreement dated July 5, 2017.

In consideration of the terms and commitments contained in this Agreement, the parties agree to and acknowledge the following:

1. **EMPLOYMENT.** The Company agrees to employ Executive, and Executive hereby accepts such employment, on the terms and conditions set forth in this Agreement.

2. **DUTIES, RESPONSIBILITIES AND TITLE.** Executive’s title shall be Executive Vice President, General Counsel and Secretary of the Company and such other titles as may be assigned from time to time by the Company. Executive shall have 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, consistent with such position. Executive shall report directly to the Chief Executive Officer of the Company and shall provide the services hereunder at the Company’s office located in New York City.

3. **COMPENSATION.** During Executive’s employment hereunder, Company agrees to compensate Executive, and Executive agrees to accept as compensation in full, as follows:

    3.1 BASE SALARY. The Company shall pay to Executive an annual base salary (the “Base Salary”) in an amount to be determined by the Board of Directors or its applicable committee (as applicable, the “Committee”) in its sole discretion The Base Salary shall be subject to applicable state and federal withholdings and shall be paid according to the Company’s standard payroll practices.

    3.2 BONUS. Executive will be eligible for annual incentive awards pursuant to the terms of the Cash Incentive Program or any applicable successor program (“Cash Bonus”). The target amount for Executive’s Cash Bonus shall be seventy percent (70%) of Base Salary (“Target Cash Bonus”). Executive’s actual Cash Bonus may range from 0% to an amount greater than Target Cash Bonus. The Cash Bonus, if any, earned for a fiscal year will be paid no later than the March 15 following the completion of the performance year.

    3.3 EQUITY. Executive will be eligible to receive annual awards under the 2006 Equity Incentive Plan, as amended and restated, or any applicable successor plan (“Equity Plan”), subject to the terms and conditions of the applicable plan and as determined by the Committee in its discretion.

    3.4 REIMBURSEMENTS. The Company shall reimburse Executive for all reasonable and necessary out-of-pocket expenses incurred by Executive in connection with the performance of Executive’s duties hereunder, in accordance with the Company’s expense reimbursement policies and procedures.

3.5 BENEFITS. Executive will be eligible to participate in the Company’s health, welfare and retirement benefit plans generally available for executive officers from time to time.

4. **COMPLIANCE WITH LAWS AND POLICIES; EMPLOYEE PROTECTIONS.** Executive shall dedicate Executive’s full business time and attention to the performance of duties hereunder, perform Executive’s duties in good faith and to a professional standard, and fully comply with all laws and regulations pertaining to the performance of Executive’s 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 ABM, in each case as in effect from time to time; provided, it shall not be a violation of the foregoing for Executive to manage Executive’s personal, financial and legal affairs to the extent that they do not interfere with Executive’s ability to perform Executive’s duties to the Company. Prior to joining or agreeing to serve on corporate, civil or charitable boards or committees, Executive shall obtain approval of the Chief Executive Officer or otherwise as required by ABM’s Corporate Governance Guidelines as in effect from time to time.

Nothing in this Agreement or otherwise limits Executive’s ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the “SEC”) or any other federal, state or local governmental agency or commission (“Government Agency”) regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Executive for any of these activities, and nothing in this Agreement or otherwise requires Executive to waive any monetary award or other payment that Executive might become entitled to from the SEC or any other Government Agency.

Pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), the Company and Executive acknowledge and agree that Executive shall not have criminal or civil liability under any federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive’s attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or otherwise is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

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, except that if Executive's employment is terminated under circumstances qualifying Executive for payments under the Change-in-Control Agreement (as defined below), the applicable restrictive covenants set forth in such Change-in-Control Agreement shall supersede Sections 5.3, 5.4, 5.5 and 5.6 below:

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 the Company and its subsidiaries in the operation of its business, pricing plans and strategies, as well as information about the 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 the 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 the 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 the Company's LCMS database, JDE , LMS or similar systems; (vi) any and all information related to past, current or future acquisitions between the Company or Company-affiliated entities including information used or relied upon for said acquisition ("Confidential Information"). Notwithstanding the generality of the foregoing, Confidential Information shall not include: (x) information known to Executive prior to Executive's discussions with the Company regarding Executive's employment with the Company; (y) contact information contained on Executive's rolodex (other than for officers, directors, employees, and/or independent contractors of the Company and Company-affiliated entities); or (z) information that is or becomes generally known in the industry or part of the public domain.

