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

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2020

or

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

For the transition period from ______ to ______

Commission File Number: 1-8929

ABM INDUSTRIES INCORPORATED
(Exact name of registrant as specified in its charter)

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

One Liberty Plaza, 7th Floor
New York, New York 10006
(Address of principal executive offices)

(212) 297-0200
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**ABM**	**New York Stock Exchange**

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 3, 2020: 66,630,814

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.

- Our success depends on our ability to gain profitable business despite competitive market pressures.
- Our business success depends on our ability to attract and retain qualified personnel and senior management and to manage labor costs.
- Our ability to preserve long-term client relationships is essential to our continued success.
- Changes to our businesses, operating structure, financial reporting structure, or personnel relating to the implementation of strategic transformations, enhanced business processes, and technology initiatives may not have the desired effects on our financial condition and results of operations.
- Acquisitions, divestitures, and other strategic transactions could fail to achieve financial or strategic objectives, disrupt our ongoing business, and adversely impact our results of operations.
- We manage our insurable risks through a combination of third-party purchased policies 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 adjustments to our ultimate insurance loss reserves could result in material charges against our earnings.
- Our risk management and safety programs may not have the intended effect of reducing our liability for personal injury or property loss.
- 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.
- Our use of subcontractors or joint venture partners to perform work under customer contracts exposes us to liability and financial risk.
- We may experience breaches of, or disruptions to, our information technology systems or those of our third-party providers or clients, or other compromises of our data that could adversely affect our business.
- Unfavorable developments in our class and representative actions and other lawsuits alleging various claims could cause us to incur substantial liabilities.
- 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.
- 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.
- Changes in general economic conditions, such as changes in energy prices, government regulations, or consumer preferences, could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition.
- Future increases in the level of our borrowings or in interest rates could affect our results of operations.
- Impairment of goodwill and long-lived assets could have a material adverse effect on our financial condition and results of operations.
- If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our Company and as a result may have a material adverse effect on the value of our common stock.
- Our business may be negatively impacted by adverse weather conditions.
- Catastrophic events, disasters, and terrorist attacks could disrupt our services.
- Actions of activist investors could disrupt our business.

The list of factors above is illustrative and by no means exhaustive. Additional information regarding these and other risks and uncertainties we face is contained in our Annual Report on Form 10-K for the year ended October 31, 2019 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, 2020	October 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 69.8	$ 58.5
Trade accounts receivable, net of allowances of $25.2 and $22.4 at January 31, 2020 and October 31, 2019, respectively	1,000.7	1,013.2
Costs incurred in excess of amounts billed	79.6	72.6
Prepaid expenses	75.3	75.7
Other current assets	59.5	55.5
Total current assets	1,284.9	1,275.4
Other investments	9.9	14.0
Property, plant and equipment, net of accumulated depreciation of $210.4 and $199.5 at January 31, 2020 and October 31, 2019, respectively	146.7	150.3
Right-of-use assets	163.4	—
Other intangible assets, net of accumulated amortization of $321.8 and $309.0 at January 31, 2020 and October 31, 2019, respectively	284.6	297.2
Goodwill	1,836.1	1,835.4
Other noncurrent assets	121.4	120.3
Total assets	$ 3,847.1	$ 3,692.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt, net	$ 72.3	$ 57.2
Trade accounts payable	242.6	280.7
Accrued compensation	144.7	189.3
Accrued taxes—other than income	65.2	63.6
Insurance claims	150.2	149.8
Income taxes payable	6.6	3.5
Current portion of lease liabilities	36.0	—
Other accrued liabilities	153.5	158.2
Total current liabilities	871.1	902.4
Long-term debt, net	786.3	744.2
Long-term lease liabilities	150.0	—
Deferred income tax liability, net	46.4	47.7
Noncurrent insurance claims	363.8	365.2
Other noncurrent liabilities	58.1	78.8
Noncurrent income taxes payable	11.6	12.2
Total liabilities	2,287.4	2,150.6
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, $0.01 par value; 100,000,000 shares authorized; 66,753,004 and 66,571,427 shares issued and outstanding at January 31, 2020 and October 31, 2019, respectively	0.7	0.7
Additional paid-in capital	711.8	708.9
Accumulated other comprehensive loss, net of taxes	(24.3)	(23.9)
Retained earnings	871.6	856.3
Total stockholders' equity	1,559.7	1,542.0
Total liabilities and stockholders' equity	$ 3,847.1	$ 3,692.6

See accompanying notes to unaudited consolidated financial statements.

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

(in millions, except per share amounts)	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019
Revenues	$ 1,612.9	$ 1,607.9
Operating expenses	1,433.7	1,446.0
Selling, general and administrative expenses	117.6	112.7
Restructuring and related expenses	3.1	3.8
Amortization of intangible assets	12.6	15.2
Operating profit	45.8	30.3
Income from unconsolidated affiliates	0.9	0.9
Interest expense	(10.2)	(13.5)
Income from continuing operations before income taxes	36.5	17.8
Income tax provision	(8.6)	(4.7)
Income from continuing operations	27.9	13.0
Income (loss) from discontinued operations, net of taxes	0.1	(0.1)
Net income	28.0	13.0
Other comprehensive income (loss)		
Interest rate swaps	(1.1)	(8.7)
Foreign currency translation	0.4	3.1
Income tax benefit	0.3	2.4
Comprehensive income	$ 27.6	$ 9.7
Net income per common share — Basic		
Income from continuing operations	$ 0.42	$ 0.20
Income from discontinued operations	—	—
Net income	$ 0.42	$ 0.20
Net income per common share — Diluted		
Income from continuing operations	$ 0.41	$ 0.20
Income from discontinued operations	—	—
Net income	$ 0.42	$ 0.19
Weighted-average common and common equivalent shares outstanding		
Basic	66.9	66.4
Diluted	67.2	66.7

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended January 31,			
	2020		2019	
(in millions, except per share amounts)	Shares	Amount	Shares	Amount
Common Stock				
Balance, beginning of period	66.6	$ 0.7	66.0	$ 0.7
Stock issued under employee stock purchase and share-based compensation plans	0.2	—	0.2	—
Balance, end of period	66.8	0.7	66.2	0.7
Additional Paid-in Capital				
Balance, beginning of period		708.9		691.8
Taxes withheld under employee stock purchase and share-based compensation plans, net		(2.0)		(2.2)
Share-based compensation expense		4.9		4.5
Balance, end of period		711.8		694.1
Accumulated Other Comprehensive Loss, Net of Taxes				
Balance, beginning of period		(23.9)		(9.0)
Other comprehensive loss		(0.4)		(3.2)
Balance, end of period		(24.3)		(12.2)
Retained Earnings				
Balance, beginning of period		856.3		771.2
Net income		28.0		13.0
Dividends				
Common stock ($0.185 and $0.180 per share)		(12.3)		(11.9)
Stock issued under share-based compensation plans		(0.4)		(0.1)
Cumulative effect adjustment for adoption of Accounting Standards Update 2014-09		—		6.5
Balance, end of period		871.6		778.6
Total Stockholders' Equity		$ 1,559.7		$ 1,461.1

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in millions)	Three Months Ended January 31, 2020	2019
Cash flows from operating activities		
Net income	$ 28.0	$ 13.0
(Income) loss from discontinued operations, net of taxes	(0.1)	0.1
Income from continuing operations	27.9	13.0
Adjustments to reconcile income from continuing operations to net cash used in operating activities of continuing operations		
Depreciation and amortization	24.4	26.7
Deferred income taxes	(1.0)	(8.7)
Share-based compensation expense	4.9	4.5
Provision for bad debt	2.4	3.0
Discount accretion on insurance claims	—	0.2
Loss on sale of assets	0.3	—
Income from unconsolidated affiliates	(0.9)	(0.9)
Distributions from unconsolidated affiliates	—	1.7
Changes in operating assets and liabilities		
Trade accounts receivable and costs incurred in excess of amounts billed	3.0	(68.2)
Prepaid expenses and other current assets	(8.5)	(8.2)
Right-of-use assets	4.1	—
Other noncurrent assets	(1.6)	—
Trade accounts payable and other accrued liabilities	(88.9)	(32.5)
Long-term lease liabilities	(4.2)	—
Insurance claims	(1.0)	11.1
Income taxes payable	7.6	13.1
Other noncurrent liabilities	(2.8)	5.9
Total adjustments	(62.3)	(52.3)
Net cash used in operating activities of continuing operations	(34.5)	(39.3)
Net cash provided by (used in) operating activities of discontinued operations	0.2	(0.1)
Net cash used in operating activities	(34.3)	(39.3)
Cash flows from investing activities		
Additions to property, plant and equipment	(11.5)	(11.6)
Proceeds from sale of assets	4.2	0.2
Proceeds from redemption of auction rate security	5.0	—
Net cash used in investing activities	(2.3)	(11.4)
Cash flows from financing activities		
Taxes withheld from issuance of share-based compensation awards, net	(2.4)	(2.3)
Dividends paid	(12.3)	(11.9)
Borrowings from credit facility	425.0	357.6
Repayment of borrowings from credit facility	(368.6)	(309.6)
Changes in book cash overdrafts	6.4	7.2
Financing of energy savings performance contracts	1.1	1.7
Repayment of finance leases	(0.8)	(0.8)
Net cash provided by financing activities	48.4	42.0
Effect of exchange rate changes on cash and cash equivalents	(0.4)	0.3
Net increase (decrease) in cash and cash equivalents	11.4	(8.5)
Cash and cash equivalents at beginning of year	58.5	39.1
Cash and cash equivalents at end of period	$ 69.8	$ 30.6

See accompanying notes to unaudited consolidated financial statements.

1. THE COMPANY AND NATURE OF OPERATIONS

ABM Industries Incorporated, which operates through its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”), is a leading provider of integrated facility services with a mission to **make a difference, every person, every day**. We are organized into four industry groups and one Technical Solutions segment:

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

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with (i) United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information and (ii) the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of our management, our unaudited consolidated financial statements and accompanying notes (the “Financial Statements”) include all normal recurring adjustments that are necessary for the fair statement of the interim periods presented. Interim results of operations are not necessarily indicative of results for the full year. The Financial Statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) in our Annual Report on Form 10-K for the year ended October 31, 2019 (“Annual Report”). Unless otherwise indicated, all references to years are to our fiscal years, which end on October 31.

Prior Year Reclassifications

During the third quarter of 2019, we made changes to our operating structure to better align the services and expertise of our Healthcare business with our other industry groups, allowing us to leverage our existing branch network to support the long-term growth of this business. As a result, our former Healthcare portfolio is now included primarily in our Business & Industry segment. Our prior period segment data in Note 12, “Segment Information,” has been reclassified to conform with our current period presentation. This change had no impact on our previously reported consolidated financial statements.

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.

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.

Management Reimbursement Revenue by Segment

We operate certain parking facilities under management reimbursement arrangements. Under these arrangements, we manage the parking facilities for management fees and pass through the revenues and expenses associated with the facilities to the owners. These revenues and expenses are reported in equal amounts as costs reimbursed from our managed locations:

	Three Months Ended January 31,	
(in millions)	**2020**	**2019**
Business & Industry	$ 73.7	$ 71.0
Aviation	25.9	24.2
Total	$ 99.6	$ 95.2

Recently Adopted Accounting Standards

Our significant accounting policies are described in Note 2, "Basis of Presentation and Significant Accounting Policies," in our Annual Report. There have been no material changes to our significant accounting policies during the three months ended January 31, 2020, other than as described below.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. Since the release of ASU 2016-02, the FASB issued the following additional ASUs further updating Topic 842:

- In January 2018, ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*
- In July 2018, ASU 2018-10, *Codification Improvements to Topic 842*
- In July 2018, ASU 2018-11, *Leases (Topic 842): Targeted Improvements*
- In March 2019, ASU 2019-01, *Leases (Topic 842): Codification Improvements*

Topic 842 replaces existing lease accounting guidance and is intended to provide enhanced transparency and comparability by requiring lessees to record most leases on the balance sheet. Under Topic 842, lessees are required to record on the balance sheet right-of-use ("ROU") assets (the right to use an underlying asset for the lease term) and the corresponding lease liabilities (the obligation to make lease payments arising from the lease). The new guidance requires us to continue classifying leases as either operating or financing, with classification affecting the pattern of expense recognition in the statements of comprehensive income. In addition, the new standard requires enhanced disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leasing arrangements.

We adopted Topic 842 on November 1, 2019 on a modified retrospective basis using the optional transition method permitted under ASU 2018-11 and have used this effective date as the initial application date. Comparative prior period financial statements have not been restated and continue to be reported under the accounting standards in effect for those prior periods presented.

Upon adoption, we elected the package of transition practical expedients that allowed us to carry forward prior conclusions related to: (i) whether any expired or existing contracts are or contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for existing leases. Additionally, we elected the practical expedient of not separating lease components from non-lease components for all asset classes. We also made an accounting policy election to not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in the consolidated statements of comprehensive income on a straight-line basis over the lease term. We did not elect the use of hindsight for determining the reasonably certain lease term.

The adoption of Topic 842 had a significant impact on our unaudited Consolidated Balance Sheet, but did not have a significant impact on our unaudited Consolidated Statement of Comprehensive Income, our unaudited Consolidated Statement of Stockholders' Equity, our unaudited Consolidated Statement of Cash Flows, our liquidity, or our compliance with the various covenants contained within our credit facility, as further described in Note 9, "Credit Facility." The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged. See Note 4, “Leases,” for additional information on our lease arrangements.

The impact of adoption of Topic 842 on our unaudited Consolidated Balance Sheet was as follows:

(in millions)	Balance at October 31, 2019	Adjustments Due to Adoption of Topic 842	Balance at November 1, 2019
ASSETS			
Right-of-use assets[1]	$ —	$ 167.5	$ 167.5
LIABILITIES AND STOCKHOLDERS’ EQUITY			
Current portion of lease liabilities[2]	$ —	$ 36.3	$ 36.3
Other accrued liabilities[3]	158.2	(3.0)	155.2
Long-term lease liabilities[4]	—	154.2	154.2
Other noncurrent liabilities[5]	78.8	(20.0)	58.8

(1) Represents capitalization of operating lease assets and reclassification of prepaid rent, deferred rent, lease exit impairment liabilities, and lease incentives and tenant improvements on operating leases.

