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

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**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, 2018  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-8929



**ABM INDUSTRIES INCORPORATED**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)



**94-1369354**

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

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**One Liberty Plaza, 7<sup>th</sup> 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)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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  No

Number of shares of the registrant's common stock outstanding as of March 1, 2018: 65,700,002

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**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 growth opportunities and cost synergies that are anticipated from the acquisition of GCA Services Group (“GCA”).
- We have 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, including our move to our Enterprise Services Center, 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 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 a material charge 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, or changing consumer preferences, could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition.
- Our income tax provision and income tax liabilities could be adversely affected by the jurisdictional mix of earnings, changes in valuations of deferred tax assets and liabilities, and changes in tax treaties, laws, and regulations, including the U.S. Tax Cuts and Jobs Act of 2017, which effected significant changes to the U.S. corporate income tax system.
- We could be subject to cyber-security risks, information technology interruptions, and business continuity risks.
- 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 investors’ perceptions of our company and, as a result, 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, 2017 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, 2018	October 31, 2017
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 68.6	\$ 62.8
Trade accounts receivable, net of allowances of \$15.5 and \$25.5 at January 31, 2018 and October 31, 2017, respectively	1,020.0	1,038.1
Prepaid expenses	97.4	101.8
Other current assets	32.1	32.8
Total current assets	1,218.1	1,235.5
Other investments		
	18.8	17.6
Property, plant and equipment, net of accumulated depreciation of \$147.6 and \$136.4 at January 31, 2018 and October 31, 2017, respectively	141.6	143.1
Other intangible assets, net of accumulated amortization of \$206.1 and \$189.1 at January 31, 2018 and October 31, 2017, respectively	404.3	430.1
Goodwill	1,871.2	1,864.2
Other noncurrent assets	143.1	122.1
Total assets	\$ 3,797.0	\$ 3,812.6
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current portion of long-term debt, net	\$ 7.0	\$ 16.9
Trade accounts payable	203.5	230.8
Accrued compensation	143.1	159.9
Accrued taxes—other than income	62.5	52.5
Insurance claims	114.1	112.5
Income taxes payable	5.0	13.4
Other accrued liabilities	164.4	171.8
Total current liabilities	699.6	757.8
Long-term debt, net		
	1,173.4	1,161.3
Deferred income tax liability, net	32.8	57.3
Noncurrent insurance claims	387.3	382.9
Other noncurrent liabilities	63.5	61.3
Noncurrent income taxes payable	23.7	16.3
Total liabilities	2,380.2	2,436.9
Commitments and contingencies		
<b>Stockholders' Equity</b>		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 65,686,394 and 65,502,568 shares issued and outstanding at January 31, 2018 and October 31, 2017, respectively	0.7	0.7
Additional paid-in capital	677.1	675.2
Accumulated other comprehensive income (loss), net of taxes	2.7	(20.3)
Retained earnings	736.2	720.1
Total stockholders' equity	1,416.8	1,375.7
Total liabilities and stockholders' equity	\$ 3,797.0	\$ 3,812.6

See accompanying notes to unaudited consolidated financial statements.

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

<i>(in millions, except per share amounts)</i>	<b>Three Months Ended January 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>	\$ 1,588.3	\$ 1,326.7
Operating expenses	1,429.3	1,195.1
Selling, general and administrative expenses	109.0	97.3
Restructuring and related expenses	14.3	5.0
Amortization of intangible assets	16.2	5.5
<b>Operating profit</b>	19.5	23.8
Income from unconsolidated affiliates, net	0.5	1.4
Interest expense	(14.3)	(3.2)
Income from continuing operations before income taxes	5.8	22.0
Income tax benefit (provision)	22.2	(5.9)
Income from continuing operations	28.0	16.1
Loss from discontinued operations, net of taxes	(0.1)	(72.9)
<b>Net income (loss)</b>	27.8	(56.8)
Other comprehensive income (loss)		
Unrealized gains on interest rate swaps, net of taxes of \$5.0 and \$1.1, respectively	13.6	1.6
Foreign currency translation	9.4	3.3
<b>Comprehensive income (loss)</b>	\$ 50.9	\$ (51.9)
<b>Net income (loss) per common share — Basic</b>		
Income from continuing operations	\$ 0.42	\$ 0.29
Loss from discontinued operations	—	(1.30)
Net income (loss)	\$ 0.42	\$ (1.01)
<b>Net income (loss) per common share — Diluted</b>		
Income from continuing operations	\$ 0.42	\$ 0.28
Loss from discontinued operations	—	(1.28)
Net income (loss)	\$ 0.42	\$ (1.00)
<b>Weighted-average common and common equivalent shares outstanding</b>		
Basic	65.9	56.0
Diluted	66.3	56.6
<b>Dividends declared per common share</b>	\$ 0.175	\$ 0.170

See accompanying notes to unaudited consolidated financial statements.

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

<i>(in millions)</i>	Three Months Ended January 31,	
	2018	2017
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 27.8	\$ (56.8)
Loss from discontinued operations, net of taxes	0.1	72.9
Income from continuing operations	28.0	16.1
<b>Adjustments to reconcile income from continuing operations to net cash provided by (used in) operating activities of continuing operations</b>		
Depreciation and amortization	29.0	14.0
Deferred income taxes	(30.3)	9.9
Share-based compensation expense	3.8	3.6
Provision for bad debt	2.6	0.4
Discount accretion on insurance claims	0.2	0.1
Gain on sale of assets	(0.1)	(0.1)
Income from unconsolidated affiliates, net	(0.5)	(1.4)
Distributions from unconsolidated affiliates	—	0.8
Changes in operating assets and liabilities, net of effects of acquisitions		
Trade accounts receivable	15.7	(65.4)
Prepaid expenses and other current assets	1.4	(2.4)
Other noncurrent assets	(1.7)	(7.5)
Trade accounts payable and other accrued liabilities	(33.2)	18.1
Insurance claims	5.8	8.3
Income taxes payable	10.9	(11.0)
Other noncurrent liabilities	2.2	6.8
Total adjustments	5.8	(25.8)
Net cash provided by (used in) operating activities of continuing operations	33.8	(9.7)
Net cash used in operating activities of discontinued operations	(0.1)	(1.4)
<b>Net cash provided by (used in) operating activities</b>	<b>33.7</b>	<b>(11.1)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(10.6)	(11.0)
Proceeds from sale of assets	0.3	0.5
Adjustments to sale of business	(1.9)	—
Purchase of businesses, net of cash acquired	(2.4)	(18.6)
Investments in unconsolidated affiliates	(0.6)	—
<b>Net cash used in investing activities</b>	<b>(15.3)</b>	<b>(29.1)</b>
<b>Cash flows from financing activities</b>		
Taxes withheld from issuance of share-based compensation awards, net	(2.0)	(1.0)
Repurchases of common stock	—	(7.9)
Dividends paid	(11.5)	(9.4)
Deferred financing costs paid	(0.1)	—
Borrowings from credit facility	304.3	207.4
Repayment of borrowings from credit facility	(303.0)	(169.7)
Changes in book cash overdrafts	(1.2)	5.1
Financing of energy savings performance contracts	—	2.6
Repayment of capital lease obligations	(0.8)	(0.1)
<b>Net cash (used in) provided by financing activities</b>	<b>(14.3)</b>	<b>27.0</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1.7</b>	<b>0.5</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5.8</b>	<b>(12.7)</b>
<b>Change in cash related to assets held for sale</b>	<b>—</b>	<b>(0.7)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>62.8</b>	<b>56.0</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 68.6</b>	<b>\$ 42.6</b>

See accompanying notes to unaudited consolidated financial statements.