5.2 NON-DISCLOSURE. The Company and Executive acknowledge and agree that the 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, the 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 the 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 the 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 the 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 the Company, Executive will come into contact with officers, directors, employees, and/or independent contractors of the Company and Company-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 the Company and for a period of twelve (12) 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 the 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 the 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; provided, nothing in this Section 5.3 shall prevent Executive from serving as a reference in response to a bona fide inquiry regarding an employee or former employee of the Company.

5.4 NON-SOLICITATION OF CUSTOMERS. Executive acknowledges and agrees that the 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 the 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 the Company. Executive further acknowledges and agrees that the loss of such customers and clients would damage the Company and potentially cause the Company great and irreparable harm. Consequently, Executive covenants and agrees that during and for twelve (12) months following the termination of Executive's employment with the 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 (12) 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 (12) month period preceding the effective date of Executive's termination of employment.

5.5 POST EMPLOYMENT COMPETITION. Executive agrees that, while employed by the Company and for a period of twelve (12) 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 (12) 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 (12) 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 (12) 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 (12) 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.

5.6 NON-DISPARAGEMENT. Following the termination 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 the Company, Company-affiliated entities, or its or their reputation, goodwill, commercial interests or past and present officers, directors, employees, consultants, and/or agents, and the Company shall instruct its directors and executive officers to not make any statement or take any action which disparages, defames, or places in a negative light Executive.

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; NO CONFLICTS**.** 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 Chief Human Resources Officer. 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 reasonably 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, claims, 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, 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, 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, reputation and goodwill of the Company and, in the case of Section 5.5 of the Agreement, the reputation and goodwill of Executive, that the restrictions contained herein are reasonable, and that any breach of Section 5 may result in irreparable and continuing harm to the Company or to Executive, 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 either party in Section 5, Company and Executive agree that both parties shall be entitled to all appropriate remedies, including temporary restraining orders and injunctions enjoining or restraining such actual or threatened breach. Each of the Company and 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 New York, 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. If there are any state attorney ethics rules where Executive is admitted to practice law that conflict with and are less restrictive than the restrictive covenants contained in Sections 5.3-5.5 of this Agreement, as determined in good faith by the Company, such attorney ethics rules shall control.

6. **AT-WILL EMPLOYMENT**. 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 for any reason, the Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, including accrued but unpaid Base Salary, any accrued and unused paid time off and any incurred but unpaid reimbursements (together "Accrued Obligations"). 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; provided the Company shall pay Executive the Accrued Obligations within thirty (30) days of the termination of Executive's employment. For purposes of this Agreement, "Cause" shall mean the occurrence of one of the following: (i) Executive's willful misconduct, dishonesty, 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 effect on the performance of Executive's duties and responsibilities under this Agreement; (iv) Executive's willful and repeated 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 willful and repeated inattention to duty for reasons other than death or Disability; (vi) Executive's material and willful violation of the Company's Code of Business Conduct; and (vii) any other material and willful breach of this Agreement by Executive. No Cause shall exist until the Company has given Executive written notice describing the circumstances giving rise to Cause in reasonable detail and, to the extent such circumstances are susceptible to remedy, Executive has failed to remedy such circumstances within fifteen (15) days of receiving such notice.