(2) Represents the recognition of short-term operating lease liabilities.

(3) Represents short-term deferred rent reclassified to ROU assets.

(4) Represents the recognition of long-term operating lease liabilities.

(5) Represents long-term deferred rent, lease incentives and tenant improvements, and lease exit impairment liabilities reclassified to ROU assets.

No recently issued accounting pronouncements that we have not yet adopted are expected to have a significant impact on our fiscal 2021 consolidated financial statements.

3. REVENUES

Disaggregation of Revenues

We generate revenues under several types of contracts, as further explained below. The type of contract is determined by the nature of the services provided by each of our major service lines throughout our reportable segments; therefore, we disaggregate revenues from contracts with customers into major service lines. We have determined that disaggregating revenues into these categories best depicts how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors. Our reportable segments are Business & Industry ("B&I"), Aviation, Technology and Manufacturing ("T&M"), Education, and Technical Solutions, as described in Note 12, "Segment Information."

	Three Months Ended January 31, 2020					
(in millions)	B&I	Aviation	T&M	Education	Technical Solutions	Total
Major Service Line						
Janitorial[1]	$ 593.5	$ 34.6	$ 185.6	$ 186.2	$ —	$ 1,000.0
Parking[2]	125.9	84.9	8.1	0.7	—	219.6
Facility Services[3]	101.4	11.7	40.2	21.0	—	174.3
Building & Energy Solutions[4]	—	—	—	—	142.0	142.0
Airline Services[5]	0.1	107.5	—	—	—	107.6
	$ 820.9	$ 238.7	$ 233.9	$ 208.0	$ 142.0	$ 1,643.6
Elimination of inter-segment revenues						(30.6)
Total						$ 1,612.9

	Three Months Ended January 31, 2019					
(in millions)	B&I	Aviation	T&M	Education	Technical Solutions	Total
Major Service Line						
Janitorial[1]	$ 584.0	$ 31.1	$ 187.2	$ 187.5	$ —	$ 989.8
Parking[2]	128.1	85.8	7.4	0.8	—	222.1
Facility Services[3]	116.6	18.0	41.4	20.7	—	196.7
Building & Energy Solutions[4]	—	—	—	—	116.1	116.1
Airline Services[5]	0.2	117.5	—	—	—	117.7
	$ 828.8	$ 252.4	$ 236.1	$ 208.9	$ 116.1	$ 1,642.3
Elimination of inter-segment revenues						(34.4)
Total						$ 1,607.9

(1) Janitorial arrangements provide a wide range of essential cleaning services for commercial office buildings, airports and other transportation centers, educational institutions, government buildings, health facilities, industrial buildings, retail stores, and stadiums and arenas. These arrangements are often structured as monthly fixed-price, square-foot, cost-plus, and tag services contracts.

(2) Parking arrangements provide parking and transportation services for clients at various locations, including airports and other transportation centers, commercial office buildings, educational institutions, health facilities, hotels, and stadiums and arenas. These arrangements are structured as management reimbursement, leased location, and allowance contracts. Certain of these arrangements are considered service concession agreements and are accounted for under the guidance of Topic 853; accordingly, rent expense related to these arrangements is recorded as a reduction of the related parking service revenues.

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

(4) Building & Energy Solutions arrangements provide custom energy solutions, electrical, HVAC, lighting, and other general maintenance and repair services for clients in the public and private sectors and are generally structured as Energy Savings and Fixed-Price Repair and Refurbishment contracts. We also franchise certain operations under franchise agreements relating to our Linc Network and TEGG brands, pursuant to franchise contracts.

(5) Airline Services arrangements support airlines and airports with services such as passenger assistance, catering logistics, and airplane cabin maintenance. These arrangements are often structured as monthly fixed-price, cost-plus, transaction price, and hourly contracts.

Contract Types

We have arrangements under various contract types, as described in Note 2, “Basis of Presentation and Significant Accounting Policies,” in our Annual Report.

Certain arrangements involve variable consideration (primarily per transaction fees, reimbursable expenses, and sales-based royalties). We do not estimate the variable consideration for these arrangements; rather, we recognize these variable fees as they are earned.

The majority of our contracts include performance obligations that are primarily satisfied over time as we provide the related services; these contract types include: monthly fixed-price; square-foot; cost-plus; tag services; transaction-price; hourly; management reimbursement; leased location; allowance; energy savings contracts; and fixed-price repair and refurbishment contracts, as well as our franchise and royalty fee arrangements. We recognize revenue as the services are performed using a measure of progress that is determined by the contract type. Generally, most of our contracts are cancelable by either party without a substantive penalty, and the majority have a notification period of 30 to 60 days.

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

Remaining Performance Obligations

At January 31, 2020, performance obligations that were unsatisfied or partially unsatisfied for which we expect to recognize revenue totaled $178.4 million. We expect to recognize revenue on approximately 77% of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter.

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

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract liabilities, as further explained below. The timing of revenue recognition may differ from the timing of invoicing to customers.

Contract assets primarily consist of billed trade receivables, unbilled trade receivables, and costs incurred in excess of amounts billed. Billed and unbilled trade receivables represent amounts from work completed in which we have an unconditional right to bill our customer. Costs incurred in excess of amounts billed typically arise when the revenue recognized on a project exceeds the amount billed to the customer. These amounts are transferred to billed trade receivables when the rights become unconditional. Contract assets also include the capitalization of incremental costs of obtaining a contract with a customer, primarily commissions. Commissions expense is recognized on a straight-line basis over a weighted average expected customer relationship period.

Contract liabilities consist of deferred revenue and advance payments and billings in excess of revenue recognized. We generally classify contract liabilities as current since the related contracts are generally for a period of one year or less. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

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

(in millions)	January 31, 2020	October 31, 2019
Contract assets		
Billed trade receivables[1]	$ 962.5	$ 978.7
Unbilled trade receivables[1]	63.4	56.9
Costs incurred in excess of amounts billed[2]	79.6	72.6
Capitalized commissions[3]	21.6	21.8

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

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

[3] Included in other current assets and other noncurrent assets on the consolidated balance sheets. During the three months ended January 31, 2020, we capitalized $3.5 million of new costs and amortized $3.7 million of previously capitalized costs. There was no impairment loss recorded on the costs capitalized.

(in millions)	Three Months Ended January 31, 2020
Contract liabilities[1]	
Balance at beginning of period	$ 38.0
Additional contract liabilities	73.5
Recognition of deferred revenue	(74.6)
Balance at end of period	$ 36.9

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

4. LEASES

We primarily lease office space, parking facilities, warehouses, vehicles, and equipment. We determine if an arrangement is a lease at inception and begin recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use our incremental borrowing rate to determine the present value of future lease payments unless the implicit rate is readily determinable. Our incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. This incremental borrowing rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities. Our incremental borrowing rate as of November 1, 2019 was utilized for the initial measurement of operating lease liabilities upon adoption of Topic 842, as described in Note 2, “Basis of Presentation and Significant Accounting Policies,” and for new leases entered into during the quarter ended January 31, 2020.

Our lease terms range from 1 to 30 years. Some leases include one or more options to renew, with renewal terms that can extend the lease term. We typically include options to extend the lease in a lease term when it is reasonably certain that we will exercise that option and when doing so is at our sole discretion. Certain equipment and vehicle leases may also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Typically, if we decide to cancel or terminate a lease before the end of its term, we would owe the lessor the remaining lease payments under the term of such lease. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We may rent or sublease to third parties certain real estate assets that we no longer use.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. Prior to November 1, 2019, we recognized lease expense related to operating leases on a straight-line basis over the terms of the leases and, accordingly, recorded the difference between cash rent payments and recognition of rent expense as a deferred rent liability or prepaid rent. Landlord-funded leasehold improvements were also recorded as deferred rent liabilities and were amortized as a reduction of rent expense over the noncancelable term of the related operating lease. The ROU assets recognized upon adoption of Topic 842 include cumulative prepaid or accrued rent on the adoption date, unamortized lease incentives, and unamortized initial direct costs initially recognized prior to adoption of Topic 842. Following adoption of Topic 842, ROU assets include amounts for scheduled rent increases and are reduced by lease incentive amounts.

Certain of our lease agreements include variable rent payments, consisting primarily of rental payments adjusted periodically for inflation and amounts paid to the lessor based on cost or consumption, such as maintenance and utilities. Certain of our parking arrangements also contain variable rent payments that are a percentage of parking services revenue based on contractual levels. Variable rent lease components are not included in the lease liability.

Service concession arrangements within the scope of ASU No. 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services*, are excluded from the scope of Topic 842. Lease costs associated with these arrangements are recorded as a reduction of revenues. See Note 3, “Revenues,” for further discussion.

The components of lease assets and liabilities and their classification on our unaudited Consolidated Balance Sheets as of January 31, 2020 were as follows:

(in millions)	Classification	Balance at January 31, 2020
Lease assets		
Operating leases	Right-of-use assets	$ 163.4
Finance leases	Property, plant and equipment, net[1]	9.1
Total lease assets		$ 172.5
Lease liabilities		
Current liabilities		
Operating leases	Current portion of lease liabilities	$ 36.0
Finance leases	Other accrued liabilities	4.5
Noncurrent liabilities		
Operating leases	Long-term lease liabilities	150.0
Finance leases	Other noncurrent liabilities	2.2
Total lease liabilities		$ 192.7

(1) Finance lease assets are recorded net of accumulated amortization of $11.1 million as of January 31, 2020.

Total lease costs for the three months ended January 31, 2020 was $27.8 million, including operating leases of $26.6 million and finance leases of $1.2 million. The components of lease costs and classification within the unaudited Consolidated Statements of Comprehensive Income were as follows:

(in millions)	Three Months Ended January 31, 2020
Operating lease costs:	
Operating expenses[1][2]	$ 21.0
Selling, general and administrative expenses[3]	5.6
Finance lease costs:	
Operating expenses[4]	1.1
Interest expense[5]	0.1
Total lease costs	$ 27.8

(1) Related to certain parking arrangements.

(2) Includes short-term lease costs and variable lease costs.

(3) Includes short-term lease costs.

(4) Represents amortization of leased assets.

(5) Interest on lease liabilities.

The following table presents information on short-term and variable lease costs:

(in millions)	Three Months Ended January 31, 2020
Short-term lease costs	$ 14.5
Variable lease costs	2.0
Total short-term and variable lease costs	$ 16.5

Sublease income generated during the three months ended January 31, 2020 was immaterial.

The amounts of future undiscounted cash flows related to the lease payments over the lease terms and the reconciliation to the present value of the lease liabilities as recorded on our unaudited Consolidated Balance Sheets as of January 31, 2020 are as follows:

(in millions)	Operating Lease Liabilities	Finance Lease Liabilities	Total
Remainder of fiscal 2020	$ 32.6	$ 2.6	$ 35.2
Fiscal 2021	38.9	2.9	41.8
Fiscal 2022	32.9	1.5	34.4
Fiscal 2023	27.8	0.8	28.6
Fiscal 2024	22.7	—	22.7
Thereafter	58.3	—	58.3
Total lease payments	213.2	7.8	221.0
Less: imputed interest	27.2	1.1	28.3
Present value of lease liabilities	$ 186.0	$ 6.7	$ 192.7

Future sublease rental income was excluded for the periods shown above, as the amounts are immaterial.

We have entered into operating lease arrangements as of January 31, 2020 that are effective for future periods. The total amount of ROU assets and lease liabilities related to these arrangements is immaterial.

The following table includes the weighted-average remaining lease terms, in years, and the weighted-average discount rate used to calculate the present value of operating lease liabilities:

	As of January 31, 2020
Weighted-average remaining lease term (years)	
Operating leases	6.4
Finance leases	2.6
Weighted-average discount rate	
Operating leases	4.05 %
Finance leases	4.38 %

The following table includes supplemental cash and non-cash information related to operating leases:

(in millions)	Three Months Ended January 31, 2020
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 11.4
Operating cash flows from finance leases	0.1
Financing cash flows from finance leases	0.8
Lease assets obtained in exchange for new operating lease liabilities[1]	5.2

[1] Excludes the amount initially capitalized in conjunction with the adoption of Topic 842.

As previously disclosed in our Annual Report, the amounts of minimum future commitments under non-cancelable operating and capital leases as of October 31, 2019 in accordance with Topic 840 were as follows:

(in millions)	Operating and Other[1]		Capital		Total	
Fiscal 2020	$	42.8	$	3.1	$	45.9
Fiscal 2021		35.5		2.5		38.0
Fiscal 2022		30.3		1.3		31.6
Fiscal 2023		25.6		0.6		26.2
Fiscal 2024		20.5		—		20.5
Thereafter		51.8		—		51.8
Total[2]	$	206.5	$	7.5	$	214.0

[1] Includes total estimated sublease rental income of $15.8 million.

[2] Total undiscounted future minimum payments.

5. RESTRUCTURING AND RELATED COSTS

We may periodically engage in various restructuring activities intended to drive long-term profitable growth and increase operational efficiency, which can include streamlining and realigning our overall organizational structure and reallocating resources. These activities may result in restructuring costs related to employee severance, other project fees, external support fees, lease exit costs, and asset impairment charges. Recently, our significant restructuring activities have been primarily associated with integrating our acquisition of GCA Services Group ("GCA") and implementing our **2020 Vision** initiative, as described below.

GCA Restructuring and Other Initiatives

During the first quarter of 2018, we initiated a restructuring program to achieve cost synergies following the acquisition of GCA. We incurred the majority of our severance expense associated with this restructuring program in the first half of 2018. During 2019, our restructuring activities primarily related to the continued integration of GCA and other initiatives, including standardizing our financial systems and streamlining our operations by migrating and upgrading several key management platforms, such as our human resources information systems, enterprise resource planning system, and labor management system. We also continued consolidating our real estate leases. Severance and other expenses associated with our Healthcare reorganization during 2019 were immaterial. As we continue our technology-based modernization efforts, including standardizing our financial systems, we expect to incur additional charges related to these initiatives in 2020.