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

**1. THE COMPANY AND NATURE OF OPERATIONS**

ABM Industries Incorporated, which operates through its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”), is a leading provider of 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:



**Aviation**



**Business &  
Industry**



**Education**



**Healthcare**



**Technology &  
Manufacturing**



**Technical  
Solutions**

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**

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 fiscal year ended October 31, 2017. Unless otherwise indicated, all references to years are to our fiscal year, which ends on October 31.

**Acquisition of GCA Services Group**

On September 1, 2017 (the “Acquisition Date”), we completed the acquisition of GCA Services Group (“GCA”). Accordingly, our consolidated statements of comprehensive income (loss) and statements of cash flows include GCA's results of operations in the three months ended January 31, 2018, but exclude GCA's results of operations in the three months ended January 31, 2017, as that was prior to the Acquisition Date. See Note 3, “Acquisitions,” for further information on the acquisition of GCA.

**Government Services**

On May 31, 2017, we sold our Government Services business for \$35.5 million and recorded a pre-tax gain of \$1.2 million during the third quarter of 2017. The reported results for this business are through the date of sale. Future results could include run-off costs associated with this former business.

**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, 2017, we made changes to our operating structure as a result of the GCA acquisition. To reflect these changes, certain prior year amounts, including operating segment data, have been reclassified to conform with our fiscal 2018 presentation. These changes had no impact on our previously reported consolidated balance sheets, statements of comprehensive income (loss), or statements of cash flows. See Note 12, “Segment Information,” for further details.

## 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. These revenues and expenses are reported in equal amounts as costs reimbursed from our managed locations:

<i>(in millions)</i>	Three Months Ended January 31,	
	2018	2017
Business & Industry	\$ 63.0	\$ 57.8
Aviation	25.5	16.5
Healthcare	4.9	4.6
Total	\$ 93.4	\$ 78.9

## 3. ACQUISITIONS

### Acquisition of GCA during 2017

On September 1, 2017, we acquired all of the outstanding stock of GCA, a provider of integrated facility services to educational institutions and commercial facilities, for a purchase price of approximately \$1.3 billion. As described in Note 12, "Segment Information," we integrated GCA's operations into our industry group model effective November 1, 2017. As a result of the acquisition, we are now a leading facilities services provider in the education market.

### Consideration Transferred

*(in millions, except per share data)*

Shares of ABM common stock, net of shares withheld for taxes	9.4
ABM common stock closing market price at acquisition date	\$ 44.63
Fair value of ABM common stock at closing	421.3
Cash consideration	839.9
Total consideration transferred	\$ 1,261.3

### Preliminary Purchase Price Allocation

Our preliminary purchase price allocation is based on information that is currently available, and we are continuing to evaluate the underlying inputs and assumptions used in our valuations. Accordingly, consideration and purchase price allocations are subject to, among other items: working capital adjustments; further analysis of tax accounts, including deferred tax liabilities; and final valuation of identifiable intangible assets. During the first quarter of 2018, we refined our valuation of customer relationships and certain other estimates.

The following table presents our preliminary estimates of fair values of the assets we acquired and the liabilities we assumed on the date of acquisition as previously reported at year-end 2017 and at the end of the first quarter of 2018.

<i>(in millions)</i>	As reported at October 31, 2017	Adjustments	As reported at January 31, 2018
Cash and cash equivalents	\$ 2.5	\$ (2.4)	\$ 0.1
Trade accounts receivable <sup>(1)</sup>	118.1		118.1
Prepaid expenses and other current assets	10.3		10.3
Property, plant and equipment	41.4		41.4
Customer relationships <sup>(2)</sup>	340.0	(10.0)	330.0
Trade name <sup>(2)</sup>	9.0		9.0
Goodwill <sup>(3)</sup>	933.9	0.4	934.3
Other assets	4.2		4.2
Trade accounts payable	(9.1)		(9.1)
Insurance reserves	(35.5)		(35.5)
Income taxes payable	(16.5)	8.2	(8.3)
Accrued liabilities	(36.5)	4.9	(31.6)
Deferred income tax liability, net	(92.6)	(1.0)	(93.6)
Other liabilities	(8.1)		(8.1)
Net assets acquired	<u>\$ 1,261.3</u>	<u>\$ —</u>	<u>\$ 1,261.3</u>

<sup>(1)</sup> The gross amount of trade accounts receivable was \$122.0 million, of which \$3.9 million is expected to be uncollectible.

<sup>(2)</sup> The amortization periods for the acquired intangible assets are 15 years for customer relationships and 2 years for trade names.

<sup>(3)</sup> Goodwill is largely attributable to value we expect to obtain from long-term business growth, the established workforce, and buyer-specific synergies. This goodwill is not deductible for income tax purposes.

### Financial Information

For the three months ended January 31, 2018, we recorded revenue related to GCA of \$251.6 million and operating profit of \$5.0 million. The following table presents our unaudited pro forma results as though the GCA acquisition occurred on November 1, 2015. The pro forma results include adjustments for the estimated amortization of intangible assets, interest expense, and the income tax impact of the pro forma adjustments at the statutory rate of 41%. These pro forma results do not reflect the cost of integration activities or benefits from expected revenue enhancements and synergies. Accordingly, the pro forma information is not necessarily indicative of the results that would have been achieved if the acquisition had been effective on November 1, 2015.

<i>(in millions)</i>	Three Months Ended January 31, 2017
Pro forma revenue	\$ 1,578.9
Pro forma income from continuing operations	14.5

### Other 2017 Acquisitions

Effective December 1, 2016, we acquired all of the outstanding stock of Mechanical Solutions, Inc. ("MSI"), a provider of specialized HVAC, chiller, and plumbing services, for a purchase price of \$12.6 million. The purchase price includes up to \$1.0 million of undiscounted contingent consideration that is based on the expected achievement of certain pre-established revenue goals. See Note 6, "Fair Value of Financial Instruments," regarding our valuation of contingent consideration liabilities. As of December 1, 2016, the operations of MSI are included in our Technical Solutions segment.

Effective December 1, 2016, we also acquired all of the outstanding stock of OFJ Connections Ltd ("OFJ"), a provider of airport transportation services in the United Kingdom, for a purchase price of \$6.3 million. As of December 1, 2016, the operations of OFJ are included in our Aviation segment.

## Pro Forma and Other Supplemental Financial Information

Except for GCA, we do not present pro forma and other financial information for our other acquisitions, as they are not considered material business combinations individually or on a combined basis.

### 4. RESTRUCTURING AND RELATED COSTS

#### GCA Restructuring

Following the acquisition of GCA, during the first quarter of 2018 we initiated a restructuring program to achieve cost synergies from our combined operations. We expect our GCA restructuring and related activities to be complete by the second half of 2018.

#### 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 incurred additional expenses primarily related to external support fees during the first quarter of 2018 relating to this strategy. We do not expect to incur significant 2020 Vision restructuring and related expenses in the future, other than in connection with the continued consolidation of our real estate leases.

#### Rollforward of Restructuring and Related Liabilities

<i>(in millions)</i>	Balance, October 31, 2017	Costs Recognized <sup>(1)</sup>	Payments	Non-Cash Items	Balance, January 31, 2018
Employee severance	\$ 2.7	\$ 8.7	\$ (3.3)	\$ —	\$ 8.1
External support fees	2.5	4.0	(2.5)	—	4.0
Lease exit	2.8	0.5	(0.3)	0.2	3.2
Other project fees	0.4	1.0	(0.6)	—	0.8
<b>Total</b>	<b>\$ 8.4</b>	<b>\$ 14.3</b>	<b>\$ (6.7)</b>	<b>\$ 0.2</b>	<b>\$ 16.1</b>

<sup>(1)</sup> We include these costs within corporate expenses.