7.2 TERMINATION BY THE COMPANY WITHOUT CAUSE OR TERMINATION BY THE EXECUTIVE FOR GOOD REASON. Where the Company terminates Executive's employment without Cause, or Executive terminates Executive's employment for Good Reason (as defined below), Executive shall be entitled to: (i) a payment equal in the aggregate to 2 times the sum of (A) Executive's Base Salary and (B) Executive's Target Cash Bonus, which payment shall be paid in equal installments (no less frequently than monthly) over the 24-month period following Executive's separation from service, provided that any amounts otherwise payable prior to the effective date of the release referenced below shall be paid in a lump sum within 7 days following the effective date of such release; (ii) eighteen (18) months' medical benefits coverage, which may be provided through COBRA reimbursement; (iii) Executive's prorated Cash Bonus for the year of termination based on the Committee's determination of actual performance following the end of the performance period; and (iv) any earned but unpaid Cash Bonus in respect of any completed fiscal year that has ended prior to the date of such termination (the amounts set forth in clauses (i) through (iv) collectively, the “Severance Benefits”); provided that Executive’s eligibility to receive the Severance Benefits is conditioned on: (A) Executive having first signed a release agreement in the form provided by the Company and reasonably acceptable to Executive, but containing no further post-employment restrictions or covenants other than those to which Executive is already subject hereunder, and the release becoming irrevocable by its terms within sixty (60) calendar days following the date of Executive’s termination of employment; and (B) 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. For purposes of this Agreement, “Good Reason” shall mean the occurrence of one or more of the following events without Executive's prior written consent: (w) a material reduction in the Executive's Base Salary, (x) a material reduction in the Target Cash Bonus, (y) the Executive is no longer the most senior legal executive of the Company and/or reporting directly to the CEO or (z) the Company requires the Executive to change Executive’s principal location of work by more than 50 miles No Good Reason shall exist unless Executive has provided notice of such circumstances giving rise to Good Reason in reasonable detail to the Company within 30 days following the occurrence of such circumstances and, to the extent such circumstances are susceptible to remedy, the Company has failed to remedy such circumstances within thirty (30) days of receiving such notice, and Executive shall have resigned within 30 days following expiration of such cure period. For the avoidance of doubt, in the event Executive becomes entitled to receive Severance Benefits, any such Severance Benefits that remain unpaid upon Executive’s death shall be paid to Executive’s estate.

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; provided the Company shall pay Executive the Accrued Obligations within thirty (30) days of the termination of Executive’s employment or earlier as required by law. 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, then (i) Executive, or, upon death, to Executive’s designated beneficiary or estate, as applicable, shall be eligible to receive (A) any earned but unpaid Cash Bonus in respect of any completed fiscal year that has ended prior to the date of such termination and (B) a prorated Target Cash Bonus based on the length of performance in the applicable performance period prior to death or Disability and (ii) Executive’s then-outstanding equity-based awards under the Equity Plan (including any awards issued by an acquirer or successor to ABM in exchange or substitution for such awards) (x) that are subject to time-based vesting will not be forfeited but will become immediately fully vested and (y) that are subject to performance-based vesting for then-ongoing performance periods shall immediately become fully vested with respect to the number of shares that would have become earned and vested if the target level of performance was met. In the case of Disability, Executive’s eligibility to receive the foregoing is conditioned on: (i) Executive having first signed a release agreement in the form provided by the Company and reasonably acceptable to Executive, but containing no further post-employment restrictions or covenants other than those to which Executive is already subject hereunder, 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.

7.5 TIMING OF PAYMENTS. For the avoidance of doubt and without limiting the generality of Section 10.7, the parties intend that, except as expressly provided otherwise, any payments that become payable to Executive pursuant to Section 7.2 are intended to be exempt from, or compliant with, Section 409A of the Internal Revenue Code (“Section 409A”), and except as expressly provided otherwise shall be paid within the short-term deferral period within the meaning of Treasury Regulation section 1.409A-1(b)(4) to the extent required to be paid no later than March 15th of the calendar year following the calendar year in which Executive incurs a separation from service or shall be deemed to be paid under a “separation pay plan” within the meaning of Section 409A to the extent applicable. Any Cash Bonus or prorated Cash Bonus that becomes payable to Executive pursuant to Section 7.2(iii) shall be paid to Executive following 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 end of the performance year.