2020 Vision Restructuring

During the fourth quarter of 2015, we initiated a restructuring plan as part of a comprehensive strategy intended to have a positive transformative effect on ABM (the "**2020 Vision**"). These actions were substantially completed by the end of fiscal 2019 at a cumulative cost of $66.5 million.

Rollforward of Restructuring and Related Liabilities

(in millions)	Balance, October 31, 2019		Costs Recognized[1]		Payments		Non-Cash Items		Balance, January 31, 2020	
Employee severance	$	3.0	$	0.2	$	(1.0)	$	—	$	2.2
Other project fees		0.7		3.0		(2.6)		(0.2)		1.0
Lease exit costs and asset impairment		2.7		—		(0.2)		(2.2)		0.4
External support fees		0.5		—		(0.5)		—		—
Total	$	7.0	$	3.1	$	(4.3)	$	(2.3)	$	3.5

[1] We include these costs within corporate expenses.

Cumulative Restructuring and Related Charges

(in millions)	External Support Fees	Employee Severance	Other Project Fees	Lease Exit Costs	Asset Impairment	Total
GCA and Other	$ 3.5	$ 18.2	$ 15.4	$ 0.7	$ —	$ 37.7
2020 Vision	30.0	13.0	10.7	7.7	5.2	66.5
Total	$ 33.4	$ 31.2	$ 26.0	$ 8.4	$ 5.2	$ 104.2

6. NET INCOME PER COMMON SHARE

Basic and Diluted Net Income Per Common Share Calculations

	Three Months Ended January 31,	
(in millions, except per share amounts)	2020	2019
Income from continuing operations	$ 27.9	$ 13.0
Income (loss) from discontinued operations, net of taxes	0.1	(0.1)
Net income	$ 28.0	$ 13.0
Weighted-average common and common equivalent shares outstanding — Basic	66.9	66.4
Effect of dilutive securities		
Restricted stock units	0.1	0.1
Stock options	0.1	0.1
Performance shares	0.1	0.1
Weighted-average common and common equivalent shares outstanding — Diluted	67.2	66.7
Net income per common share — Basic		
Income from continuing operations	$ 0.42	$ 0.20
Income from discontinued operations	—	—
Net income	$ 0.42	$ 0.20
Net income per common share — Diluted		
Income from continuing operations	$ 0.41	$ 0.20
Income from discontinued operations	—	—
Net income	$ 0.42	$ 0.19

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

	Three Months Ended January 31,	
(in millions)	2020	2019
Anti-dilutive	0.2	0.4

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy of Our Financial Instruments

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

(in millions)	Fair Value Hierarchy	January 31, 2020	October 31, 2019
Cash and cash equivalents[1]	1	$ 69.8	$ 58.5
Insurance deposits[2]	1	0.8	0.8
Assets held in funded deferred compensation plan[3]	1	2.5	2.5
Credit facility[4]	2	864.8	808.4
Interest rate swap liabilities[5]	2	14.1	14.6
Investments in auction rate securities[6]	3	—	5.0

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

(2) Represents restricted deposits that are used to collateralize our insurance obligations and are stated at nominal value, which equals fair value. These insurance deposits are included in “Other noncurrent assets” on the accompanying unaudited consolidated balance sheets. See Note 8, “Insurance,” for further information.

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

(4) Represents gross outstanding borrowings under our syndicated line of credit and term loan. Due to variable interest rates, the carrying value of outstanding borrowings under our line of credit and term loan approximates the fair value. See Note 9, “Credit Facility,” for further information.

(5) Represents interest rate swap derivatives designated as cash flow hedges. The fair values of the interest rate swaps are estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows at current market interest rates using observable benchmarks for the London Interbank Offered Rate (“LIBOR”) forward rates at the end of the period. At January 31, 2020 and October 31, 2019, our interest rate swaps are included in “Other noncurrent liabilities” on the accompanying unaudited consolidated balance sheets. See Note 9, “Credit Facility,” for further information.

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

At October 31, 2019 we held an investment in one auction rate security that had an original principal amount, amortized cost, and fair value of $5.0 million that was included in “Other investments” on the accompanying unaudited consolidated balance sheets. During the first quarter of 2020, this auction rate security was called by the issuer, and we received proceeds for the fair value of this debt instrument of $5.0 million. There were no unrealized gains or losses on this auction rate security included in accumulated other comprehensive income (“AOCI”). At January 31, 2020 we had no investments in auction rate securities.

During the three months ended January 31, 2020, we had no transfers of assets or liabilities between any of the above hierarchy levels.

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

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a non-recurring basis. These assets can include: goodwill; intangible assets; property, plant and equipment; lease-related ROU assets; and long-lived assets that have been reduced to fair value when they are held for sale. If certain triggering events occur, or if an annual impairment test is required, we would evaluate these non-financial assets for impairment. If an impairment were to occur, the asset would be recorded at the estimated fair value, using primarily unobservable Level 3 inputs.

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 $0.5 million of exposure on a per-participant, per-year basis with respect to claims.

We maintain our reserves for workers' compensation, general liability, automobile liability, and property damage insurance claims 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 reviews 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 2020

We review our self-insurance liabilities on a regular basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the first quarter of 2020, we performed a comprehensive actuarial review of the majority of our casualty insurance programs that evaluated all changes made to claims reserves and claims payment activity for the period of May 1, 2019 through October 31, 2019 (the "Actuarial Review"). The Actuarial Review was comprehensive in nature and was based on loss development patterns, trend assumptions, and underlying expected loss costs during the period analyzed.

Based on the results of the Actuarial Review, at January 31, 2020 we decreased our total reserves for prior periods by $6.6 million. This adjustment compares to a $5.0 million increase to prior year claims during the three months ended January 31, 2019. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

Insurance Related Balances and Activity

(in millions)	January 31, 2020	October 31, 2019
Insurance claim reserves, excluding medical and dental	$ 507.2	$ 507.8
Medical and dental claim reserves	6.8	7.2
Insurance recoverables	64.5	64.5

At January 31, 2020 and October 31, 2019, insurance recoverables are included in both "Other current assets" and "Other noncurrent assets" on the accompanying unaudited consolidated balance sheets.

Instruments Used to Collateralize Our Insurance Obligations

(in millions)	January 31, 2020	October 31, 2019
Standby letters of credit	$ 144.0	$ 141.0
Surety bonds	87.8	90.8
Restricted insurance deposits	0.8	0.8
Total	$ 232.6	$ 232.6

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. In accordance with the terms of the Credit Facility, the line of credit was reduced to $800.0 million on September 1, 2018. The Credit Facility also provides for the issuance of up to $300.0 million for standby letters of credit and the issuance of up to $75.0 million in swingline advances. The obligations under the Credit Facility are secured on a first-priority basis by a lien on substantially all of our assets and properties, subject to certain exceptions.

Borrowings under the Credit Facility bear interest at a rate equal to 1-month LIBOR plus a spread that is based upon our leverage ratio. The spread ranges from 1.00% to 2.25% for Eurocurrency loans and 0.00% to 1.25% for base rate loans. At January 31, 2020, the weighted average interest rate on our outstanding borrowings was 3.53%. We also pay a commitment fee, based on our leverage ratio, ranging from 0.200% to 0.350% on the average daily unused portion of the line of credit that is paid quarterly in arrears. For purposes of this calculation, irrevocable standby letters of credit, which are issued primarily in conjunction with our insurance programs, and cash borrowings are included as outstanding under the line of credit.

The Credit Facility, as amended, contains certain covenants, including a current maximum leverage ratio of 4.00 to 1.0 that steps down by 25 basis points annually each July to 3.50 to 1.0 by July 2021 and a minimum fixed charge coverage ratio of 1.50 to 1.0, as well as other financial and non-financial covenants. In the event of a material acquisition, as defined in the Credit Facility, we may elect to increase the leverage ratio to 3.75 to 1.0 for a total of four fiscal quarters, provided the leverage ratio had already been reduced to 3.50 to 1.0. Our borrowing capacity is subject to, and limited by, compliance with the covenants described above. At January 31, 2020, we were in compliance with these covenants.

The Credit Facility also includes customary events of default, including failure to pay principal, interest, or fees when due, failure to comply with covenants, the occurrence of certain material judgments, or a change in control of the Company. If certain events of default occur, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, the lenders can terminate or suspend our access to the Credit Facility, declare all amounts outstanding (including all accrued interest and unpaid fees) to be immediately due and payable, and require that we cash collateralize the outstanding standby letters of credit.

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

Credit Facility Information

(in millions)	January 31, 2020	October 31, 2019
Current portion of long-term debt		
Gross term loan	$ 75.0	$ 60.0
Unamortized deferred financing costs	(2.7)	(2.8)
Current portion of term loan	$ 72.3	$ 57.2
Long-term debt		
Gross term loan	$ 650.0	$ 680.0
Unamortized deferred financing costs	(3.5)	(4.1)
Total noncurrent portion of term loan	646.5	675.9
Line of credit[1][2]	139.8	68.4
Long-term debt	$ 786.3	$ 744.2

[1] Standby letters of credit amounted to $153.5 million at January 31, 2020.

[2] At January 31, 2020, we had borrowing capacity of $499.9 million; however, covenant restrictions limited our borrowing capacity to $353.2 million.

Term Loan Maturities

During the three months ended January 31, 2020, we made principal payments under the term loan of $15.0 million. As of January 31, 2020, the following principal payments are required under the term loan.

(in millions)	2020	2021	2022
Debt maturities	$ 45.0	$ 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 these arrangements, we typically pay a fixed interest rate in exchange for LIBOR-based variable interest throughout the life of the agreement. We initially report the mark-to-market gain or loss on a derivative as a component of AOCI and subsequently reclassify the gain or loss into earnings when the hedged transactions occur and affect earnings. Interest payables and receivables under the swap agreements are accrued and recorded as adjustments to interest expense. All of our interest rate swaps have been designated and accounted for as cash flow hedges from inception. See Note 7, "Fair Value of Financial Instruments," regarding the valuation of our interest rate swaps.

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

At January 31, 2020 and October 31, 2019, amounts recorded in AOCI for interest rate swaps were $1.4 million, net of taxes of $0.9 million, and $2.2 million, net of taxes of $1.2 million, respectively. These amounts included the gain associated with the interest rate swaps we terminated in 2018, which is being amortized to interest expense as interest payments are made over the term of our Credit Facility. During the three months ended January 31, 2020, we amortized $1.2 million, net of taxes of $0.4 million, of that gain and we amortized $1.0 million, net of taxes of $0.4 million, during the three months ended January 31, 2019. At January 31, 2020, the total amount expected to be reclassified from AOCI to earnings during the next twelve months is a net loss of $0.2 million (taxes are *de minimis*).

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, 2020, these letters of credit and surety bonds totaled $153.5 million and $596.3 million, respectively. Included in the total amount of surety bonds is $2.3 million of bonds with an effective date starting after January 31, 2020.

Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At January 31, 2020, total guarantees were $186.0 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 2024. Annual revenues relating to the underlying contracts are approximately $41 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, 2020, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was $7.0 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 $9 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

In determining whether to include any particular lawsuit or other proceeding in our disclosure below, 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, pending in the Superior Court of California, County of San Francisco (the "Bucio case")

The *Bucio* case is a class action pending in San Francisco Superior Court that alleges we failed to provide legally required meal periods and make additional premium payments for such meal periods, pay split shift premiums when owed, and reimburse janitors for travel expenses. There is also a claim for penalties under the California Labor Code Private Attorneys General Act ("PAGA"). On April 19, 2011, the trial court held a hearing on plaintiffs' motion to certify the class. At the conclusion of that hearing, the trial court denied plaintiffs' motion to certify the class. On May 11, 2011, the plaintiffs filed a motion to reconsider, which was denied. The plaintiffs appealed the class certification issues. The trial court stayed the underlying lawsuit pending the decision in the appeal. The Court of Appeal of the State of California, First Appellate District (the "Court of Appeal"), heard oral arguments on November 7, 2017. On December 11, 2017, the Court of Appeal reversed the trial court's order denying class certification and remanded the matter for certification of a meal period, travel expense reimbursement, and split shift class. The case was remitted to the trial court for further proceedings on class certification, discovery, dispositive motions, and trial.

On September 20, 2018, the trial court entered an order defining four certified subclasses of janitors who were employed by the legacy ABM janitorial companies in California at any time between April 7, 2002 and April 30, 2013, on claims based on alleged previous automatic deduction practices for meal breaks, unpaid meal premiums, unpaid split shift premiums, and unreimbursed business expenses, such as mileage reimbursement for use of personal vehicles to travel between worksites. On February 1, 2019, the trial court held that the discovery related to PAGA claims allegedly arising after April 30, 2013 would be stayed until after the class and PAGA claims accruing prior to April 30, 2013 had been tried. The parties engaged in mediation in July 2019, which did not result in settlement of the case. On October 17, 2019, the plaintiffs filed a motion asking the trial court to certify additional classes based on an alleged failure to maintain time records, an alleged failure to provide accurate wage statements, and an alleged practice of combining meal and rest breaks. The trial court denied the plaintiffs' motion to certify additional classes on December 26, 2019. The case was re-assigned to a new judge on January 6, 2020. Since that time, Plaintiffs have filed discovery and sanctions motions, and ABM has filed summary adjudication motions, which are pending. The class action claims accruing prior to April 30, 2013 are set for trial on October 26, 2020. Prior to trial, we will have the opportunity to, among other things, seek decertification of the classes or engage in further mediation if we deem such actions appropriate. We expect to engage in one or more such activities in upcoming quarters.

11. INCOME TAXES

Our quarterly tax provision is calculated using an estimated annual tax rate that is adjusted for discrete items occurring during the period to arrive at our effective tax rate. During the three months ended January 31, 2020 and 2019, we had effective tax rates of 23.6% and 26.4%, respectively, resulting in provisions for taxes of $8.6 million and $4.7 million, respectively. There were no significant discrete items that impacted our effective tax rate during either period.