#### Cumulative Restructuring and Related Charges

<i>(in millions)</i>	External Support Fees	Employee Severance	Other Project Fees	Lease Exit Costs	Asset Impairment	Total
GCA	\$ 2.0	\$ 10.5	\$ 0.8	\$ —	\$ —	\$ 13.3
2020 Vision	30.0	13.7	10.6	6.3	4.7	65.1
<b>Total</b>	<b>\$ 32.0</b>	<b>\$ 24.2</b>	<b>\$ 11.4</b>	<b>\$ 6.3</b>	<b>\$ 4.7</b>	<b>\$ 78.4</b>

## 5. NET INCOME PER COMMON SHARE

### Basic and Diluted Net Income Per Common Share Calculations

	Three Months Ended January 31,	
	2018	2017
<i>(in millions, except per share amounts)</i>		
Income from continuing operations	\$ 28.0	\$ 16.1
Loss from discontinued operations, net of taxes	(0.1)	(72.9)
<b>Net income (loss)</b>	<b>\$ 27.8</b>	<b>\$ (56.8)</b>
<b>Weighted-average common and common equivalent shares outstanding — Basic</b>	<b>65.9</b>	<b>56.0</b>
Effect of dilutive securities		
Restricted stock units	0.2	0.3
Stock options	0.1	0.2
Performance shares	0.1	0.1
<b>Weighted-average common and common equivalent shares outstanding — Diluted</b>	<b>66.3</b>	<b>56.6</b>
<b>Net income (loss) per common share — Basic</b>		
Income from continuing operations	\$ 0.42	\$ 0.29
Loss from discontinued operations	—	(1.30)
<b>Net income (loss)</b>	<b>\$ 0.42</b>	<b>\$ (1.01)</b>
<b>Net income (loss) per common share — Diluted</b>		
Income from continuing operations	\$ 0.42	\$ 0.28
Loss from discontinued operations	—	(1.28)
<b>Net income (loss)</b>	<b>\$ 0.42</b>	<b>\$ (1.00)</b>

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

	Three Months Ended January 31,	
	2018	2017
<i>(in millions)</i>		
<b>Anti-dilutive</b>	<b>0.2</b>	<b>—</b>

## 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

<i>(in millions)</i>	Fair Value Hierarchy	January 31, 2018	October 31, 2017
Cash and cash equivalents <sup>(1)</sup>	1	\$ 68.6	\$ 62.8
Insurance deposits <sup>(2)</sup>	1	10.2	11.2
Assets held in funded deferred compensation plan <sup>(3)</sup>	1	4.6	4.6
Credit facility <sup>(4)</sup>	2	1,192.5	1,191.2
Interest rate swaps <sup>(5)</sup>	2	21.5	2.9
Investments in auction rate securities <sup>(6)</sup>	3	8.0	8.0
Contingent consideration liability <sup>(7)</sup>	3	0.9	0.9

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

<sup>(2)</sup> 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 8, "Insurance," for further information.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 9, "Credit Facility," for further information.

<sup>(5)</sup> 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. These interest rate swaps are included in "Other noncurrent assets" on the accompanying unaudited consolidated balance sheets. See Note 9, "Credit Facility," for further information.

<sup>(6)</sup> 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. These amounts are included in "Other investments" on the accompanying unaudited consolidated balance sheets. See Note 7, "Auction Rate Securities," for further information.

<sup>(7)</sup> Certain of our acquisitions involve the payment of contingent consideration. The fair value of these liabilities is based on the expected achievement of certain pre-established revenue goals. Our contingent consideration liability is included in "Other accrued liabilities" and "Other noncurrent liabilities" on the accompanying unaudited consolidated balance sheets.

During the three months ended January 31, 2018, 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

We measure certain assets 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.

On November 1, 2017, we reorganized our reportable segments and goodwill reporting units. In connection with this reorganization, we performed a qualitative goodwill impairment test immediately before and after the segment realignment. In analyzing the results of operations and business conditions of the goodwill reporting units, we determined the likelihood of a goodwill impairment did not reach the more-likely-than-not threshold specified in U.S. GAAP for any of the reporting units that were evaluated. Accordingly, we concluded that goodwill related to those reporting units was not impaired and further quantitative testing was not required.

## 7. AUCTION RATE SECURITIES

At January 31, 2018 and October 31, 2017, we held investments in auction rate securities from two different issuers that had an aggregate original principal amount of \$10.0 million and an amortized cost and fair value of \$8.0 million. These two auction rate securities are debt instruments with stated maturities in 2036 and 2050. The interest rates for these securities are designed to be reset through Dutch auctions approximately every thirty days, but auctions for these securities have not occurred since August 2007.

At January 31, 2018 and October 31, 2017, there were no unrealized gains or losses on our auction rate securities included in accumulated other comprehensive income (loss), net of taxes ("AOCI"), and the total amount of other-than-temporary impairment credit loss on our auction rate security investments included in our retained earnings was \$2.0 million.

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

Assumption	January 31, 2018	October 31, 2017
Discount rates	L + 0.53% and L + 1.18%	L + 0.42% and L + 0.79%
Yields	2.15%, L + 2.00%	2.15%, L + 2.00%
Average expected lives	4 – 10 years	4 – 10 years

L – One Month LIBOR

## **8. 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 2018**

During the three months ended January 31, 2018, 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, 2017 and ending October 31, 2017 for all policy years in which open claims existed.

The actuarial review indicated the claims reduction and safety initiatives we implemented have had a positive impact on our claims costs in the most recent years. Most notably, over the past two years there has been a decrease in claim frequency for workers' compensation lost-time claims and general liability bodily injury claims. However, there have been unfavorable developments in ultimate losses beyond our estimates for general liability and workers' compensation claims related to prior years, as described below.

The actuarial review indicated a continued decrease over the most recent years in the total number of reported claims related to our general liability program, particularly with respect to bodily injury claims. However, in prior year claims we experienced adverse developments that are largely attributable to adjustments related to certain bodily injury claims and to losses for property damage.

We are experiencing a reduced frequency of claims in our workers' compensation program. However, due to increases in projected costs and severity of claims in certain prior fiscal years, we increased our estimate of ultimate losses for workers' compensation claims. Statutory, regulatory, and legal developments have contributed to the increase in our estimated losses.

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 \$2.0 million during the three months ended January 31, 2018. This adjustment was \$3.0 million lower than the total adjustment related to prior year claims of \$5.0 million during the three months ended January 31, 2017. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

### Insurance Related Balances and Activity

<i>(in millions)</i>	January 31, 2018	October 31, 2017
Insurance claim reserves excluding medical and dental	\$ 490.7	\$ 485.6
Medical and dental claim reserves	10.7	9.8
Insurance recoverables	74.9	73.1

At January 31, 2018 and October 31, 2017, insurance recoverables are included in "Other current assets" and "Other noncurrent assets" on the accompanying unaudited consolidated balance sheets.

### Instruments Used to Collateralize Our Insurance Obligations

<i>(in millions)</i>	January 31, 2018	October 31, 2017
Standby letters of credit	\$ 136.7	\$ 137.6
Surety bonds	77.5	77.5
Restricted insurance deposits	10.2	11.2
Total	\$ 224.4	\$ 226.3

## 9. 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. The line of credit reduces to \$800.0 million after one year. 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, 2018, the weighted average interest rate on our outstanding borrowings was 3.74%. 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 contains certain covenants, including a maximum leverage ratio of 4.75 to 1.0, which steps down to 3.50 to 1.0 by July 2020, 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, 2018, 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 an event of default occurs, 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 and 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

<i>(in millions)</i>	January 31, 2018	October 31, 2017
Current portion of long-term debt		
Gross term loan	\$ 10.0	\$ 20.0
Less: unamortized deferred financing costs	(3.0)	(3.1)
Current portion of term loan	\$ 7.0	\$ 16.9
Long-term debt		
Gross term loan	\$ 770.0	\$ 780.0
Less: unamortized deferred financing costs	(9.1)	(9.9)
Total noncurrent portion of term loan	760.9	770.1
Line of credit <sup>(1)(2)</sup>	412.5	391.2



Long-term debt

\$ 1,173.4 \$ 1,161.3

<sup>(1)</sup> Standby letters of credit amounted to \$145.5 million at January 31, 2018.