7.6 PAYMENTS AND BENEFITS WITH RESPECT TO A CHANGE IN CONTROL. Notwithstanding anything to the contrary in this Agreement or otherwise, if Executive’s employment is terminated under circumstances qualifying Executive for payments under the Change-in-Control Agreement between Executive and ABM (or any successor or amendment to such agreement, as applicable, the “Change-in-Control Agreement”), Executive shall not be entitled to the Severance Benefits under this Agreement and, alternatively, Executive’s entitlement to payments and benefits, if any, shall be governed by the terms of such Change-in-Control Agreement.

7.7 EXCESS PARACHUTE PAYMENTS. Notwithstanding any provision of this Agreement or any other agreement or plan to the contrary (including without limitation any lesser protection of Executive under any equity-based award agreement), if any amount or benefit to be paid or provided under this Agreement or any other agreement or plan would be an “excess parachute payment” under Section 280G of the Code (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 herein), but for the application of this sentence, then the payments and benefits to be paid or provided under this Agreement and any other agreements and plans 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”) that is less than 90% of the After-Tax Amount of the payments and benefits that he would have received 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 herein 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 will not of itself limit or otherwise affect any other rights of the Executive pursuant to this Agreement or any other agreement or plan. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this Section, then the Company shall in good faith determine the appropriate treatment of payments or benefits, consistent with the requirements of Section 409A that produces the most advantageous economic outcome for the Executive, and its determination shall be final and binding on the Executive. The Company will provide the Executive with all information reasonably required or requested by the Executive to demonstrate to the Executive that it has complied with the immediately preceding sentence.

7.8 ACTIONS UPON TERMINATION. Upon termination of Executive’s employment for any reason, Executive shall be deemed to have immediately resigned as an officer and/or director of 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.

7.9 WITHHOLDING AUTHORIZATION. To the fullest extent permitted under the laws of the State of Employment hereunder, Executive authorizes Company to withhold from any Severance Benefits otherwise due to Executive and from any other funds held for Executive's benefit by Company, any undisputed 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: Address on File

Company: ABM Industries Incorporated
One Liberty Plaza, New York, NY 10006

Copy: ABM Industries Incorporated
One Liberty Plaza, New York, NY 10006
Attention: Chief Human Resources Officer

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. INDEMNIFICATION. The Company shall indemnify, defend, and hold Executive harmless to the fullest extent provided under the Company's Articles of Incorporation, Bylaws, or any other operating document. In addition, the Executive shall be included under the Company's Directors and Officers Liability Insurance Policy. For the avoidance of doubt, this Section 9 shall survive the termination of this Agreement.

10. GENERAL PROVISIONS.

10.1 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 of New York.

10.2 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.

10.3 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.

10.4 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.

10.5 SUCCESSORS. This Agreement is binding upon and shall inure to the benefit of the parties’ respective successors, assigns, administrators and legal representatives and Executive’s heirs and executors.

10.6 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.

10.7 SECTION 409A. Without limiting the generality of Section 7.6, the parties intend for the payments and benefits under this Agreement to be exempt from Section 409A or, if not so exempt, to be paid or provided in a manner which complies with the requirements of such section, and intend that this Agreement shall be construed and administered in accordance with such intention. If any payments or benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A, such payments or benefits shall be restructured in a mutually agreed upon manner that to the extent possible preserves the economic benefit and original intent thereof but does not cause such an accelerated or additional tax. For purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, 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 (6) month period immediately following Executive's separation from service shall instead be paid on the first business day after the date that is six (6) months following Executive's termination date (or death, if earlier). In the event that any payment under this Agreement may be made in two calendar years, depending on the timing of execution of a release, such payment shall be made in the later calendar year, to the extent required by Section 409A. Notwithstanding anything to the contrary in this Agreement, all (A) reimbursements and (B) in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

10.8 COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed as an original, but all of which together shall constitute one and the same instrument binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterpart. This Agreement may be executed either by original, facsimile, or electronic copy, each of which will be equally binding.