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Cuts and Jobs Act of 2017, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

12. SEGMENT INFORMATION

Our current reportable segments consist of B&I, Aviation, T&M, Education, and Technical Solutions, as further described below. Refer to Note 2, “Basis of Presentation and Significant Accounting Policies,” for information related to the reorganization of our Healthcare business into our other industry groups, primarily B&I, during the third quarter of 2019.

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

Financial Information by Reportable Segment

(in millions)	Three Months Ended January 31, 2020	2019
Revenues		
Business & Industry	$ 820.9	$ 828.8
Aviation	238.7	252.4
Technology & Manufacturing	233.9	236.1
Education	208.0	208.9
Technical Solutions	142.0	116.1
Elimination of inter-segment revenues	(30.6)	(34.4)
	$ 1,612.9	$ 1,607.9
Operating profit (loss)		
Business & Industry	$ 38.2	$ 36.8
Aviation	5.6	3.9
Technology & Manufacturing	16.7	18.2
Education	11.2	10.3
Technical Solutions	8.3	6.8
Corporate	(33.3)	(44.7)
Adjustment for income from unconsolidated affiliates, included in Aviation	(0.9)	(0.9)
	45.8	30.3
Income from unconsolidated affiliates	0.9	0.9
Interest expense	(10.2)	(13.5)
Income from continuing operations before income taxes	$ 36.5	$ 17.8

The accounting policies for our segments are the same as those disclosed within our significant accounting policies in Note 2, “Basis of Presentation and Significant Accounting Policies.” Our management evaluates the performance of each reportable segment based on its respective operating profit results, which include the allocation of certain centrally incurred costs. Corporate expenses not allocated to segments include certain CEO and other finance and human resource departmental expenses, certain information technology costs, share-based compensation, certain legal costs and settlements, restructuring and related costs, certain actuarial adjustments to 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, 2019 (“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 years, which end 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**.

Strategic Priorities

Strategic Growth

We remain focused on long-term, profitable growth related to both new and existing clients within our industry groups and across our many service lines. We believe operational leverage from our strategic growth initiatives, coupled with our continued focus on efficiency, will increase profitability.

Systems and Technology Transformation

We continue our technology-based modernization efforts that we believe will enable us to operate more efficiently and provide us with greater data to enhance our business management capabilities.

- Human Resources and Labor Management: We continue furthering our use of technology to help centralize and standardize key human resources practices, such as hiring, and to help enable our operators to manage labor more efficiently by making more informed, data-driven decisions.

- Enterprise Resource Planning: We continue to make progress with the multi-phased development of our new enterprise resource planning (“ERP”) system, which we anticipate will streamline the operational and financial execution of our business and promote more effective decision making in the future.

We believe these new tools and systems will equip us for long-term success and position us for an even stronger and more prosperous future.

Developments and Trends

Economic Labor Outlook

While uncertainty regarding the global macroeconomy currently exists in 2020, the U.S. economy has demonstrated positive underlying fundamentals over the last several years, which has led to historically low levels of both unemployment and underemployment across the country. These factors have contributed to the lower availability of qualified labor for our business and higher turnover in certain markets, as our employees have more job opportunities both inside and outside our industry. This in turn has caused, and may continue to cause, higher labor and related personnel costs.

Restructuring and Related Costs

We may periodically engage in various restructuring activities intended to drive long-term profitable growth and increase operational efficiency, which can include streamlining and realigning our overall organizational structure and reallocating resources. These activities may result in restructuring costs related to employee severance, other project fees, external support fees, lease exit costs, and asset impairment charges.

GCA Restructuring and Other Initiatives

As we continue our technology-based modernization efforts, including standardizing our financial systems, we expect to incur additional charges related to these initiatives in 2020. During 2019, our restructuring activities primarily related to the continued integration of GCA Services Group ("GCA") and other initiatives, including standardizing our financial systems and streamlining our operations by migrating and upgrading several key management platforms, such as our human resources information systems, ERP system, and labor management system. We also continued consolidating our real estate leases. Severance and other expenses associated with our Healthcare reorganization during 2019 were immaterial.

	Three Months Ended	
(in millions)	January 31, 2020	Cumulative
Employee severance	$ 0.2	$ 18.2
Other project fees	3.0	15.4
External support fees	—	3.5
Lease exit costs	—	0.7
Total	$ 3.1	$ 37.7

Segment Reporting

Our current reportable segments consist of Business & Industry ("B&I"), Aviation, Technology & Manufacturing ("T&M"), Education, and Technical Solutions, as further described below. During the third quarter of 2019, we made changes to our operating structure to better align the services and expertise of our Healthcare business with our other industry groups, allowing us to leverage our existing branch network to support the long-term growth of this business. As a result, our former Healthcare portfolio is now included primarily in our Business & Industry segment. Our prior period segment data has been reclassified to conform with our current period presentation. This change had no impact on our previously reported consolidated financial statements.

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

Insurance

We review our self-insurance liabilities on a regular basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the first quarter of 2020, we performed a comprehensive actuarial review of the majority of our casualty insurance programs that evaluated all changes made to claims reserves and claims payment activity for the period of May 1, 2019 through October 31, 2019 (the "Actuarial Review"). The Actuarial Review was comprehensive in nature and was based on loss development patterns, trend assumptions, and underlying expected loss costs during the period analyzed.

This Actuarial Review again demonstrates that the changes we have made to our risk management program are positively impacting the frequency and severity of claims; however, there is some flattening of claims frequency reductions as compared to prior periods. The claims management strategies and programs that we have implemented have resulted in better than anticipated improvements in early identification of certain claims that may potentially develop adversely. Furthermore, we continue to focus on ensuring the establishment of reserves consistent with known fact patterns. The Actuarial Review indicated favorable developments relative to our estimates of ultimate losses related to certain prior claims years.

Based on the results of the Actuarial Review, at January 31, 2020 we decreased our total reserves for prior periods by $6.6 million. This adjustment compares to a $5.0 million increase to prior year claims during the three months ended January 31, 2019. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

Key Financial Highlights

- Revenues increased by $5.0 million, or 0.3%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019, due to organic growth, primarily in our U.S. Technical Solutions business, partially offset by the loss of certain accounts in our Aviation business, our U.S. B&I business, and our U.K. Technical Solutions business.
- Operating profit increased by $15.5 million, or 51.2%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The increase in operating profit was primarily associated with a lower self-insurance reserve adjustment related to prior year claims and improved margins within our Aviation and U.S. B&I businesses.
- Our effective tax rate on income from continuing operations was 23.6% for the three months ended January 31, 2020, as compared to 26.4% during the three months ended January 31, 2019.
- Net cash used in operating activities was $34.3 million during the three months ended January 31, 2020. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the year, primarily due to the timing of certain working capital requirements during the first quarter. We expect operating activities of continuing operations to provide positive cash flows for 2020.
- Dividends of $12.3 million were paid to shareholders, and dividends totaling $0.185 per common share were declared during the three months ended January 31, 2020.
- At January 31, 2020, total outstanding borrowings under our credit facility were $864.8 million, and we had up to $499.9 million of borrowing capacity under our credit facility; however, covenant restrictions limited our actual borrowing capacity to $353.2 million.

Results of Operations

Three Months Ended January 31, 2020 Compared with the Three Months Ended January 31, 2019

Consolidated

($ in millions)	Three Months Ended January 31, 2020	2019	Increase / (Decrease)	
Revenues	$ 1,612.9	$ 1,607.9	$ 5.0	0.3%
Operating expenses	1,433.7	1,446.0	(12.3)	(0.8)%
Gross margin	*11.1 %*	*10.1 %*	*104 bps*	
Selling, general and administrative expenses	117.6	112.7	4.9	4.4%
Restructuring and related expenses	3.1	3.8	(0.7)	(16.6)%
Amortization of intangible assets	12.6	15.2	(2.6)	(17.0)%
Operating profit	45.8	30.3	15.5	51.2%
Income from unconsolidated affiliates	0.9	0.9	—	(1.9)%
Interest expense	(10.2)	(13.5)	(3.3)	(24.2)%
Income from continuing operations before income taxes	36.5	17.8	18.7	NM*
Income tax provision	(8.6)	(4.7)	3.9	82.4%
Income from continuing operations	27.9	13.0	14.9	NM*
Income (loss) from discontinued operations, net of taxes	0.1	(0.1)	0.2	NM*
Net income	28.0	13.0	15.0	NM*
Other comprehensive income (loss)				
Interest rate swaps	(1.1)	(8.7)	7.6	87.0%
Foreign currency translation	0.4	3.1	(2.7)	(87.2)%
Income tax benefit	0.3	2.4	(2.1)	(86.7)%
Comprehensive income	$ 27.6	$ 9.7	$ 17.9	NM*

*Not meaningful

Revenues

Revenues increased by $5.0 million, or 0.3%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. This increase was due to organic growth, primarily in our U.S. Technical Solutions business. The increase was partially offset by the loss of certain accounts in our Aviation business, our U.S. B&I business, and our U.K. Technical Solutions business.

Operating Expenses

Operating expenses decreased by $12.3 million, or 0.8%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. Gross margin increased by 104 bps to 11.1% in the three months ended January 31, 2020 from 10.1% in the three months ended January 31, 2019. The increase in gross margin was primarily associated with a lower self-insurance reserve adjustment related to prior year claims and improved margins within our Aviation and U.S. B&I businesses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $4.9 million, or 4.4%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The increase in selling, general and administrative expenses was primarily attributable to:

- a $5.7 million increase in compensation and related expenses, including higher commissions expense in the current year primarily due to the amortization of commissions that were capitalized in the prior year; and
- a $1.5 million increase in legal costs.

This increase was partially offset by:

- a $1.6 million decrease in certain technology projects and related support; and
- a $0.6 million decrease in bad debt expense primarily associated with specific reserves established for client receivables.

Restructuring and Related Expenses

Restructuring and related expenses decreased by $0.7 million, or 16.6%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The decrease was primarily due to severance expenses incurred in the prior year following the GCA acquisition, partially offset by expenses related to our ongoing technology initiatives.

Amortization of Intangible Assets

Amortization of intangible assets decreased by $2.6 million, or 17.0%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019, primarily related to certain intangible assets being amortized using the sum-of-the-years'-digits method, which results in declining amortization expense over the useful lives of the assets.

Interest Expense

Interest expense decreased by $3.3 million, or 24.2%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019, primarily due to lower outstanding borrowings under our credit facility and lower relative interest rates.

Income Taxes from Continuing Operations

Our effective tax rates on income from continuing operations for the three months ended January 31, 2020 and January 31, 2019 were 23.6% and 26.4%, respectively, resulting in provisions for taxes of $8.6 million and $4.7 million, respectively. There were no significant discrete items that impacted our effective tax rate during either period.

Interest Rate Swaps

The unrealized loss on interest rate swaps decreased by $7.6 million, or 87.0%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019, primarily due to underlying changes in the fair value of our interest rate swaps.

Foreign Currency Translation

Foreign currency translation gain decreased by $2.7 million, or 87.2%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. This change was due to fluctuations in the exchange rate between the U.S. Dollar (“USD”) and the Great Britain Pound (“GBP”). 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, 2020		Three Months Ended January 31, 2019		Increase / (Decrease)		
Revenues							
Business & Industry	$	820.9	$	828.8	$	(7.9)	(1.0)%
Aviation		238.7		252.4		(13.7)	(5.4)%
Technology & Manufacturing		233.9		236.1		(2.2)	(0.9)%
Education		208.0		208.9		(0.9)	(0.5)%
Technical Solutions		142.0		116.1		25.9	22.4%
Elimination of inter-segment revenues		(30.6)		(34.4)		3.8	11.0%
	$	1,612.9	$	1,607.9	$	5.0	0.3%
Operating profit (loss)							
Business & Industry	$	38.2	$	36.8	$	1.4	3.9%
Operating profit margin		*4.7 %*		*4.4 %*		*22 bps*	
Aviation		5.6		3.9		1.7	43.0%
Operating profit margin		*2.3 %*		*1.6 %*		*79 bps*	
Technology & Manufacturing		16.7		18.2		(1.5)	(8.5)%
Operating profit margin		*7.1 %*		*7.7 %*		*(59) bps*	
Education		11.2		10.3		0.9	9.2%
Operating profit margin		*5.4 %*		*4.9 %*		*47 bps*	
Technical Solutions		8.3		6.8		1.5	23.2%
Operating profit margin		*5.9 %*		*5.8 %*		*4 bps*	
Corporate		(33.3)		(44.7)		11.4	25.5%
Adjustment for income from unconsolidated affiliates, included in Aviation		(0.9)		(0.9)		—	(2.2)%
	$	45.8	$	30.3	$	15.5	51.2%

*Not meaningful

Business & Industry

($ in millions)	Three Months Ended January 31, 2020		Three Months Ended January 31, 2019		(Decrease) / Increase		
Revenues	$	820.9	$	828.8	$	(7.9)	(1.0)%
Operating profit		38.2		36.8		1.4	3.9%
Operating profit margin		*4.7 %*		*4.4 %*		*22 bps*	

B&I revenues decreased by $7.9 million, or 1.0%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The decrease was primarily attributable to the loss of certain accounts in our U.S. business, including the exit from certain lower margin or underperforming accounts. The decrease was partially offset by the targeted expansion of certain key clients within our U.S. business and net new business in our U.K. operations. Management reimbursement revenues for this segment totaled $73.7 million and $71.0 million for the three months ended January 31, 2020 and 2019, respectively.

Operating profit increased by $1.4 million, or 3.9%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. Operating profit margin increased by 22 bps to 4.7% in the three months ended January 31, 2020 from 4.4% in the three months ended January 31, 2019. The increase in operating profit margin was primarily associated with higher margins on certain accounts in our U.S. business, including the exit from certain lower margin or underperforming accounts, as well as higher margins on certain accounts in our U.K. business and lower reserves established for client receivables. While labor challenges are present in certain areas of our B&I business, it is our most mature business and has the highest proportion of unionized labor.

Aviation

($ in millions)	Three Months Ended January 31, 2020		Three Months Ended January 31, 2019		(Decrease) / Increase		
Revenues	$	238.7	$	252.4	$	(13.7)	(5.4)%
Operating profit		5.6		3.9		1.7	43.0%
Operating profit margin		*2.3 %*		*1.6 %*		*79 bps*	

Aviation revenues decreased by $13.7 million, or 5.4%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The decrease was primarily attributable to the loss of certain cabin cleaning and passenger services accounts, partially offset by new contract wins. Management reimbursement revenues for this segment totaled $25.9 million and $24.2 million for the three months ended January 31, 2020 and 2019, respectively.