<sup>(2)</sup> At January 31, 2018, we had borrowing capacity of \$330.5 million, however covenant restrictions limited our actual borrowing capacity to \$245.5 million.

## Term Loan Maturities

During the first quarter, we made \$20.0 million of principal payments. As of January 31, 2018, the following principal payments are required under the term loan:

<i>(in millions)</i>	2019	2020	2021	2022
Debt maturities	\$ 40.0	\$ 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 derivative's mark-to-market gain or loss 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 were 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.

### Interest Rate Swaps Information

Notional Amounts	Fixed Interest Rates	Effective Dates	Maturity Dates
\$ 105.0 million	1.05%	April 7, 2016 and May 11, 2016	April 7, 2021 and May 11, 2021
\$ 215.0 million	1.65%	November 1, 2017	September 1, 2022
\$ 285.0 million	1.69%	November 13, 2017	September 1, 2022

At January 31, 2018 and October 31, 2017, amounts recorded in AOCI were \$15.7 million, net of taxes of \$5.8 million, and \$1.7 million, net of taxes of \$1.2 million, respectively. Additionally, at January 31, 2018, the amount expected to be reclassified from AOCI to earnings during the next twelve months was \$5.0 million.

## 10. 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, 2018, these letters of credit and surety bonds totaled \$145.5 million and \$470.0 million, respectively.

### Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At January 31, 2018, total guarantees were \$164.6 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 2019. 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, 2018, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was \$10.0 million. This \$10.0 million includes an accrual of \$3.8 million in connection with the *Hussein* case discussed 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 \$8 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. 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.

*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 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. Eligible employees will be able to participate in either the *Hussein* or *Isse* settlements, but cannot recover in both settlements. The settlements in both cases require court approval because of the nature of the claims being released. On December 8, 2017, the Superior Court of Washington for King County approved the settlement agreement for the 220 *Isse* plaintiffs, and we subsequently made a settlement payment of \$4.5 million to the *Isse* plaintiffs. The *Hussein* settlement documents have not been finalized and will be subject to court approval.

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.

## **11. INCOME TAXES**

The Tax Cuts and Jobs Act (the "Tax Act"), which was enacted on December 22, 2017, represents the most significant overhaul of the U.S. tax code in more than 30 years. Among other provisions, the Tax Act provides for a reduction of the federal corporate income tax rate from 35% to 21% and a "transition tax" to be levied 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 will be 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 will not be effective for us until fiscal 2019, including limitations on deductibility of interest and executive compensation as well as anti-deferral provisions on Global Intangible Low-Taxed Income ("GILTI"). As a result, in 2019 we expect our effective tax rate to increase from the 2018 rate.

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 ("SAB 118"), which provides guidance on accounting for tax effects of the Tax Act and permits a measurement period not to exceed one year from the enactment date for companies to complete the required analyses and accounting. As permitted under SAB 118, some elements of the tax adjustments recorded in the first quarter of 2018 due to the enactment of the Tax Act, including the remeasurement of deferred tax assets and liabilities and the transition tax, are based on reasonable estimates and are considered provisional.

We remeasured certain deferred tax assets and liabilities based on the new rates at which they are expected to reverse in the future and recorded a net discrete tax benefit of \$28.7 million during the three months ended January 31, 2018. In addition, we recorded an expense of \$7.0 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. We do not anticipate remitting such earnings to the United States, and while U.S. federal tax expense has been recognized as a result of the Tax Act, no deferred tax liabilities with respect to state income taxes or foreign withholding taxes have been recognized.

We continue to analyze certain aspects of the Tax Act and refine our calculation of the impact on our deferred tax balances, which could potentially affect the measurement of these balances. The provisional amount recorded is based on our estimate of the expected reversals of certain tax assets and liabilities, which may be revised in future quarters during the one-year measurement period as additional information becomes available. The final impact related to the one-time transition tax may differ from our current estimate due to the complexity of calculating and supporting U.S. tax attributes involved in foreign tax credit calculations, such as accumulated foreign earnings and

profits, foreign tax paid, and other tax components. Changes to our estimates over the one-year measurement period could be material, due to, among other things, changes in interpretations of the Tax Act, future legislative action to address questions that arise because of the Tax Act, changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates we have utilized to calculate the provisional amounts.

Beginning in fiscal year 2019, provisions under GILTI could result in incremental taxability of our foreign subsidiaries' income in excess of an allowed return on certain tangible property. The Financial Accounting Standards Board has determined that filers have a policy choice to account for this tax on either a period basis or a deferred tax basis. We are still evaluating the impacts of GILTI on our business model and have not yet made any accounting adjustments or policy decisions regarding this new source of incremental U.S. taxable income.

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. During the three months ended January 31, 2018, we had an income tax benefit on income from continuing operations of \$22.2 million. The three months ended January 31, 2018 was favorably impacted by a net discrete tax benefit of \$21.7 million related to the enactment of the Tax Act.

During the three months ended January 31, 2017, we had an income tax provision on income from continuing operations of \$5.9 million. The three months ended January 31, 2017 was favorably impacted by \$2.0 million of excess tax benefits related to the vesting of share-based compensation awards and the 2017 work opportunity tax credit.

## 12. SEGMENT INFORMATION

Effective November 1, 2017, we reorganized our reportable segments to reflect the integration of GCA into our industry group model. Our reportable segments consist of Business & Industry ("B&I"), Aviation, Technology & Manufacturing ("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 our former Government Services business.

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 ("Vehicle Services Contracts").
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 combines our legacy Industrial & Manufacturing business, which was previously included in our B&I segment, with our legacy High Tech industry group, which was previously reported as part of our Emerging Industries Group. T&M provides janitorial, facilities engineering, and parking services.
Education	Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities. This business was previously reported as part of our Emerging Industries Group.
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. This business was previously reported as part of our Emerging Industries Group.

**Financial Information by Reportable Segment**

<i>(in millions)</i>	Three Months Ended January 31,	
	2018	2017
<b>Revenues</b>		
Business & Industry	\$ 722.1	\$ 655.6
Aviation	256.2	231.9
Technology & Manufacturing	232.0	171.5
Education	206.3	67.0
Technical Solutions	104.0	107.7
Healthcare	67.7	61.7
Government Services	—	31.4
	\$ 1,588.3	\$ 1,326.7
<b>Operating profit (loss)</b>		
Business & Industry	\$ 28.5	\$ 27.1
Aviation	5.8	4.6
Technology & Manufacturing	16.9	12.6
Education	9.2	3.6
Technical Solutions	5.5	7.9
Healthcare	2.7	2.5
Government Services	(0.7)	1.9
Corporate	(47.4)	(34.6)
Adjustment for income from unconsolidated affiliates, net, included in Aviation and Government Services	(0.6)	(1.3)
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(0.3)	(0.5)
	19.5	23.8
Income from unconsolidated affiliates, net	0.5	1.4
Interest expense	(14.3)	(3.2)
Income from continuing operations before income taxes	\$ 5.8	\$ 22.0

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, 2017 ("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.

### 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

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. Our **2020 Vision** involves three phases: During Phase 1, completed on November 1, 2016, we realigned our organization; in Phase 2, which is continuing today, we are focused on improvements to our operational framework to promote efficiencies and process enhancements; and in Phase 3, on the foundation of benefits realized from Phases 1 and 2, we anticipate accelerating growth with our industry-based, go-to-market service model.