10.9 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 the Company (other than the Change in Control Agreement and any equity award agreement under the Equity Plan; *provided* that in the event that this Agreement conflicts with the terms of any equity award agreement, this Agreement shall govern unless otherwise expressly stated in such equity award agreement).

10.9.a NO EXTERNAL EVIDENCE. The parties intend that this Agreement speak for itself, and that no evidence with respect to its terms and conditions other than this Agreement itself may be introduced in any arbitration or judicial proceeding to interpret or enforce this Agreement.

10.9.b AMENDMENTS. This Agreement may not be amended except in a writing signed by the Executive and an authorized representative of the Company.

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

Executive: Andrea Newborn

Signature: /s/ Andrea Newborn

Date: 3/1/2018

Company: ABM Industries Incorporated

Signature: /s/ David R. Goodes

Name, Title: David R. Goodes, Chief Human Resources Officer

Date: 3/1/2018

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.

Exhibit 10.2

CHANGE IN CONTROL AGREEMENT

Change in Control Agreement (this "Agreement"), effective as of March 1, 2018, 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"). This Agreement amends and restates the Change in Control Agreement dated effective as of July 5, 2017 and supersedes any other prior Change in Control Agreement between Executive and the Company.

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, as hereinafter defined, 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, 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 for which Executive has direct responsibility and of which he was not acting under instructions of the Board or under the belief, based on advice of Company counsel, that his conduct was appropriate; 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. No Cause shall exist until the Company has given Executive written notice describing the circumstances giving rise to Cause in reasonable detail and, to the extent such circumstances are susceptible to remedy, Executive has failed to remedy such circumstances within fifteen (15) days of receiving such notice.

(e) “Change in Control” means that 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 immediately prior to either such event cease to constitute a majority of the members of the Board; 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 resulting 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.

(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, without the Executive's prior written consent:

(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 Company requires the Executive to change Executive's principal location of work by more than 35 miles;

(iv) In the event of the transfer of all or substantially all of the Company's business and/or assets, the failure of the successor or successors to which all or substantially all of its business and/or assets have been transferred to assume (by operation of law, agreement or otherwise) pursuant to Section 12 hereof all duties and obligations of the Company under this Agreement; or

(v) Without limiting the generality or effect of the foregoing, any material breach of this Agreement or any Other Employment Agreement (as defined below) 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) - (iv) 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, and the Executive terminates employment within the 90-day period thereafter (and, in any event, during the Severance Period). 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.

(v) "Section 409A" means Section 409A of the Code.

(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) "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)).

(z) "Voting Stock" means securities entitled to vote generally in the election of directors.

(aa) "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, this Agreement will not be operative unless and until a Change in Control occurs. Upon the occurrence of a Change in Control, without further action, this Agreement will become immediately operative until the end of the Severance Period; *provided* that 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 this Agreement will immediately terminate and be of no further effect.

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 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"), then, *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 fifteen business days after the Termination Date (subject to the provisions of subsection (d) of this Section).

(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 (including without limitation any lesser protection of Executive under any equity-based award agreement), 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 9 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 that is less than 90% of the After-Tax Amount of the payments and benefits that 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 89 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, then the Company shall in good faith determine the appropriate treatment of payments or benefits, consistent with the requirements of Section 409A that produces the most advantageous economic outcome for the Executive, and its determination shall be

final and binding on the Executive. The Company will provide the Executive with all information reasonably required or requested by the Executive to demonstrate to the Executive that it has complied with the immediately preceding sentence.

6. Executive Protections; Defend Trade Secrets Act. (a) Nothing in this Agreement or otherwise limits Executive's ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "SEC"), or any other federal, state or local governmental agency or commission or self-regulatory organization (each such agency, commission or organization, a "Government Agency") regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against Executive for any of these activities, and nothing in this Agreement requires Executive to waive any monetary award or other relief that Executive might become entitled to from the SEC or any other Government Agency.