Operating profit increased by $1.7 million, or 43.0%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. Operating profit margin increased by 79 bps to 2.3% in the three months ended January 31, 2020 from 1.6% in the three months ended January 31, 2019. The increase was primarily attributable to higher margins on certain new contracts and the loss of a lower margin cabin cleaning account that occurred in the prior year.

Technology & Manufacturing

($ in millions)	Three Months Ended January 31, 2020		Three Months Ended January 31, 2019		Decrease		
Revenues	$	233.9	$	236.1	$	(2.2)	(0.9)%
Operating profit		16.7		18.2		(1.5)	(8.5)%
Operating profit margin		*7.1 %*		*7.7 %*		*(59) bps*	

T&M revenues decreased by $2.2 million, or 0.9%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The decrease was primarily related to the loss of certain accounts, partially offset by new business and the expansion of certain accounts.

Operating profit decreased by $1.5 million, or 8.5%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. Operating profit margin decreased by 59 bps to 7.1% in the three months ended January 31, 2020 from 7.7% in the three months ended January 31, 2019. The decrease in operating profit margin was primarily attributable to the loss of certain higher margin accounts that occurred in the prior year, higher labor costs due to a tight labor market, and higher reserves established for client receivables, all partially offset by lower amortization of intangible assets.

Education

($ in millions)	Three Months Ended January 31, 2020		Three Months Ended January 31, 2019		(Decrease) / Increase		
Revenues	$	208.0	$	208.9	$	(0.9)	(0.5)%
Operating profit		11.2		10.3		0.9	9.2%
Operating profit margin		*5.4 %*		*4.9 %*		*47 bps*	

Education revenues decreased slightly by $0.9 million during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The slight decrease was primarily attributable to lower tag services in the current year.

Operating profit increased by $0.9 million, or 9.2%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. Operating profit margin increased by 47 bps to 5.4% in the three months ended January 31, 2020 from 4.9% in the three months ended January 31, 2019. The increase in operating profit margin was primarily attributable to lower amortization of intangible assets, partially offset by an increase in direct labor and related personnel costs driven by a challenging labor environment.

Technical Solutions

($ in millions)	Three Months Ended January 31, 2020		Three Months Ended January 31, 2019		Increase		
Revenues	$	142.0	$	116.1	$	25.9	22.4%
Operating profit		8.3		6.8		1.5	23.2%
Operating profit margin		*5.9 %*		*5.8 %*		*4 bps*	

Technical Solutions revenues increased by $25.9 million, or 22.4%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. This increase was primarily attributable to growth in our U.S. business related to bundled energy solutions projects and power projects, partially offset by the loss of certain accounts in our U.K. business.

Operating profit increased by $1.5 million, or 23.2%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. Operating profit margin increased slightly by 4 bps to 5.9% in the three months ended January 31, 2020 from 5.8% in the three months ended January 31, 2019. The slight increase in operating profit margin was primarily attributable to the contribution of higher project revenues and lower reserves established for client receivables. This increase was offset by a higher volume of lower margin projects in our U.S. business in the current year, higher commissions expense in the current year primarily due to the amortization of commissions that were capitalized in the prior year, and the loss of certain higher margin contracts in our U.K. business.

Corporate

($ in millions)	Three Months Ended January 31, 2020		Three Months Ended January 31, 2019		Decrease		
Corporate expenses	$	33.3	$	44.7	$	(11.4)	(25.5)%

Corporate expenses decreased by $11.4 million, or 25.5%, during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. The decrease in corporate expenses was primarily attributable to:

- an $11.6 million decrease in self-insurance reserve adjustments related to prior year claims;
- a $1.6 million decrease in certain technology projects and related support; and
- a $0.7 million decrease in restructuring and related expenses due to severance expenses incurred in the prior year following the GCA acquisition, partially offset by expenses related to our ongoing technology initiatives.

This decrease was partially offset by:

- a $1.5 million increase in legal costs; and
- a $1.2 million increase in compensation and related expenses.

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, share repurchases, and continued systems and technology transformation initiatives. We anticipate long-term cash uses may also include strategic acquisitions.

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

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

IFM Assurance Company ("IFM") is a wholly-owned captive insurance company that we formed in 2015 and began providing coverage to us as of January 1, 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.

Credit Facility

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

Our ability to draw down available capacity under the Credit Facility, as amended, is subject to, and limited by, compliance with certain financial covenants, including a current maximum leverage ratio of 4.00 to 1.0 that steps down by 25 basis points annually each July to 3.50 to 1.0 by July 2021 and a minimum fixed charge coverage ratio of 1.50 to 1.0. Other covenants under the Credit Facility include limitations on liens, dispositions, fundamental changes, investments, and certain transactions and payments. At January 31, 2020, we were in compliance with these covenants and expect to be in compliance in the foreseeable future.

During the three months ended January 31, 2020, we made principal payments of $15.0 million under the term loan. At January 31, 2020, the total outstanding borrowings under our Credit Facility in the form of cash borrowings and standby letters of credit were $864.8 million and $153.5 million, respectively. At January 31, 2020, we had up to $499.9 million of borrowing capacity under the Credit Facility; however, covenant restrictions limited our actual borrowing capacity to $353.2 million.

In July 2017, the U.K. Financial Conduct Authority, the regulator of the London Interbank Offered Rate ("LIBOR"), indicated that it will no longer require banks to submit rates to the LIBOR administrator after 2021. This announcement signaled that the calculation of LIBOR and its continued use could not be guaranteed after 2021. A change away from LIBOR after 2021 may impact our Credit Facility and interest rate swaps. Our current credit agreement as well as our International Swaps and Derivatives Association, Inc. agreement provide for any changes away from LIBOR to a successor rate to be based on prevailing or equivalent standards. We continue to monitor developments related to the LIBOR transition and/or identification of an alternative, market-accepted rate. The impact related to any changes cannot be predicted at this time.

Reinvestment of Foreign Earnings

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Cuts and Jobs Act of 2017, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

Share Repurchases

On September 2, 2015, our Board of Directors authorized a program to repurchase up to $200.0 million of our common stock (the “2015 Share Repurchase Program”). Effective December 18, 2019, authorization for $134.1 million of repurchases remained under our 2015 Share Repurchase Program, and our Board of Directors replaced the 2015 Share Repurchase Program with a new share repurchase program under which we may repurchase up to $150.0 million of our common stock (the “2019 Share Repurchase Program”). These 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 2019 Share 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, 2020. At January 31, 2020, authorization for $150.0 million of repurchases remained under the 2019 Share Repurchase Program.

Cash Flows

In addition to revenues and operating profit, our management views operating cash flows as a good indicator of financial performance, because strong operating cash flows provide opportunities for growth both organically and through acquisitions. Net cash used in operating activities was $34.3 million during the three months ended January 31, 2020. Typically, our total operating cash flows in the first quarter are lower than in subsequent quarters of the year, primarily due to the timing of certain working capital requirements during the first quarter. We expect operating activities of continuing operations to provide positive cash flows for 2020. Operating cash flows primarily depend on: revenue levels; the quality and timing of collections of accounts receivable; the timing of payments to suppliers and other vendors; the timing and amount of income tax payments; and the timing and amount of payments on insurance claims and legal settlements.

	Three Months Ended January 31,	
(in millions)	**2020**	**2019**
Net cash used in operating activities	$ (34.3)	$ (39.3)
Net cash used in investing activities	(2.3)	(11.4)
Net cash provided by financing activities	48.4	42.0

Operating Activities

Net cash used in operating activities decreased by $5.0 million during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. This decrease was primarily related to the timing of client receivable collections, partially offset by the timing of vendor payments.

Investing Activities

Net cash used in investing activities decreased by $9.1 million during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. This decrease was primarily related to proceeds from the redemption of an auction rate security and higher proceeds from the sale of assets in the current year.

Financing Activities

Net cash provided by financing activities increased by $6.4 million during the three months ended January 31, 2020, as compared to the three months ended January 31, 2019. This increase was primarily related to higher net borrowings in the current year.

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, 2020, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was $7.0 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 $9 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 certain estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of our management. On November 1, 2019, we adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).* Refer to Note 2, "Basis of Presentation and Significant Accounting Policies," and Note 4, "Leases," in the Financial Statements for additional information regarding the impact of adopting this standard. 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 Standards Update	Topic	Summary	Effective Date/ Method of Adoption
2020-01	Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.	This ASU, issued in February 2020, clarifies the interaction between Topic 321, Topic 323, and Topic 815. The new guidance, among other things, states that a company should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the fair value measurement alternative immediately before applying or upon discontinuing the equity method. While we are currently evaluating the impact of implementing this guidance on our financial statements, we do not expect adoption to have a material impact.	This update is effective for us November 1, 2021 and will be applied prospectively.
2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.	This ASU, issued in December 2019, removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This ASU also amends other aspects of the guidance to help simplify and promote consistent application of Topic 740. We are currently evaluating the impact of implementing this guidance on our financial statements.	This update is effective for us November 1, 2021. The amendments have differing adoption methods including retrospectively, prospectively, and/or on a modified retrospective basis.
2019-04	Codification Improvements to Topic 326: Financial Instruments—Credit Losses; Topic 815: Derivatives and Hedging; and Topic 825: Financial Instruments.	This ASU, issued in April 2019, provides narrow-scope amendments designed to assist in the application of the following updates and the related accounting standards: (1) ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*; (2) ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*; and (3) ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. We are currently evaluating the impact of implementing the guidance related to (1) and (3) on our financial statements.	(1) The amendments related to ASU 2016-13 will be adopted in conjunction with that ASU, as further described below. (2) We adopted this guidance effective November 1, 2019 on a prospective basis with no significant impact on our consolidated financial statements. (3) Since we already adopted ASU 2016-01, the related amendments are effective for us on November 1, 2020 and will be applied using a modified retrospective adoption approach with a cumulative-effect adjustment to retained earnings.

Accounting Standards Update	Topic	Summary	Effective Date/ Method of Adoption
2018-18	Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.	This ASU, issued in November 2018, provides guidance on whether certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606. It specifically addresses when the participant is a customer in the context of a unit of account, adds unit of account guidance in Topic 808 to align with guidance in Topic 606, and precludes presenting the collaborative arrangement transaction together with revenue recognized under Topic 606 if the collaborative arrangement participant is not a customer. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update will be applied retrospectively.
2018-17	Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities.	This ASU, issued in October 2018, provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interest. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update will be applied retrospectively.
2018-16	Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes.	This ASU, issued in October 2018, adds the Overnight Index Swap (“OIS”) rate based on the SOFR (a swap rate based on the underlying overnight SOFR rate) as an eligible benchmark interest rate for purposes of applying hedge accounting. SOFR is a volume-weighted median interest rate that is calculated daily based on overnight transactions from the prior day’s trading activity in specified segments of the U.S. Treasury repo market. SOFR was selected by the Alternative Reference Rates Committee as its preferred alternative reference rate to LIBOR. We are currently evaluating the impact of implementing this guidance on our financial statements.	Since we early adopted ASU 2017-12, this update will be effective for us on November 1, 2020, on a prospective basis.
2018-15	Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.	This ASU, issued in August 2018, aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update can be applied either retrospectively, or prospectively to all implementation costs incurred after the date of adoption.
2018-14	Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans.	This ASU, issued in August 2018, modifies the disclosure requirements on company-sponsored defined benefit plans. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update will be applied retrospectively.
2018-13	Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement.	This ASU, issued in August 2018, modifies the disclosure requirements on fair value measurements by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty, and adding new disclosure requirements. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 The amendments related to disclosure requirements within this update will be applied prospectively and the other amendments will be applied retrospectively.

Accounting Standards Update	Topic	Summary	Effective Date/ Method of Adoption
2016-13 2019-11 2019-05	Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.	ASU 2016-13, issued in June 2016, replaces the existing guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and investments in certain debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset's life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectibility. This "expected loss" model will result in earlier recognition of credit losses than the current "as incurred" model, under which losses are recognized only upon occurrence of an event that gives rise to the incurrence of a probable loss. ASU 2019-11 was issued in November 2019 to clarify, improve, and amend certain aspects of ASU 2016-13, such as disclosures related to accrued interest receivables and the estimation of credit losses associated with financial assets secured by collateral. ASU 2019-05 was issued in May 2019 to provide targeted transition relief allowing entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets previously measured at amortized cost (except held-to-maturity securities) using the fair value option. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This guidance will be applied using a modified retrospective adoption approach with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption, except for certain provisions that are required to be applied prospectively.

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, 2019.

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.

To support the growth of our financial shared service capabilities and standardize our financial systems, we continue to update several key platforms, including our human resources information systems, enterprise resource planning system, and labor management system. The implementation of several key platforms involves changes in the systems that include internal controls. Although some of the transitions have proceeded to date without material adverse effects, the possibility exists that they could adversely affect our internal controls over financial reporting and procedures.

There were no other changes in our internal control over financial reporting during the first quarter of 2020 identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A discussion of material developments in our litigation matters occurring in the period covered by this report is found in Note 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, 2019, in response to Item 1A., “Risk Factors,” of Part I of the Annual Report.