### 2020 Vision Developments in 2018

During 2018, we expect to continue focusing on certain aspects of our business practices to further build the foundation upon which we deliver leading industry-based facility services. We anticipate that we will continue to roll out enterprise-wide standard operating procedures (the "**ABM Way**") and improve our account planning, labor management, manager development, and safety initiatives. To achieve this, we are focusing on long term, profitable growth relating to both existing clients and targeted opportunities, and we have launched a "Tag Pricer" tool that will help us capture work orders more efficiently. In addition, we continue consolidating our procurement activities and investing in technology platforms to help drive and sustain **2020 Vision** performance.

### Developments and Trends

#### United States Tax Reform

The Tax Cuts and Jobs Act (the "Tax Act"), which was enacted on December 22, 2017, represents the most significant overhaul of the U.S. tax code in more than 30 years. Among other provisions, the Tax Act provides for a reduction of the federal corporate income tax rate from 35% to 21% and a "transition tax" to be levied 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 will be 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 will not be effective for us until fiscal 2019, including limitations on deductibility of interest and executive compensation as well as anti-deferral provisions on Global Intangible Low-Taxed Income ("GILTI"). As a result, in 2019 we expect our effective tax rate to increase from the 2018 rate. The estimated impact of the Tax Act, as summarized below for the three months ended January 31, 2018, is further described in Note 11, "Income Taxes," in the Financial Statements.

	Three Months Ended	
	January 31, 2018	
<i>(in millions)</i>		
Remeasurement of U.S. deferred tax assets and liabilities	\$	28.7
Transition tax on non-U.S. subsidiaries' earnings		(7.0)
<b>Total impact of the Tax Act on the benefit for income taxes</b>	<b>\$</b>	<b>21.7</b>



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 ("SAB 118"), which provides guidance on accounting for tax effects of the Tax Act and permits a measurement period not to exceed one year from the enactment date for companies to complete the required analyses and accounting. We continue to analyze certain aspects of the Tax Act and refine our calculation of the impact on our deferred tax balances, which could potentially affect the measurement of these balances. The provisional amount recorded is based on our estimate of the expected reversals of certain tax assets and liabilities, which may be revised in future quarters during the one-year measurement period as additional information becomes available. The final impact related to the one-time transition tax may differ from our current estimate due to the complexity of calculating and supporting U.S. tax attributes involved in foreign tax credit calculations, such as accumulated foreign earnings and profits, foreign tax paid, and other tax components. Changes to our estimates over the one-year measurement period could be material, due to, among other things, changes in interpretations of the Tax Act, future legislative action to address questions that arise because of the Tax Act, changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates we have utilized to calculate the provisional amounts.

Beginning in fiscal year 2019, provisions under GILTI could result in incremental taxability of our foreign subsidiaries' income in excess of an allowed return on certain tangible property. The Financial Accounting Standards Board has determined that filers have a policy choice to account for this tax on either a period basis or a deferred tax basis. We are still evaluating the impacts of GILTI on our business model and have not yet made any accounting adjustments or policy decisions regarding this new source of incremental U.S. taxable income.

### **GCA Services Group**

On September 1, 2017, we acquired GCA Services Group ("GCA"), a provider of integrated facility services to educational institutions and commercial facilities, for approximately \$1.3 billion, consisting of \$839.9 million in cash and approximately 9.4 million shares of ABM common stock with a fair value of \$421.3 million at closing. Refer to Note 3, "Acquisitions," in the Financial Statements for more information on this transaction.

Our consolidated statements of comprehensive income (loss) and statements of cash flows include GCA's results of operations in the three months ended January 31, 2018, but exclude GCA's results of operations in the three months ended January 31, 2017, as that was prior to the acquisition date. During the three months ended January 31, 2018, we recognized total incremental revenues from GCA of \$251.6 million, as summarized below.







<i>(in millions)</i>	<b>Three Months Ended January 31, 2018</b>	
Education	\$	140.5
Technology & Manufacturing		58.6
Business & Industry		40.7
Healthcare		7.5
Aviation		4.3
<b>Total</b>	<b>\$</b>	<b>251.6</b>

Following this acquisition, during 2018 we initiated a restructuring program to achieve cost synergies from our combined operations. We include these costs within corporate expenses. We do not expect to incur significant severance expenses related to GCA restructuring in the future.

<i>(in millions)</i>	<b>Three Months Ended January 31, 2018</b>	
Employee Severance	\$	8.8
External Support Fees		2.0
Other Project Fees		0.8
<b>Total</b>	<b>\$</b>	<b>11.7</b>

## Segment Reporting

Effective November 1, 2017, we reorganized our reportable segments to reflect the integration of GCA into our industry group model. Our reportable segments consist of Business & Industry (“B&I”), Aviation, Technology & Manufacturing (“T&M”), Education, Technical Solutions, and Healthcare, as further described below.

REPORTABLE SEGMENTS AND DESCRIPTIONS	
 <p><b>Business &amp; Industry</b></p>	<p>B&amp;I, our largest reportable segment, encompasses janitorial, facilities engineering, and parking services for commercial real estate properties and sports and entertainment venues. B&amp;I also provides vehicle maintenance and other services to rental car providers (“Vehicle Services Contracts”).</p>
 <p><b>Aviation</b></p>	<p>Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation.</p>
 <p><b>Technology &amp; Manufacturing</b></p>	<p>T&amp;M combines our legacy Industrial &amp; Manufacturing business, which was previously included in our B&amp;I segment, with our legacy High Tech industry group, which was previously reported as part of our Emerging Industries Group. T&amp;M provides janitorial, facilities engineering, and parking services.</p>
 <p><b>Education</b></p>	<p>Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities. This business was previously reported as part of our Emerging Industries Group.</p>
 <p><b>Technical Solutions</b></p>	<p>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.</p>
 <p><b>Healthcare</b></p>	<p>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. This business was previously reported as part of our Emerging Industries Group.</p>

## Prior Year Reclassifications

Effective with the reorganization of our reportable segments, we have revised our prior period segment information to conform with our fiscal 2018 presentation. These changes had no impact on our previously reported consolidated balance sheets, statements of comprehensive income (loss), or statements of cash flows.

## **Government Services Business**

We sold our Government Services business on May 31, 2017. The reported results for this business are through the date of sale and future results could include run-off costs. As this business has been sold and is no longer part of our ongoing operations, we have excluded a discussion of its results for the periods in this report.

## **Insurance**

During the three months ended January 31, 2018, 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, 2017 and ending October 31, 2017 for all policy years in which open claims existed. The actuarial review indicated the claims reduction and safety initiatives we implemented have had a positive impact on our claims costs in the most recent years. Most notably, there has been a decrease in claim frequency for workers' compensation lost-time claims and general liability bodily injury claims over the past two years. However, there have been unfavorable developments in ultimate losses beyond our estimates for general liability and workers' compensation claims related to prior years.

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 for prior years by \$2.0 million during the three months ended January 31, 2018. This adjustment was \$3.0 million lower than the total adjustment related to prior year claims of \$5.0 million during the three months ended January 31, 2017. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

## **Key Financial Highlights**

- Revenues increased by \$261.6 million, or 19.7%, including \$253.9 million of incremental revenues primarily from the GCA acquisition, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017.
- Operating profit decreased by \$4.3 million, or 18.2%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The decrease in operating profit is primarily attributable to higher amortization expense, incremental selling, general and administrative expenses, and restructuring and related costs associated with the GCA acquisition. This decrease was partially offset by higher operating profit in our Education and T&M segments associated with the GCA acquisition.
- Interest expense increased by \$11.1 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017, primarily related to increased indebtedness incurred to fund the GCA acquisition and higher relative interest rates under our credit facility.
- Our income taxes from continuing operations for the three months ended January 31, 2018 were favorably impacted by a net discrete tax benefit of \$21.7 million related to the Tax Act.
- Net cash provided by operating activities was \$33.7 million during the three months ended January 31, 2018.
- Dividends of \$11.5 million were paid to shareholders, and dividends totaling \$0.175 per common share were declared during the three months ended January 31, 2018.
- At January 31, 2018, total outstanding borrowings under our credit facility were \$1.2 billion, and we had up to \$330.5 million of borrowing capacity under our credit facility; however, covenant restrictions limited our actual borrowing capacity to \$245.5 million.