(b) Pursuant to the Defend Trade Secrets Act of 2016, Executive and the Company acknowledge and agree that Executive shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and may use the trade secret information in the court proceeding, if Executive (X) files any document containing the trade secret under seal and (Y) does not disclose the trade secret, except pursuant to court order.

7. 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.

(b) A termination of employment pursuant to Section 3 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. In the event that this Agreement conflicts with the terms of any equity award agreement, this Agreement shall govern unless otherwise expressly stated in such equity award agreement.

8. 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. For the avoidance of doubt, (i) the amount of expenses eligible for reimbursement provided to the Executive during any calendar year will not affect the amount of expenses eligible for reimbursement provided to Executive in any other calendar year; (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (iii) the right to payment or reimbursement may not be liquidated or exchanged for any other benefit.

9. Competitive Activity; Confidentiality; Nonsolicitation. (a) For the period following the Termination Date specified in Paragraph (4) 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) The Company agrees that it will disclose to Executive its confidential or proprietary information (as defined in this Section (b)) to the extent necessary for Executive to carry out Executive’s obligations to the Company. The Executive hereby covenants and agrees that, subject to Section 6(a), Executive will not, without the prior written consent of the Company, during the term of his employment with the Company and two years after the Termination Date 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 9(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 9(b) will be subject to Section 6(a) and will not apply (i) during the term of his employment with the Company, in the course of the business of and for the benefit of the Company and (ii) if such confidential or proprietary information has become, through no fault of the Executive, generally known to the public.

(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 9 are reasonable under the circumstances and subject to the provisions of Section 15 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 9 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.

10. 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.

11. 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.

12. 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 (to the extent not assumed by operation of law), 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 12(a) and 12(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 12(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred or delegated.

13. 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.

14. 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 9(d) to bring an action to enforce the covenants contained in Section 9 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.

15. 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 9, 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 9 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.

16. 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.

17. Survival. Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under Sections 3(c), 4, 5, 6, 7, 8, 9, 10, 11, 12(b), 17 and 19 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.

18. 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 13. 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.

19. 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.

20. 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).

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

Executive: Andrea Newborn

Signature: /s/ Andrea Newborn

Date: 3/1/2018

Company: ABM Industries Incorporated

Signature: /s/ David R. Goodes

Name, Title: David R. Goodes, Chief Human Resources Officer

Date: 3/1/2018

Annex A

SEVERANCE COMPENSATION, ETC.

(1) A lump sum payment in an amount equal to two and one-half (2.5) 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) Executive's then-outstanding equity-based awards under the Equity Plan (including any awards issued by an acquirer or successor to the Company in exchange or substitution for such awards) will not be forfeited but will become fully vested; *provided* that any performance awards with respect to then-ongoing performance periods shall be vested with respect to the number of shares that would have become earned and vested if the target level of performance was met.

(3) In lieu of providing any continuation of Welfare Benefits to the Executive and his or her dependents following the Termination Date (*it being understood* that this is not intended to supersede any right of the Executive and his or her dependents to COBRA continuation following the Termination Date), a lump sum payment in an amount equal to the present value of such Welfare Benefits, if such Welfare Benefits were provided for a period of 18 months following the Termination Date. For purposes of the immediately preceding sentence, the value of such Welfare Benefits shall be measured immediately prior to the Termination Date; *provided* that, to the extent applicable for purposes of calculating service or age to determine the value of such Welfare Benefits, assuming that the Executive had remained actively employed on a full-time basis for a period of 18 months following the Termination Date).

(4) The Non-Competition Period contemplated by Section 9(a) will be 12 months from the Termination Date.

Exhibit 31.1

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 7, 2019

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

Exhibit 31.2

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 7, 2019

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

Exhibit 32

**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, 2019, 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 7, 2019	/s/ Scott Salmirs Scott Salmirs Chief Executive Officer (Principal Executive Officer)
March 7, 2019	/s/ D. Anthony Scaglione D. Anthony Scaglione Chief Financial Officer (Principal Financial Officer)