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

On September 2, 2015, our Board of Directors authorized a program to repurchase up to $200.0 million of our common stock (the “2015 Share Repurchase Program”). Effective December 18, 2019, authorization for $134.1 million of repurchases remained under our 2015 Share Repurchase Program, and our Board of Directors replaced the 2015 Share Repurchase Program with a new share repurchase program under which we may repurchase up to $150.0 million of our common stock (the “2019 Share Repurchase Program”). These 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 2019 Share Repurchase Program 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, 2020. At January 31, 2020, authorization for $150.0 million of repurchases remained under the 2019 Share Repurchase Program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

(a) Exhibits

Exhibit No.	Exhibit Description
10.1*†	Statement of Terms and Conditions Applicable to Options, Restricted Stock and Restricted Stock Units and Performance Shares Granted to Employees Pursuant to the 2006 Equity Incentive Plan, for Awards Granted on or after January 1, 2020.
10.2*†	Statement of Terms and Conditions Applicable to Options, Restricted Stock and Restricted Stock Units Granted to Directors Pursuant to the 2006 Equity Incentive Plan, for Awards Granted on or after January 1, 2020.
31.1†	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32‡	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS†	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH†	Inline XBRL Taxonomy Extension Schema Document
101.CAL†	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF†	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	Inline XBRL Taxonomy Label Linkbase Document
101.PRE†	Inline XBRL Presentation Linkbase Document
104†	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* 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 5, 2020

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

March 5, 2020

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

ABM INDUSTRIES INCORPORATED STATEMENT OF TERMS AND CONDITIONS APPLICABLE TO OPTIONS, RESTRICTED STOCK, RESTRICTED STOCK UNITS AND PERFORMANCE SHARES GRANTED TO EMPLOYEES PURSUANT TO THE 2006 EQUITY INCENTIVE PLAN

(For Awards Granted After January 1, 2020)

I. INTRODUCTION

The following terms and conditions shall apply to each Award granted under the Plan to an Employee eligible to participate in the Plan, except as may otherwise be determined by the Administrator, as provided herein. This Statement of Terms and Conditions is subject to the terms of the Plan and of any Award made pursuant to the Plan. In the event of any inconsistency between this Statement of Terms and Conditions and the Plan, the Plan shall govern.

II. DEFINITIONS

Capitalized terms not otherwise defined in this Statement of Terms and Conditions shall have the meaning set forth in the Plan. When capitalized in this Statement of Terms and Conditions, the following additional terms shall have the meaning set forth below:

A. "<u>Cause</u>" means, with respect to a Participant:

(i) serious misconduct, dishonesty, disloyalty or insubordination;

(ii) the Participant's conviction (or entry of a plea bargain admitting criminal guilt) of any felony or misdemeanor involving moral turpitude;

(iii) drug or alcohol abuse that has a material or potentially material effect on the Company's reputation and/or the performance of the Participant's duties and responsibilities under the Participant's employment agreement;

(iv) failure to substantially perform the Participant's duties or responsibilities under the Participant's employment agreement for reasons other than death or disability;

(v) repeated inattention to duty for reasons other than death or disability; or

(vi) any other material breach of the Participant's employment agreement by the Participant.

B. “Competitive Activity” shall mean, with respect to a Participant, the Participant’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.

C. “Excess Equity Award” means the positive difference, if any, between the value of the Award paid to an Executive Officer and the Award that would have been paid to such Executive Officer had the amount of the Award been calculated based on the Company’s financial statements as restated.

D. “Executive Officer” means any person who is an officer of the Company for purposes of Section 16 of the Exchange Act.

E. “Fair Market Value” of a Share as of a specified date, unless otherwise determined by the Committee, means the closing price per Share at which Shares are traded on such date, or if no trading of Shares is reported for that day, on the next following day on which trading is reported on the principal stock market or exchange on which the Shares are traded; provided that if Shares are not so traded, the fair market value shall be determined by the Committee.

F. “Grant Date” means the date the Administrator grants the Award.

G. “Independent Committee” means any committee consisting of independent Directors designated by the independent members of the Board.

H. “Option Period” means the period commencing on the Grant Date of an Option and, except as otherwise provided in Section III.E, ending on the Termination Date.

I. “Option Proceeds” means, with respect to any sale or other disposition of Shares issued or issuable upon the exercise of an Option, an amount determined appropriate by the independent members of the Board or the Independent Committee, in its sole judgment, to reflect the effect of a restatement of the Company’s financial statements on the Company’s stock price, up to an amount equal to the number of Shares sold or disposed of, multiplied by a number equal to the difference between the Fair Market Value per Share at the time of sale or disposition and the Exercise Price.

J. “<u>Termination Date</u>” means the date that an Option expires as set forth in the Option Agreement.

III. OPTIONS

A. <u>Option Notice and Agreement</u>. An Option granted under the Plan shall be evidenced by an Option Agreement setting forth the terms and conditions of the Option, including whether the Option is an Incentive Stock Option or a Nonqualified Stock Option and the number of Shares subject to the Option. Each Option Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan, except as may otherwise be determined by the Administrator.

B. <u>Exercise Price</u>. The Exercise Price of an Option, as specified in the Option Agreement, shall be equal to or greater than the Fair Market Value of the Shares underlying the Option on the Grant Date.

C. <u>Option Period</u>. An Option shall be exercisable only during the applicable Option Period, and during such Option Period the exercisability of the Option shall be subject to the vesting provisions of Section III.D as modified by the rules set forth in Sections III.E, V and VI. The Option Period shall be not more than seven years from the Grant Date.

D. <u>Vesting of Right to Exercise Options</u>.

1. Except as provided in the last sentence of this Section III.D.1 and in Sections V, VI and VII, an Option shall be exercisable during the Option Period in accordance with the following vesting schedule: (i) 25% of the Shares subject to the Option shall vest on the first anniversary of the Grant Date; (ii) an additional 25% of the Shares shall vest on the second anniversary of the Grant Date; (iii) an additional 25% of the Shares shall vest on the third anniversary of the Grant Date; and (iv) the remaining 25% of the Shares subject to the Option shall vest on the fourth anniversary of the Grant Date. Notwithstanding the foregoing, the Administrator may specify a different vesting schedule.

2. Any vested portion of an Option not exercised hereunder shall accumulate and be exercisable at any time on or before the Termination Date, subject to the rules set forth in Sections III.E, V, VI and VII. No Option may be exercised for less than 5% of the total number of Shares then available for exercise under such Option. In no event shall the Company be required to issue fractional shares.

E. Termination of Employment. In addition to the terms set forth in the Plan with respect to termination of employment:

1. Except as provided in the last sentence of this Section III.E.1, if, during the Option Period, a Participant ceases to be a bona fide employee of the Company or an Affiliate due to his or her Retirement that occurs at least one year following the Grant Date, or due to his or her Disability or death, then in addition to any Shares vested under the Option Agreement prior to the date of such Retirement, Disability or death, the Option shall vest in the number of Shares equal to 25% of the number of Shares originally subject to the Option, multiplied by the number of whole months between the most recent anniversary date of the Option grant and the date of such Retirement, Disability or death, and divided by 12. Notwithstanding the foregoing, the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the terms of the Plan.

2. If a Participant who ceases to be a bona fide employee of the Company or an Affiliate is subsequently rehired prior to the expiration of his or her Option, then the Option shall continue to remain outstanding until such time as the Participant subsequently terminates employment or the Option otherwise terminates pursuant to this Statement of Terms and Conditions. Upon the Participant's subsequent termination of employment, the post-termination exercise period calculated pursuant to the terms and conditions of this Section III.E shall be reduced by the number of days between the date of the Participant's initial termination of employment and his or her rehire date; *provided*, *however*, that if the rehired Participant continues to be employed by the Company or an Affiliate for at least one year from his or her rehire date, then the post-termination exercise period for the Option shall be determined in accordance with the Plan and shall not be adjusted as described above.

F. Method of Exercise. A Participant may exercise an Option with respect to all or any part of the exercisable Shares as follows:

1. By giving the Company, or its authorized representative designated for this purpose, written notice of such exercise specifying the number of Shares as to which the Option is so exercised. Such notice shall be accompanied by an amount equal to the Exercise Price of such Shares, in the form of any one or combination of the following:

   a. cash or certified check, bank draft, postal or express money order payable to the order of the Company in lawful money of the United States;

b. if approved by the Company at the time of exercise, personal check of the Participant;

c. if approved by the Company at the time of exercise, a “net exercise” pursuant to which the Company will not require a payment of the Exercise Price from the Participant but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares that has a Fair Market Value that does not exceed the aggregate Exercise Price. With respect to any remaining balance of the aggregate Exercise Price, the Company shall accept payment in a form identified in (a) or (b) of this section;

d. if approved by the Company at the time of exercise, by tendering to the Company or its authorized representative Shares having a Fair Market Value, as determined by the Company, equal to the Exercise Price. In the event a Participant tenders Shares to pay the Exercise Price, tender of Shares acquired through exercise of an Incentive Stock Option may result in unfavorable income tax consequences unless such Shares are held for at least two years from the Grant Date of the Incentive Stock Option and one year from the date of exercise of the Incentive Stock Option;

e. if approved by the Company at the time of exercise, delivery (including by facsimile or email transmission) to the Company or its authorized representative of an executed irrevocable option exercise form together with irrevocable instructions to an approved registered investment broker to sell Shares in an amount sufficient to pay the Exercise Price plus any minimal applicable withholding taxes and to transfer the proceeds of such sale to the Company; and

2. If required by the Company, by giving satisfactory assurance in writing, signed by the Participant, the Participant shall give his or her assurance that the Shares subject to the Option are being purchased for investment and not with a view to the distribution thereof; provided that such assurance shall be deemed inapplicable to (i) any sale of the Shares by such Participant made in accordance with the terms of a registration statement covering such sale, which has heretofore been (or may hereafter be) filed and become effective under the Securities Act of 1933, as amended (the “Securities Act”) and with respect to which no stop order suspending the effectiveness thereof has been issued, and (ii) any other sale of the Shares with respect to which, in the opinion of counsel for the Company, such assurance is not required to be given in order to comply with the provisions of the Securities Act.

G. Limitations on Transfer. An Option shall, during a Participant's lifetime, be exercisable only by the Participant. No Option or any right granted thereunder shall be transferable by the Participant by operation of law or otherwise, other than as set forth in the Plan. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of an Option or of any right thereunder, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Option by notice to the Participant and the Option shall thereupon become null and void.

H. No Shareholder Rights. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Shares subject to an Option except to the extent that an Option has been exercised.

IV. RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND PERFORMANCE SHARES

A. Agreement. A Restricted Stock Award, Restricted Stock Unit Award, or Performance Share Award granted under the Plan shall be evidenced by an Award Agreement to be executed by the Participant and the Company setting forth the terms and conditions of the Award. Each Award Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan, except as may otherwise be determined by the Administrator.

B. Special Restrictions. Each Restricted Stock Award, Restricted Stock Unit Award, or Performance Share Award made under the Plan shall contain the following terms, conditions and restrictions, except as may otherwise be determined by the Administrator.

1. Restrictions. Until the restrictions imposed on any Restricted Stock Award shall lapse, shares of Restricted Stock granted to a Participant: (a) shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of, and (b) shall, if the Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate for any reason (except as otherwise provided in the Plan or in Section IV.B.2) be returned to the Company forthwith, and all the rights of the Participant to such Shares shall immediately terminate. A Participant shall not be permitted to sell, transfer, pledge, assign or encumber such Restricted Stock Units or Performance Shares, other than pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act. If a Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate (except as otherwise provided in the

Plan or in Section IV.B.2) prior to the lapse of the restrictions imposed on a Restricted Stock Unit Award or Performance Share Award, the unvested portion of the Restricted Stock Unit Award or Performance Share Award shall be forfeited to the Company, and all the rights of the Participant to such Award shall immediately terminate. If a Participant is absent from work with the Company or an Affiliate because of his or her short-term disability or because the Participant is on an approved leave of absence, if the period of such leave does not exceed six months (or if longer, so long as the individual retains a right to reemployment with the Company under an applicable statute or by contract), the Participant shall not be deemed during the period of any such absence, by virtue of such absence alone, to have experienced a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate except as the Administrator may otherwise expressly determine. Notwithstanding the foregoing, if the Participant is on a voluntary leave of absence for the purpose of serving the government of the country of which the Participant is a citizen or in which the Participant's principal place of employment is located, such leave shall be considered an approved leave of absence.

2. Certain Terminations of Employment.

a. Restricted Stock Awards and Restricted Stock Unit Awards. Notwithstanding any provision contained in the Plan to the contrary, and except as provided in the last sentence of this Section IV.B.2.a, if a Participant who has been in the continuous employment of the Company or an Affiliate since the Grant Date of a Restricted Stock Award or Restricted Stock Unit Award that remains outstanding ceases to be a bona fide employee of the Company or an Affiliate, which cessation constitutes a "separation from service" under Section 409A of the Code and which is a result of Retirement that occurs at least one year following the Grant Date or a result of Disability or death, then the restrictions shall lapse as to the number of Shares or Share Equivalents equal to: (i) the number of Shares or Share Equivalents originally subject to the Award, multiplied by (ii) a fraction (x) the number of whole months between the Grant Date and the date of such separation from service, divided by (y) 36, less (iii) the number of Shares or Share Equivalents originally subject to the Award that have already become vested. Notwithstanding the foregoing, the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the terms of the Plan and Code Section 409A.

b. <u>Performance Share Awards</u>. Notwithstanding any provision contained in the Plan to the contrary, and except as provided in the last sentence of this Section IV.B.2.b, if a Participant who has been in the continuous employment of the Company or an Affiliate since the Grant Date of a Performance Share Award that remains outstanding ceases to be a bona fide employee of the Company or an Affiliate as a result of Retirement that occurs at least one year following the Grant Date, or as a result of Disability or death, or whose employment is terminated by the Company or an Affiliate without Cause at least one year following the Grant Date, then at the end of the performance period the restrictions shall lapse as to the number of Share Equivalents equal to: (i) the number of Performance Shares vested in accordance with the performance objectives established by the Administrator for the Award, multiplied by a fraction (x) the number of whole months between the Grant Date and the date of such Retirement, Disability, death or termination without Cause, divided by (y) the number of months in the performance period. Notwithstanding the foregoing, (A) the Administrator may specify a different provision regarding vesting upon termination of employment due to Retirement, Disability or death, or any other reason, subject to the terms of the Plan, and (B) in the event of a Participant whose employment is terminated by the Company or an Affiliate without Cause at least one year following the Grant Date, the foregoing vesting will be subject to the Participant signing (and not revoking) a release in the form specified by the Company not later than the date specified by the Company but in no event later than sixty days following termination of employment that constitutes a "separation from service".