## Results of Operations

### Three Months Ended January 31, 2018 Compared with the Three Months Ended January 31, 2017

#### Consolidated

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2018	2017		
<b>Revenues</b>	\$ 1,588.3	\$ 1,326.7	\$ 261.6	19.7%
Operating expenses	1,429.3	1,195.1	234.2	19.6%
<i>Gross margin</i>	10.0%	9.9%	9 bps	
Selling, general and administrative expenses	109.0	97.3	11.7	12.1%
Restructuring and related expenses	14.3	5.0	9.3	NM*
Amortization of intangible assets	16.2	5.5	10.7	NM*
<b>Operating profit</b>	19.5	23.8	(4.3)	(18.2)%
Income from unconsolidated affiliates, net	0.5	1.4	(0.9)	(61.0)%
Interest expense	(14.3)	(3.2)	(11.1)	NM*
Income from continuing operations before income taxes	5.8	22.0	(16.2)	(73.8)%
Income tax benefit (provision)	22.2	(5.9)	28.1	NM*
Income from continuing operations	28.0	16.1	11.9	74.1%
Loss from discontinued operations, net of taxes	(0.1)	(72.9)	72.8	(99.8)%
<b>Net income (loss)</b>	27.8	(56.8)	84.6	NM*
Other comprehensive income (loss)				
Unrealized gains on interest rate swaps, net of taxes of \$5.0 and \$1.1, respectively	13.6	1.6	12.0	NM*
Foreign currency translation	9.4	3.3	6.1	NM*
<b>Comprehensive income (loss)</b>	\$ 50.9	\$ (51.9)	\$ 102.8	NM*

\*Not meaningful

#### Revenues

Revenues increased by \$261.6 million, or 19.7%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase in revenues was primarily attributable to \$253.9 million of incremental revenues from acquisitions, including GCA, and organic growth in B&I and Aviation. This increase was partially offset by lower project revenues in our Technical Solutions business and the sale of our Government Services business on May 31, 2017.

#### Operating Expenses

Operating expenses increased by \$234.2 million, or 19.6%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Gross margin increased slightly by 9 bps during the three months ended January 31, 2018. The increase in gross margin was primarily associated with a lower self-insurance adjustment related to prior year claims and favorable margins on certain U.S. Technical Solutions projects. This increase was partially offset by lower profit margins on certain B&I accounts and the loss of certain high margin contracts in our U.K. Technical Solutions business.

#### Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$11.7 million, or 12.1%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase in selling, general and administrative expenses was primarily related to \$10.1 million of incremental expenses related to the GCA acquisition and a \$3.7 million increase in costs primarily associated with **2020 Vision** technology investments. This increase was partially offset by a \$1.0 million decrease in sales tax reserve.

**Restructuring and Related Expenses**

Restructuring and related expenses increased by \$9.3 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017, as a result of restructuring related to the GCA acquisition.

**Amortization of Intangible Assets**

Amortization of intangible assets increased by \$10.7 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017, as a result of the amortization of acquired intangible assets associated with the GCA acquisition.

**Interest Expense**

Interest expense increased by \$11.1 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017, primarily related to increased indebtedness incurred to fund the GCA acquisition and higher relative interest rates under our credit facility.

**Income Taxes from Continuing Operations**

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 the Tax Act.

**Loss from Discontinued Operations, Net of Taxes**

Loss from discontinued operations, net of taxes, decreased by \$72.8 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017, in which a legal reserve was established in connection with certain legal settlement agreements.

**Unrealized Gains on Interest Rate Swaps**

Unrealized gains on interest rate swaps increased by \$12.0 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase was primarily due to an increase in the notional amount of interest rate swaps and to changing interest rates. In November 2017, we entered into three additional interest rate swaps with a combined notional amount of \$500.0 million and fixed interest rates of 1.65% and 1.69%.

**Foreign Currency Translation**

Foreign currency translation gain increased by \$6.1 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. This increase was related to the 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,		Increase / (Decrease)	
	2018	2017		
<b>Revenues</b>				
Business & Industry	\$ 722.1	\$ 655.6	\$ 66.5	10.1%
Aviation	256.2	231.9	24.3	10.5%
Technology & Manufacturing	232.0	171.5	60.5	35.3%
Education	206.3	67.0	139.3	NM*
Technical Solutions	104.0	107.7	(3.7)	(3.4)%
Healthcare	67.7	61.7	6.0	9.8%
Government Services	—	31.4	(31.4)	NM*
	<u>\$ 1,588.3</u>	<u>\$ 1,326.7</u>	<u>\$ 261.6</u>	<u>19.7%</u>
<b>Operating profit (loss)</b>				
Business & Industry	\$ 28.5	\$ 27.1	\$ 1.4	5.1%
Operating profit margin	3.9%	4.1%	(19) bps	
Aviation	5.8	4.6	1.2	25.5%
Operating profit margin	2.3%	2.0%	27 bps	
Technology & Manufacturing	16.9	12.6	4.3	33.6%
Operating profit margin	7.3%	7.4%	(9) bps	
Education	9.2	3.6	5.6	NM*
Operating profit margin	4.4%	5.4%	(99) bps	
Technical Solutions	5.5	7.9	(2.4)	(30.5)%
Operating profit margin	5.3%	7.3%	(205) bps	
Healthcare	2.7	2.5	0.2	10.1%
Operating profit margin	4.0%	4.0%	1 bps	
Government Services	(0.7)	1.9	(2.6)	NM*
Operating profit margin	NM*	6.0%	NM*	
Corporate	(47.4)	(34.6)	(12.8)	36.9%
Adjustment for income from unconsolidated affiliates, net, included in Aviation and Government Services	(0.6)	(1.3)	0.7	53.3%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(0.3)	(0.5)	0.2	(39.4)%
	<u>\$ 19.5</u>	<u>\$ 23.8</u>	<u>\$ (4.3)</u>	<u>(18.2)%</u>

\*Not meaningful

### Business & Industry

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2018	2017		
Revenues	\$ 722.1	\$ 655.6	\$ 66.5	10.1%
Operating profit	28.5	27.1	1.4	5.1%
Operating profit margin	3.9%	4.1%	(19) bps	

B&I revenues increased by \$66.5 million, or 10.1%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase was primarily attributable to incremental revenues from the GCA acquisition of \$40.7 million and to net new janitorial business, including new contract wins in the U.K., expansion of existing accounts, and additional tag revenue. Management reimbursement revenues for this segment totaled \$63.0 million and \$57.8 million for the three months ended January 31, 2018 and 2017, respectively.

Operating profit increased by \$1.4 million, or 5.1%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Operating profit margin decreased by 19 bps to 3.9% in the

three months ended January 31, 2018 from 4.1% in the three months ended January 31, 2017. The decrease in operating profit margin was primarily associated with lower margins on certain janitorial accounts and Vehicle Services Contracts and with higher amortization expense related to the GCA acquisition. The decrease was partially offset by the management of selling, general and administrative expenses.

### Aviation

(\$ in millions)	Three Months Ended January 31,		Increase	
	2018	2017		
Revenues	\$ 256.2	\$ 231.9	\$ 24.3	10.5%
Operating profit	5.8	4.6	1.2	25.5%
Operating profit margin	2.3%	2.0%	27 bps	

Aviation revenues increased by \$24.3 million, or 10.5%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase was primarily attributable to organic growth in parking, cabin cleaning, and catering logistics and to incremental revenues of \$5.9 million primarily from the GCA acquisition. Management reimbursement revenues for this segment totaled \$25.5 million and \$16.5 million for the three months ended January 31, 2018 and 2017, respectively.