C. <u>Dividends, Dividend Equivalents, and Business Transactions</u>. Upon cash dividends being paid on outstanding shares of the Company's common stock, dividends shall be paid with respect to Restricted Stock during the Restriction Period and shall be converted to additional shares of Restricted Stock, which shall be subject to the same restrictions as the original Award for the duration of the Restricted Period. Upon cash dividends being paid on outstanding shares of the Company's common stock, dividend equivalents shall be credited in respect of Restricted Stock Units and Performance Shares, which shall be converted into additional Restricted Stock Units or Performance Shares, which will be subject to all of the terms and conditions of the underlying Restricted Stock Unit Award or Performance Share Award, including the same vesting restrictions as the underlying Award. Upon stock dividends being paid on outstanding shares of the Company's common stock or a Business Transaction, the Administrator is authorized to take such actions and make such changes with respect to outstanding Awards, including the performance criteria for the termination of restrictions on Awards, as are consistent with the Plan and this Statement of Terms and Conditions to effect the terms of the Awards.

D. Election to Recognize Gross Income in the Year of Grant. If any Participant validly elects within thirty days of the Grant Date to include in gross income for federal income tax purposes an amount equal to the Fair Market Value of the Shares of Restricted Stock granted on the Grant Date, such Participant shall pay to the Company, or make arrangements satisfactory to the Administrator to pay to the Company in the year of such grant, any federal, state or local taxes required to be withheld with respect to such shares in accordance with Section VIII.F.

E. No Shareholder Rights for Restricted Stock Units or Performance Shares. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Share Equivalents subject to a Restricted Stock Unit Award or Performance Share Award except to the extent that a stock certificate (or other evidence of ownership) has been issued by the Company with respect to such Shares upon the payment of any vested Restricted Stock Unit Award or Performance Share Award.

F. Time of Payment of Restricted Stock Units and Performance Shares.

1. Subject to Section IV.F.2 below, upon the lapse of the restriction imposed on Restricted Stock Unit Awards or Performance Share Awards, all Restricted Stock Units and Performance Shares that were not forfeited pursuant to Sections IV.B.1, V or VI shall be paid to the Participant as soon as reasonably practicable after the restrictions lapse but not later than 60 days following the date on which the restrictions lapse. Notwithstanding the foregoing or any other provision of the Statement of Terms and Conditions or the Plan, payment in the case of Performance Share Awards shall be made within the short-term deferral period specified in Code Section 409A. Payment shall be made in Shares in the form of a stock certificate (or other evidence of ownership as determined by the Company). The foregoing notwithstanding, the Participant may elect to defer payment of the Restricted Stock Units in the manner described in Section IV.G.

2. To the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable pursuant to Section IV.F of this Statement of Terms and Conditions during the six-month period immediately following a Participant's termination of employment shall instead be paid on the first business day after the date that is six months following the Participant's "separation from service" (within the meaning of Section 409A of the Code) or upon the Participant's death, if earlier.

G. Deferral Election. Each Participant, pursuant to rules established by the Administrator, may be entitled to elect to defer all or a percentage of any payment in respect of a Restricted Stock Unit Award or Performance Shares that he or she may be entitled to receive as determined pursuant to Section IV.F. This election shall be made by giving notice in a manner and within the time prescribed by the Administrator and in compliance with Code Section 409A. Each Participant must indicate the percentage (expressed in whole percentages) he or she chooses to defer of any payment he or she may be entitled to receive. If no notice is given, the Participant shall be deemed to have made no deferral election. Each deferral election filed with the Company shall become irrevocable in accordance with the terms and conditions of the Company's Deferred Compensation Plan (or any successor plan) and in compliance with Code Section 409A.

V. SPECIAL FORFEITURE AND REPAYMENT RULES IN THE EVENT OF CONDUCT CONSTITUTING CAUSE

Any other provision of this Statement of Terms and Conditions to the contrary notwithstanding, if the independent members of the Board or the Independent Committee determines that a Participant has engaged in conduct which constitutes Cause, the following provisions shall apply:

A. Any outstanding Option shall immediately and automatically terminate, be forfeited and shall cease to be exercisable, without limitation. In addition, any Shares of Restricted Stock, Restricted Stock Units or Performance Shares as to which the restrictions have not lapsed shall immediately and automatically be forfeited, all of the rights of the Participant to such Shares or Share Equivalents shall immediately terminate, and any Restricted Stock shall be returned to the Company.

B. The lapse of restrictions on or vesting of Restricted Stock, Restricted Stock Units, or Performance Shares that have vested or upon which the restrictions have lapsed within the 36-month period immediately prior to the date it is determined that the Participant engaged in conduct constituting Cause (the "Determination Date") shall be rescinded and all outstanding Awards shall be cancelled. The Participant shall deliver to the Company the Shares delivered upon vesting or lapse of restrictions if such vesting or lapse of restrictions has been rescinded and the Shares retained by the Participant.

C. The independent members of the Board or the Independent Committee may, to the extent permitted by applicable law, rescind any Awards made to the Participant within the 36-month period immediately prior to the Determination Date.

D. The independent members of the Board or the Independent Committee may, to the extent permitted by applicable law, recover any gains realized from the sale of vested Shares or the sale or other disposition of any Shares issued or issuable upon the exercise of an Option, in the case of any such sale or other disposition during the 36-month period immediately prior to the Determination Date.

The independent members of the Board or the Independent Committee shall determine in such body's sole discretion whether the Participant has engaged in conduct that constitutes Cause.

Any provision of this Section V which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section V.

VI. RECOUPMENT IN THE EVENT OF A RESTATEMENT

Any other provision of this Statement of Terms and Conditions to the contrary notwithstanding, if the Company's financial statements are the subject of a restatement due to misconduct, fraud or malfeasance, then the following shall apply:

A. To the extent permitted by governing law, the independent members of the Board or the Independent Committee may, in its discretion, (1) rescind any Excess Equity Award or portion thereof paid to an Executive Officer within the 36-month period immediately prior to the date such material restatement is first publicly disclosed and (2) in the event that an Executive Officer has sold or otherwise disposed of some or all of the Shares subject to the Excess Equity Award, recover any gains made from the sale or other disposition of such Shares that was effected during the 36-month period immediately prior to the date such material restatement is first publicly disclosed. In no event shall the Company be required to award an Executive Officer additional equity incentive compensation should the restated financial statements result in a higher equity incentive payment.

B. In addition to the foregoing, the independent members of the Board or the Independent Committee may, in its discretion, require that an Executive Officer pay the Company, in cash and upon demand, Option Proceeds resulting from the sale or other disposition of Shares issued or issuable upon the exercise of an Option if the sale or disposition was effected during the 36-month period immediately prior to the date such material restatement is first publicly disclosed.

Any provision of this Section VI which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section VI.

VII. CHANGE-IN-CONTROL

A. Effect of Change-in-Control on Options. Subject to the limitations set forth in Section VII.C, in the event of a Change-in-Control, the surviving, continuing, successor, or purchasing Company or other business entity or parent thereof, as the case may be (the “Acquiror”) may, without the consent of any Participant, either assume or continue the Company’s rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options covering the Acquiror’s stock. All Options assumed or continued by the Acquiror in connection with a Change-in-Control will become fully vested and exercisable if the Participant’s employment is terminated without Cause at any time during the 12-month period following the Change-in-Control.

Any Option granted one year or more prior to the Change-in-Control that is neither assumed nor continued by the Acquiror in connection with the Change-in-Control shall, contingent on the Change-in-Control, become fully vested and exercisable immediately prior to the Change-in-Control. Any Option granted less than one year prior to the Change-in-Control that is neither assumed nor continued by the Acquiror in connection with the Change-in-Control shall, to the extent not previously vested and exercisable, immediately prior to the Change-in-Control become vested and exercisable as to the number of Shares subject to such Option equal to (i) the number of Shares originally subject to such Option, multiplied by a fraction (ii) the number of whole months between the Grant Date and the Change-in-Control, divided by (iii) the number of months between the Grant Date and the date on which all Shares originally subject to such Option would have been fully vested and exercisable; and such Option shall terminate with respect to all remaining Shares subject to such Option.

B. Effect of Change-in-Control on Awards Other than Options. Subject to the limitations set forth in Section VII.C, in the event of a Change-in-Control, the Acquiror may, without the consent of any Participant, either assume or continue the Company’s rights and obligations under outstanding Awards other than Options or substitute for such Awards substantially equivalent awards covering the Acquiror’s stock. All Awards other than Options assumed or continued by the Acquiror in connection with a Change-in-Control will become fully vested and all restrictions on such Awards will lapse if the Participant’s employment is terminated without Cause at any time during the 12-month period following the Change-in-Control. Any Award that is neither assumed nor continued by the Acquiror in connection with the Change-in-Control (or, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, any

Award which at the time of the Change-in-Control is otherwise considered to be vested for purposes of Code Section 409A) shall, upon the Change-in- Control, become fully vested and all restrictions shall be released immediately prior to the Change-in-Control, and such Award shall become immediately payable. Notwithstanding anything in this Section VII.B to the contrary, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, if the Change-in-Control does not constitute a "change in control event" of the Company within the meaning of Code Section 409A, such Award will vest as provided in this Section VII.B, but will be payable to the Participant in accordance with the provisions of Section IV.

C. Excess Parachute Payments. Subject to a Severance Agreement between the Participant and the Company approved by the Board or the Committee, if any amount or benefit to be paid or provided under an Award or any other agreement between a Participant and the Company would be an Excess Parachute Payment but for the application of this sentence, then the payments and benefits to be paid or provided under the Award 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. The determination of whether any reduction in such payments or benefits to be provided under the Award or any other agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of the Company by independent accountants or the Company's benefits consultant. The fact that the Participant's right to payments or benefits may be reduced by reason of the limitations contained in this paragraph will not of itself limit or otherwise affect any other rights of the Participant under any other agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this paragraph, the Participant will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this paragraph. The Company will provide the Participant with all information reasonably requested by the Participant to permit the Participant to make such designation. In the event that the Participant fails to make such designation within 10 business days after receiving notice from the Company of a reduction under this paragraph, the Company may effect such reduction in any manner it deems appropriate.

VIII. MISCELLANEOUS

A. No Effect on Terms of Employment. Subject to the terms of any employment contract entered into by the Company and a Participant to the contrary, the Company (or an Affiliate which employs him or her) shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever.

B. Grants to Participants in Foreign Countries. In making grants to Participants in foreign countries, the Administrator has the full discretion to deviate from this Statement of Terms and Conditions in order to adjust Awards under the Plan to prevailing local conditions, including custom and legal and tax requirements.

C. Information Notification. Any information required to be given under the terms of an Award Agreement shall be addressed to the Company in writing by mail, overnight delivery service, or by electronic transmission to the Senior Vice President, Human Resources and the Assistant Vice President & Director of Compensation. Any notice to be given to a Participant shall be given in writing by mail, overnight delivery service, or by electronic transmission.

D. Administrator Decisions Conclusive. All decisions of the Administrator administering the Plan upon any questions arising under the Plan, under this Statement of Terms and Conditions, or under an Award Agreement, shall be conclusive.

E. No Effect on Other Benefit Plans. Nothing herein contained shall affect a Participant's right to participate in and receive benefits from and in accordance with the then current provisions of any pensions, insurance or other employment welfare plan or program offered by the Company.

F. Withholding. Each Participant shall agree to make appropriate arrangements with the Company and his or her employer for satisfaction of any applicable federal, state or local income tax withholding requirements or payroll tax requirements. If approved by the Company at the time of exercise, such arrangements may include an election by a Participant to have the Company retain some portion of the Stock acquired pursuant to exercise of an Option to satisfy such withholding requirements. The election must be made prior to the date on which the amount to be withheld is determined. If a qualifying election is made, then upon exercise of an Option, in whole or in part, the Company will retain the number of Shares having a value equal to the amount necessary to satisfy any withholding requirements. Calculation of the number of Shares to be withheld shall be made based on the Fair Market Value of the Stock. In no event, however, shall the Company be required to issue fractional shares of Stock. The Administrator shall be authorized to establish such rules, forms and procedures as it deems necessary to implement the foregoing.

With respect to the vesting of an Award other than an Option, the Company shall retain the number of Shares (that otherwise would have been payable to the Participant) having a value equal to the amount necessary to satisfy any minimal withholding requirements. Calculation of the number of such Shares shall be as described above.

G. Successors. This Statement of Terms and Conditions and the Award Agreements shall be binding upon and inure to the benefit of any successor or successors of the Company. “Participant” as used herein shall include the Participant’s Beneficiary.

H. Governing Law. The interpretation, performance, and enforcement of this Statement of Terms and Conditions and all Award Agreements shall be governed by the laws of the State of Delaware.

ABM INDUSTRIES INCORPORATED
STATEMENT OF TERMS AND CONDITIONS APPLICABLE
TO OPTIONS, RESTRICTED STOCK AND RESTRICTED STOCK UNITS
GRANTED TO NON-EMPLOYEE DIRECTORS PURSUANT TO
THE 2006 EQUITY INCENTIVE PLAN
(For Awards Granted On or After January 1, 2020)

I. INTRODUCTION

The following terms and conditions shall apply to each Award granted under the Plan to a Non-Employee Director eligible to participate in the Plan. This Statement of Terms and Conditions is subject to the terms of the Plan and of any Award made pursuant to the Plan. In the event of any inconsistency between this Statement of Terms and Conditions and the Plan, the Plan shall govern.

II. DEFINITIONS

Capitalized terms not otherwise defined in this Statement of Terms and Conditions shall have the meaning set forth in the Plan. When capitalized in this Statement of Terms and Conditions, the following additional terms shall have the meaning set forth below:

A. "Grant Date" means the date the Administrator grants the Award.

B. "Mandatory Retirement" means the mandatory termination of service by a Non-Employee Director on (but not before) the date of the annual meeting of shareholders next following the attainment of such Director of age 73.

C. "Option Period" means the period commencing on the Grant Date of an Option and, except as otherwise provided in Section III.E, ending on the Termination Date.

D. "Retirement" means the voluntary termination of service by a Non-Employee Director at (i) age 65 or older or (ii) age 55 or older at a time when age plus years of service equals or exceeds 65.

E. "Termination Date" means the date that an Option expires as set forth in the Option Agreement.

III. OPTIONS

A. Option Notice and Agreement. An Option granted under the Plan shall be evidenced by an Option Agreement setting forth the terms and conditions of the Option and the number of Shares subject to the Option. Each Option Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan.

B. Exercise Price. The per Share Exercise Price of an Option, as specified in the Option Agreement, shall be equal to or greater than the per Share Fair Market Value of the Shares underlying the Option on the Grant Date.

C. Option Period. An Option shall be exercisable only during the applicable Option Period, and during such Option Period the exercisability of the Option shall be subject to the vesting provisions of Section III.D as modified by the rules set forth in Sections III.E and V. The Option Period shall be not more than seven years from the Grant Date.

D. Vesting of Right to Exercise Options.

1. Except as provided in Sections III.E and V, an Option shall be exercisable during the Option Period in accordance with the following vesting schedule: (i) one-third of the Shares subject to the Option shall vest on the first anniversary of the Grant Date; (ii) an additional one-third of the Shares shall vest on the second anniversary of the Grant Date; and (iii) the remaining one-third of the Shares subject to the Option shall vest on the third anniversary of the Grant Date. Notwithstanding the foregoing, the Administrator may specify a different vesting schedule at the time the Option is granted and as specified in the Option Agreement.

2. Any vested portion of an Option not exercised hereunder shall accumulate and be exercisable at any time on or before the Termination Date, subject to the rules set forth in Section III.E and V. No Option may be exercised for less than 5% of the total number of Shares then available for exercise under such Option. In no event shall the Company be required to issue fractional shares.

E. Termination of Service due to Retirement. If, during the Option Period, a Participant ceases to be a Director of the Company due to his or her Retirement at least one year following the Grant Date, then in addition to any Shares vested under the Option Agreement prior to the date of such Retirement, the Option shall vest in the number of Shares equal to one-third of the number of Shares originally subject to the Option, multiplied by the number of whole months between the most recent anniversary date of the Grant Date and the date of such Retirement, and divided by 12.

F. Termination of Service due to Mandatory Retirement, Disability or Death. If, during the Option Period, a Participant ceases to be a Director of the Company due to his or her Mandatory Retirement at least one year following the Grant Date, Disability or death, in addition to any Shares vested under the Option Agreement prior to the date of such Mandatory Retirement, Disability or death, the Option shall immediately vest on the date of such Mandatory Retirement, Disability or death.

G. <u>Method of Exercise</u>. A Participant may exercise an Option with respect to all or any part of the exercisable Shares as follows:

1. By giving the Company, or its authorized representative designated for this purpose, written notice of such exercise specifying the number of Shares as to which the Option is so exercised. Such notice shall be accompanied by an amount equal to the Exercise Price of such Shares, in the form of any one or combination of the following:

    a. cash or a certified check, bank draft, postal or express money order payable to the order of the Company in lawful money of the United States;

    b. if approved by the Company at the time of exercise, personal check of the Participant;

    c. if approved by the Company at the time of exercise, a "net exercise" pursuant to which the Company will not require a payment of the Exercise Price from the Participant but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares that has a Fair Market Value that does not exceed the aggregate Exercise Price. With respect to any remaining balance of the aggregate Exercise Price, the Company shall accept a payment in a form identified in (a) or (b) of this section;

    d. if approved by the Company at the time of exercise, by tendering to the Company or its authorized representative Shares prior to said tender, and having a fair market value, as determined by the Company, equal to the Exercise Price; or

    e. if approved by the Company at the time of exercise, delivery (including by facsimile or email transmission) to the Company or its authorized representative of an executed irrevocable option exercise form together with irrevocable instructions to an approved registered investment broker to sell Shares in an amount sufficient to pay the Exercise Price and to transfer the proceeds of such sale to the Company.

2. If required by the Company, the Participant shall give his or her assurance in writing, signed by the Participant, that the Shares subject to the Option are being purchased for investment and not with a view to the distribution thereof; provided that such assurance shall be deemed inapplicable to (i) any sale of the Shares by such Participant made in accordance with the terms of a registration statement covering such sale, which has heretofore been (or may hereafter be) filed and become effective under the Securities

Act of 1933, as amended (the “Securities Act”) and with respect to which no stop order suspending the effectiveness thereof has been issued, and (ii) any other sale of the Shares with respect to which, in the opinion of counsel for the Company, such assurance is not required to be given in order to comply with the provisions of the Securities Act.

H. Limitations on Transfer. An Option shall, during a Participant’s lifetime, be exercisable only by the Participant. No Option or any right granted under the Plan shall be transferable by the Participant by operation of law or otherwise, other than as set forth in the Plan. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of an Option or of any right under the Plan, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Option by notice to the Participant and the Option shall thereupon become null and void.

I. No Shareholder Rights. Neither a Participant nor any person entitled to exercise a Participant’s rights in the event of the Participant’s death shall have any of the rights of a shareholder with respect to the Shares subject to an Option except to the extent that an Option has been exercised.

IV. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

A. Agreement. A Restricted Stock Award or Restricted Stock Unit Award granted under the Plan shall be evidenced by an Award Agreement to be executed by the Participant and the Company setting forth the terms and conditions of the Award. Each Award Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan.

B. Special Restrictions. Each Restricted Stock Award or Restricted Stock Unit Award made under the Plan shall contain the following terms, conditions and restrictions and such additional terms, conditions and restrictions as may be determined by the Administrator; provided, however, that no Award shall be subject to additional terms, conditions and restrictions which are more favorable to a Participant than the terms, conditions and restrictions set forth in the Plan, the Restricted Stock Agreement, Restricted Stock Unit Award Agreement, or this Statement of Terms and Conditions.

1. Restrictions. Until the restrictions imposed on any Restricted Stock Award or Restricted Stock Unit Award shall lapse, shares of Restricted Stock or Restricted Stock Units granted to a Participant: (a) shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of, and (b) shall, if the Participant experiences a “separation from service” (within the meaning of Section 409A of the Code) from the Company for any reason (except as otherwise provided in the Plan or in Sections IV.B.2 or V) be returned to the Company forthwith, and all the

rights of the Participant to such Shares or Restricted Stock Units shall immediately terminate. A Participant shall not be permitted to sell, transfer, pledge, assign or encumber such Restricted Stock or Restricted Stock Units, [other than pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act.] If a Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) (except as otherwise provided in the Plan or in Sections IV.B.2 or V prior to the lapse of the restrictions imposed on Restricted Stock or a Restricted Stock Unit Award), the unvested portion of the Restricted Stock or Restricted Stock Unit Award shall be forfeited to the Company, and all the rights of the Participant to such Award shall immediately terminate.

2. Termination of Service by Reason of Retirement. Notwithstanding any provision contained herein or in the Plan or the Restricted Stock Agreement or Restricted Stock Unit Agreement to the contrary, if a Participant who has been serving as a Director of the Company since the Grant Date of a Restricted Stock Award or Restricted Stock Unit Award that remains outstanding ceases to be a Director of the Company, which cessation constitutes a "separation from service" within the meaning of Section 409A of the Code and which is a result of Retirement at least one year following the Grant Date, then the restrictions shall lapse as to the number of Shares or Share Equivalents equal to: (i) the number of Shares or Share Equivalents originally subject to the Award, multiplied by a fraction (ii) the number of whole months between the Grant Date and the date of such Retirement and divided by 12.

3. Termination of Service by Reason of Mandatory Retirement, Disability or Death. Notwithstanding any provision contained herein or in the Plan or the Restricted Stock Agreement or Restricted Stock Unit Agreement to the contrary, if a Participant who has been serving as a Director of the Company since the Grant Date of a Restricted Stock Award or Restricted Stock Unit Award that remains outstanding ceases to be a Director of the Company, which cessation constitutes a "separation from service" within the meaning of Section 409A of the Code and which is the result of Mandatory Retirement at least one year following the Grant Date, Disability or death,, then the restrictions shall immediately lapse, on the date of such Mandatory Retirement, Disability or death, as to all Shares or Share Equivalents that had not previously lapsed.

C. Dividends or Dividend Equivalents. Upon dividends being paid on outstanding Shares of the Company's common stock, dividends shall be paid with respect to Restricted Stock during the Restriction Period and shall be converted to additional Shares of Restricted Stock at the Fair Market Value on the date of payment, which shall be subject to the same restrictions as the original Award for the duration of the Restricted Period. Upon dividends being paid on outstanding Shares of the Company's common stock, dividend equivalents shall be credited in respect of Restricted Stock Units, which shall be converted into additional Restricted Stock Units at the Fair Market Value on the date of payment, which will be subject to all of the terms and conditions of the underlying Restricted Stock Unit Award, including the same vesting restrictions as the underlying Award.

D. No Shareholder Rights for Restricted Stock Units. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Share Equivalents subject to a Restricted Stock Unit Award except to the extent that restrictions have lapsed and Shares have been issued upon the payment of any vested Restricted Stock Unit Award.

E. Time of Payment of Restricted Stock Units.

1. Subject to Section IV.E.2 below, upon the lapse of the restriction imposed on Restricted Stock Unit Awards, all Restricted Stock Units that were not forfeited pursuant to Section IV.B.1 shall be paid to the Participant as soon as reasonably practicable after the restrictions lapse but not later than 75 days following the date on which the restrictions lapse. Payment shall be made in Shares.

2. To the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable pursuant to Section IV.E of this Statement of Terms and Conditions during the six-month period immediately following a Participant's termination of employment shall instead be paid on the first business day after the date that is six months following the Participant's "separation from service" (within the meaning of Section 409A of the Code) or upon the Participant's death, if earlier.

V. CHANGE-IN-CONTROL

A. Effect of Change-in-Control on Options. In the event of a Change-in-Control, the surviving, continuing, successor, or purchasing Company or other business entity or parent thereof, as the case may be (the "Acquiror") may, without the consent of any Participant, either assume or continue the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options covering the Acquiror's stock. All Options assumed or continued by the Acquiror in connection with a Change-in-Control will become fully vested and exercisable if the Participant's service is terminated without Cause at any time during the 12-month period following the Change-in-Control.

Any Option granted one year or more prior to the Change-in-Control that is neither assumed nor continued by the Acquiror in connection with the Change-in-

Control shall, contingent on the Change-in-Control, become fully vested and exercisable immediately prior to the Change-in-Control. Any Option granted less than one year prior to the Change-in-Control that is neither assumed nor continued by the Acquiror in connection with the Change-in-Control shall, to the extent not previously vested and exercisable, immediately prior to the Change-in-Control become vested and exercisable as to the number of Shares subject to such Option equal to (i) the number of Shares originally subject to such Option, multiplied by a fraction (ii) the number of whole months between the Grant Date and the Change-in-Control, divided by (iii) the number of months between the Grant Date and the date on which all Shares originally subject to such Option would have been fully vested and exercisable; and such Option shall terminate with respect to all remaining Shares subject to such Option.

B. Effect of Change-in-Control on Awards Other than Options. In the event of a Change-in-Control, the Acquiror may, without the consent of any Participant, either assume or continue the Company's rights and obligations under outstanding Awards other than Options or substitute for such Awards substantially equivalent awards covering the Acquiror's stock. All Awards other than Options assumed or continued by the Acquiror in connection with a Change-in-Control will become fully vested and all restrictions on such Awards will lapse if the Participant's service is terminated without Cause at any time during the 12-month period following the Change-in-Control. Any Award that is neither assumed nor continued by the Acquiror in connection with the Change-in-Control (or, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, any Award which at the time of the Change-in-Control is otherwise considered to be vested for purposes of Code Section 409A) shall, upon the Change-in- Control, become fully vested and all restrictions shall be released immediately prior to the Change-in-Control, and such Award shall become immediately payable. Notwithstanding anything in this Section V.B to the contrary, with respect to any Award that constitutes deferred compensation within the meaning of Code Section 409A, if the Change-in-Control does not constitute a "change in control event" of the Company within the meaning of Code Section 409A, such Award will vest as provided in this Section V.B, but will be payable to the Participant in accordance with the provisions of Section IV.

VI. MISCELLANEOUS

A. Grants to Participants in Foreign Countries. In making grants to Participants in foreign countries, the Administrator has the full discretion to deviate from this Statement of Terms and Conditions in order to adjust Awards under the Plan to prevailing local conditions, including custom and legal and tax requirements.

B. Information Notification. Any information required to be given under the terms of an Award Agreement shall be addressed to the Company in care of the General Counsel and Corporate Secretary, and any notice to be given to a Participant shall be addressed to him or her at the address indicated beneath his or her name on the Award Agreement or such other address as either party may designate in writing to the other. Any such notice shall be deemed to have been duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified and deposited (postage or registration or certification fee prepaid) in a post office or branch post office regularly maintained by the United States.

C. Administrator Decisions Conclusive. All decisions of the Administrator administering the Plan upon any questions arising under the Plan, under this Statement of Terms and Conditions, or under an Award Agreement, shall be conclusive.

D. No Effect on Other Benefit Plans. Nothing herein contained shall affect a Participant's right to participate in and receive benefits from and in accordance with the then current provisions of any pensions, insurance or other employment welfare plan or program offered by the Company to its non-employee directors.

E. Tax Payments. Each Participant shall agree to satisfy any applicable federal, state or local income taxes associated with an Award.

F. Successors. This Statement of Terms and Conditions and the Award Agreements shall be binding upon and inure to the benefit of any successor or successors of the Company. "Participant" as used herein shall include the Participant's Beneficiary.

G. Governing Law. The interpretation, performance, and enforcement of this Statement of Terms and Conditions and all Award Agreements shall be governed by the laws of the State of Delaware.

Exhibit 31.1

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

I, Scott Salmirs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 5, 2020

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

Exhibit 31.2

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

I, D. Anthony Scaglione, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 5, 2020

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

Exhibit 32

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

In connection with the Quarterly Report of ABM Industries Incorporated (the “Company”) for the quarter ended January 31, 2020, 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 5, 2020	/s/ Scott Salmirs Scott Salmirs Chief Executive Officer (Principal Executive Officer)
March 5, 2020	/s/ D. Anthony Scaglione D. Anthony Scaglione Chief Financial Officer (Principal Financial Officer)