Operating profit increased by \$1.2 million, or 25.5%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Operating profit margin increased by 27 bps to 2.3% in the three months ended January 31, 2018 from 2.0% in the three months ended January 31, 2017. The increase in operating profit margin was primarily attributable to the termination of an unprofitable contract at the end of 2017 and the management of selling, general and administrative expenses.

### Technology & Manufacturing

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2018	2017		
Revenues	\$ 232.0	\$ 171.5	\$ 60.5	35.3%
Operating profit	16.9	12.6	4.3	33.6%
Operating profit margin	7.3%	7.4%	(9) bps	

T&M revenues increased by \$60.5 million, or 35.3%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase was related to incremental revenues from the GCA acquisition of \$58.6 million.

Operating profit increased by \$4.3 million, or 33.6%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Operating profit margin decreased by 9 bps to 7.3% in the three months ended January 31, 2018 from 7.4% in the three months ended January 31, 2017. The decrease in operating profit margin was primarily attributable to higher amortization expense related to the GCA acquisition, partially offset by certain acquired higher margin contracts.

### Education

(\$ in millions)	Three Months Ended January 31,		Increase / (Decrease)	
	2018	2017		
Revenues	\$ 206.3	\$ 67.0	\$ 139.3	NM*
Operating profit	9.2	3.6	5.6	NM*
Operating profit margin	4.4%	5.4%	(99) bps	

\*Not meaningful

Education revenues increased by \$139.3 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase was attributable to incremental revenues from the GCA acquisition of \$140.5 million.

Operating profit increased by \$5.6 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Operating profit margin decreased by 99 bps to 4.4% in the three months

ended January 31, 2018 from 5.4% in the three months ended January 31, 2017. The decrease in operating profit margin was primarily associated with higher amortization expense related to the GCA acquisition, partially offset by certain acquired higher margin contracts.

### Technical Solutions

(\$ in millions)	Three Months Ended January 31,		Decrease	
	2018	2017		
Revenues	\$ 104.0	\$ 107.7	\$ (3.7)	(3.4)%
Operating profit	5.5	7.9	(2.4)	(30.5)%
Operating profit margin	5.3%	7.3%	(205) bps	

Technical Solutions revenues decreased by \$3.7 million, or 3.4%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. This decrease was primarily attributable to the timing of new project bookings and the completion of certain bundled energy solutions projects.

Operating profit decreased by \$2.4 million, or 30.5%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Operating profit margin decreased by 205 bps to 5.3% in the three months ended January 31, 2018 from 7.3% in the three months ended January 31, 2017. The decrease in operating profit margin was primarily attributable to higher compensation and related expenses due to investment in sales personnel and the loss of certain high margin contracts in our U.K. business. This decrease was partially offset by favorable margins on certain projects in our U.S. business.

### Healthcare

(\$ in millions)	Three Months Ended January 31,		Increase	
	2018	2017		
Revenues	\$ 67.7	\$ 61.7	\$ 6.0	9.8%
Operating profit	2.7	2.5	0.2	10.1%
Operating profit margin	4.0%	4.0%	1 bps	

Healthcare revenues increased by \$6.0 million, or 9.8%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. This increase was primarily attributable to incremental revenues from the GCA acquisition of \$7.5 million, the expansion of existing janitorial accounts, and new business. This increase was partially offset by the loss of a large facilities management contract.

Operating profit increased by \$0.2 million or 10.1% during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. Operating profit margin remained flat at 4.0% in the three months ended January 31, 2018 and 2017.

### Corporate

(\$ in millions)	Three Months Ended January 31,		Increase	
	2018	2017		
Corporate expenses	\$ 47.4	\$ 34.6	\$ 12.8	36.9%

Corporate expenses increased by \$12.8 million, or 36.9%, during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The increase in corporate expenses was primarily related to a \$9.3 million increase in restructuring and related costs as a result of the GCA acquisition and a \$3.7 million increase in costs primarily associated with 2020 Vision technology investments. This increase was partially offset by a \$3.0 million lower self-insurance adjustment related to prior year claims as a result of an actuarial review completed in the three months ended January 31, 2018.



## 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 working capital and 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 2018, we expect accelerated cash tax savings related to coverage provided by IFM will be between \$5 million and \$10 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. The line of credit reduces to \$800.0 million after one year. 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 is subject to, and limited by, compliance with certain financial covenants, which include a maximum leverage ratio of 4.75 to 1.0 that steps down to 3.50 to 1.0 by July 2020 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, 2018, we were in compliance with these covenants and expect to be in compliance in the foreseeable future.

During the first quarter, we made \$20.0 million of principal payments under the Credit Facility. At January 31, 2018, the total outstanding amounts under the Credit Facility in the form of cash borrowings and standby letters of credit were \$1.2 billion and \$145.5 million, respectively. At January 31, 2018, we had up to \$330.5 million of borrowing capacity under the Credit Facility, however covenant restrictions limited our actual borrowing capacity to \$245.5 million.

### **Reinvestment of Foreign Earnings**

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion. We do not anticipate remitting such earnings to the United States, and while U.S. federal tax expense has been recognized as a result of the Tax Act, no deferred tax liabilities with respect to 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 shares 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, 2018. At January 31, 2018, authorization for \$134.1 million of repurchases remained under our share repurchase program. We do not anticipate additional repurchases in the near future.

## 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 provided by operating activities was \$33.7 million during the three months ended January 31, 2018. We expect operating activities of continuing operations to provide positive cash flows for 2018. 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.

<i>(in millions)</i>	Three Months Ended January 31,	
	2018	2017
Net cash provided by (used in) operating activities	\$ 33.7	\$ (11.1)
Net cash used in investing activities	(15.3)	(29.1)
Net cash (used in) provided by financing activities	(14.3)	27.0

### *Operating Activities*

Net cash provided by operating activities was \$33.7 million during the three months ended January 31, 2018, as compared to net cash used in operating activities of \$11.1 million during the three months ended January 31, 2017, a change of \$44.8 million. This change was primarily related to the timing of client receivable collections, but was partially offset by the timing of vendor payments.

### *Investing Activities*

Net cash used in investing activities decreased by \$13.8 million during the three months ended January 31, 2018, as compared to the three months ended January 31, 2017. The decrease was related to an \$16.2 million year-over-year decrease in cash paid, net of cash acquired, for acquisitions.

### *Financing Activities*

Net cash used in financing activities was \$14.3 million during the three months ended January 31, 2018, as compared with net cash provided by financing activities of \$27.0 million during the three months ended January 31, 2017, a change of \$41.3 million. The change was related to lower net borrowings from our Credit Facility of \$36.4 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, 2018, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was \$10.0 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 \$8 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 10, "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. There have been no significant changes to our critical accounting policies and estimates. For a description of our critical accounting policies, see Item 7., “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual Report.

### Recent Accounting Pronouncements

Accounting Standard	Description	Effective Date/Method of Adoption	Effect on the Financial Statements
In February 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-02, <i>Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income</i> .	This ASU permits an entity to reclassify the income tax effects of the Tax Act on items within accumulated other comprehensive income into retained earnings.	This standard will be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the tax laws or rates were recognized.	We are currently evaluating the impact of implementing this guidance on our consolidated financial statements.
In August 2017, the FASB issued ASU 2017-12, <i>Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</i> .	This ASU better aligns accounting rules with a company’s risk management activities; better reflects economic results of hedging in financial statements; and simplifies hedge accounting treatment.	We early adopted this standard in the first quarter of 2018 using a modified retrospective approach.	Our adoption of this guidance did not have a material impact on our current hedging arrangements or on the disclosures related to such arrangements.
In February 2016, the FASB issued ASU 2016-02, <i>Leases (Topic 842)</i> .	This ASU 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.	November 1, 2019  When transitioning to the new standard, we are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.	We are currently evaluating the impact of implementing this guidance on our consolidated financial statements.
In May 2014, the FASB issued ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> .	This ASU introduces 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 the entity expects to be entitled to for those goods or services.	November 1, 2018  This standard will be applied as a full retrospective adoption to all periods presented or a modified retrospective adoption approach with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption.	We have begun our process for implementing this guidance, including a preliminary review of all revenue streams to identify changes from our current method of revenue recognition. We are continuing to evaluate the impact of this ASU on our consolidated financial statements.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes related to market risk from the disclosures in our Annual Report on Form 10-K for the year ended October 31, 2017.

### 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.

During 2017, we completed the acquisition of GCA, as described elsewhere in this report. We continue to integrate policies, processes, personnel, technology, and operations relating to this transaction and will continue to evaluate the impact of any related changes to our control over financial reporting. Additionally, we continue to migrate many of our financial reporting and other processes to our Enterprise Services Center as part of our **2020 Vision** strategic transformation initiative.

There were no other changes in our internal control over financial reporting during the first quarter of 2018 identified in connection with the evaluation required by Rule 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 10, "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, 2017, in response to Item 1A., "Risk Factors," of Part I of the Annual Report, except as described below.

The Risk Factor under the caption "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" in our Annual Report on Form 10-K for the year ended October 31, 2017 is amended by replacing in its entirety the text below such caption with the following paragraph:

The Company is subject to income tax laws and regulations in the United States and certain foreign jurisdictions. Significant judgment is required in evaluating and estimating our provision and accruals for these taxes. Our income tax liabilities are dependent upon the location of earnings among different jurisdictions. Our income tax provision and income tax liabilities could be adversely affected by the jurisdictional mix of earnings, changes in valuations of deferred tax assets and liabilities, and changes in tax treaties, laws, and regulations, including changes introduced by the U.S. Tax Cuts and Jobs Act of 2017, which effected significant changes to the U.S. corporate income tax system. Our preliminary estimate of the effects of this law is subject to finalization of management's analysis related to certain matters. Changes to our preliminary estimate of the effects of this law, which will be recorded in the period completed, could have material adverse effect on the Company's financial condition or results of operations, as well as our effective tax rate in the period in which the adjustments are made. Furthermore, we are subject to tax audits by government authorities, primarily in the United States and the United Kingdom. If we experience unfavorable

results from one or more such tax audits, there could be an adverse effect on our tax rate and therefore on our net income.

**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 shares of our common stock. During the three months ended January 31, 2018, there were no share repurchases. At January 31, 2018, 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

<b>Exhibit No.</b>	<b>Exhibit Description</b>
10.1*‡	<a href="#">Executive Employment Agreement, dated as of November 1, 2017, by and between ABM Industries Incorporated and Scott Giacobbe.</a>
10.2*‡	<a href="#">Change in Control Agreement, dated as of November 1, 2017, by and between ABM Industries Incorporated and Scott Giacobbe.</a>
10.3*‡	<a href="#">Executive Employment Agreement, dated as of January 1, 2018, by and between ABM Industries Incorporated and Rene Jacobsen.</a>
10.4*‡	<a href="#">Change in Control Agreement, dated as of January 1, 2018, by and between ABM Industries Incorporated and Rene Jacobsen.</a>
31.1‡	<a href="#">Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2‡	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32†	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
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, 2018

/s/ D. Anthony Scaglione

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

March 7, 2018

/s/ Dean A. Chin

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



**EXECUTIVE EMPLOYMENT AGREEMENT**

**THIS EXECUTIVE EMPLOYMENT AGREEMENT** (“Agreement”) is effective November 1, 2017 (“Effective Date”) between Scott Giacobbe (“Executive”) and ABM Industries Incorporated, a Delaware corporation (“Company” or “ABM”).

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, Chief Operating Officer 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 Atlanta as of the Effective Date, and New York starting no later than September 1, 2018.
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.

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 reporting directly to the Chief Executive Officer, 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 **RETIREMENT.** With respect to equity-based awards granted following the Effective Date, in the event that Executive retires voluntarily from ABM following reaching age 60 with a minimum of 10 years of service, 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) that were granted at least one year prior to such retirement will not be forfeited but will continue to be eligible for vesting, exercise and settlement, as applicable, on the originally scheduled vesting dates (and, for the avoidance of doubt with respect to performance-based awards, to the extent the applicable performance criteria originally set forth in such awards are met), subject to Executive's continued compliance with the covenants set forth in Section 5 hereof.
- 7.5 **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.

- 7.6 **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.
- 7.7 **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.
- 7.8 **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.

- 7.9 **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.
- 7.10 **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). It supersedes in its entirety the Agreement between Executive and the Company dated January 16, 2016.
- 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:** Scott Giacobbe

Signature: /s/ Scott Giacobbe

Date: October 17, 2017

**Company:** ABM Industries Incorporated

Signature: /s/ David R. Goodes

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

Date: October 17, 2017

## **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.

## CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (this “Agreement”), effective as of November 1, 2017 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 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 (provided that the change of work location to the Company's headquarters in New York shall not constitute Good Reason);

(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.



(a) 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.

(b) 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 9 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: Scott Giacobbe**

Signature: /s/ Scott Giacobbe

Date: October 17, 2017

**Company: ABM Industries Incorporated**

Signature: /s/ David R. Goodes

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

Date: October 17, 2017

**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.

**EXECUTIVE EMPLOYMENT AGREEMENT**

**THIS EXECUTIVE EMPLOYMENT AGREEMENT** (“Agreement”) is effective January 1, 2018 (“Effective Date”) between Rene Jacobsen (“Executive”) and ABM Industries Incorporated, a Delaware corporation (“Company” or “ABM”).

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, President Business & Industry 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 Operating] Officer of the Company and shall provide the services hereunder at the Company’s office located in San Francisco.
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 sixty percent (60%) 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.
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: (x) a material reduction in the Executive's Base Salary, (y) a material reduction in the Target Cash Bonus, 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 **RETIREMENT.** With respect to equity-based awards granted following the Effective Date, in the event that Executive retires voluntarily from ABM following reaching age 60 with a minimum of 10 years of service, 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) that were granted at least one year prior to such retirement will not be forfeited but will continue to be eligible for vesting, exercise and settlement, as applicable, on the originally scheduled vesting dates (and, for the avoidance of doubt with respect to performance-based awards, to the extent the applicable performance criteria originally set forth in such awards are met), subject to Executive's continued compliance with the covenants set forth in Section 5 hereof.
- 7.5 **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.
- 7.6 **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.

- 7.7 **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.
- 7.8 **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.

- 7.9 **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.
- 7.10 **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:** Rene Jacobsen

Signature: /s/ Rene Jacobsen

Date: January 18, 2018

**Company:** ABM Industries Incorporated

Signature: /s/ David R. Goodes

Title: Senior Vice President, Chief Human Resources Officer

Date: January 18, 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.

**CHANGE IN CONTROL AGREEMENT**

This Change in Control Agreement (this “Agreement”), effective as January 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 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.

(a) 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.

(b) 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 9 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. ( 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.

(a) 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: Rene Jacobsen**

Signature: /s/ Rene Jacobsen

Date: January 18, 2018

**Company: ABM Industries Incorporated**

Signature: /s/ David R. Goodes

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

Date: January 18, 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.

**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, 2018

/s/ Scott Salmirs

Scott Salmirs  
Chief Executive Officer  
(Principal Executive Officer)



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

I, D. Anthony Scaglione, certify that:

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

March 7, 2018

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

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

In connection with the Quarterly Report of ABM Industries Incorporated (the "Company") for the quarter ended January 31, 2018, 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, 2018

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

March 7, 2018

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