



# A Year of Firsts





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# From the President

## Dear Stockholders, Employees and other Friends of ABM:

Fiscal 2013 was not only a year of record revenue and operating profit for ABM, it was also a year of many significant milestones, including a record-breaking number of clients and square footage serviced, new and innovative facility solutions, and an expanded international presence (through our acquisitions of Air Serv and Blackjack Promotions).

Last year, I wrote to you about the many changes underway as we rebranded ABM, integrated our service lines and worked to create a culture of collaboration. In fiscal 2013, we continued to build on these changes by realigning our infrastructure to support our new integrated strategy and further developing our end-to-end service delivery model.

Our relationships with our clients have always been at the heart of everything we do at ABM, and we have built our business on listening to their needs. In today's environment, our clients require a partner with deep knowledge of their industries and an understanding of the unique challenges they face, as well as the ability to turn that knowledge into personalized facility solutions.

We are well positioned to continue delivering record results, reflecting the strength of ABM's people, processes, systems and end-to-end service platform. And we are focused on delivering excellent service to our clients and long-term value to our stockholders as we write the next chapter in ABM's long history.

### Looking Back on a Remarkable Year

By all measures, fiscal 2013 was a banner year for ABM. Our performance reflects the success of our transformation and the expertise of over 100,000 dedicated employees around the world, who each day make a difference to our clients.

Our strategic focus on vertical markets, such as aviation and healthcare, as well as our shift to an onsite, mobile, and on-demand operational model has significantly improved our growth prospects and, in doing so, we achieved a number of milestones in ABM's 104 year history.

In fiscal 2013, our revenues exceeded \$4.8 billion and we achieved net income of \$73 million and Adjusted EBITDA<sup>1</sup> of \$206 million, the first time that ABM has surpassed the \$200 million threshold.

<sup>1</sup> See accompanying Financial Reports for reconciliation of these non-GAAP financial measures to certain GAAP financial measures.

We achieved our fifth year of operating cash flow and free cash flow<sup>1</sup> exceeding \$100 million and we ended fiscal 2013 with \$315 million in borrowings under our credit facility, having paid down over \$100 million of the approximately \$200 million borrowed in early fiscal 2013 to fund acquisitions. Following the close of the year, I'm pleased to announce that we amended our credit agreement, increasing our borrowing capacity to \$800 million, providing additional capacity for strategic initiatives.

Our balanced strategy of investing in the business and returning value to shareholders continues to serve us well as we completed five acquisitions in fiscal 2013 and returned more than \$32 million to shareholders through dividends.

Our vertical strategy in healthcare and aviation was anchored by our acquisitions of HHA and Air Serv, and each company has far exceeded our expectations. Air Serv's first year as part of ABM was an unmitigated success as our combined expertise, solutions and manpower, when combined with our other businesses, has created an industry leader that serves more than 100 airports worldwide and generated \$643 million in revenue.

We continue to be pleased with the HHA acquisition as our ability to integrate and grow the business while maintaining a 100% client retention rate was a significant accomplishment. With the recently announced formation of ABM Healthcare Support Services, there is even more opportunity to build this vertical in the coming years, as we leverage our combined healthcare businesses to create an unmatched breadth of services and higher quality care at lower costs for our clients.

In fiscal 2013, we consolidated the daily operations of our Onsite Services of janitorial, parking, security and facility services, which, along with our focus on vertical markets, enabled us to deliver record results and some of the strongest growth rates in recent years.

Our janitorial business ended the year with record revenue and organic growth of over 4% in the fourth quarter—a rate we haven't experienced since the mid-2000s. Parking, security and facility services increased year-over-year operating profit significantly as each business did an outstanding job of adding clients and managing costs. Parking was particularly successful in the aviation market and achieved a milestone of servicing 40 airports nationwide. ABM Security Services

gave the market a compelling reason for using its services and people, and as a result, posted a record year for this segment of our business with top-line growth over 4% and operating profit up 65%.

ABM's Building & Energy Solutions business delivered a record-setting performance in fiscal 2013, with strong contributions across the business, including our HHA Services and Calvert-Jones acquisitions that we made last year. Despite sequestration and the budget challenges, our government business contributed to growth in operating profits as well. Our energy business achieved a number of firsts as our innovations in bundled energy solutions, electric vehicle installation and maintenance and our enhanced expertise in the solar market drove record revenues for this segment. We started our largest energy retrofit job – Wright State – at \$25 million – a fine example of the capabilities our ABM Building & Energy Solutions team brings to the marketplace. And we ended the fiscal year with our best performance; revenue in the fourth quarter grew organically by 10.1% compared to the prior year period and operating profit improved by over 80% on a year-over-year basis. We are thrilled with these stellar results for our Building & Energy Solutions line of business.

We continue to make critical investments in our infrastructure, including upgrading our information technology systems, consolidating back office operations and improving business analytics. During fiscal 2013, we launched our MPower™ platform, which provides mobile access to ABM data systems and enables us to better service our clients.

Finally, we continue to invest in sustainability to help reduce both ABM and our clients' impact on the environment as we believe that continually evolving our sustainability initiatives is critical to our long-term success and ensuring growth throughout all of ABM's operations. As a major employer and international enterprise with countless touch points, we have a responsibility to do our part to minimize our environmental impact and help improve the health of our planet. ABM remains committed to our participation in the U.N. Global Compact and proud to be a part of this strategic policy initiative.

### Continuing to Deliver Value

As pleased as I am with our performance and the changes we enacted to our business in fiscal 2013, I am more excited about the growth opportunities in fiscal 2014 and beyond as we continue to adapt to changing market demands and invest in market-leading solutions to achieve our goal of being the global leader in integrated facility solutions.



ABM is committed to building partnerships and bringing added value to our clients. By being their trusted advisors and working collaboratively, we can address the challenges in their industries and deliver the facility service solutions that best meet their needs.

We are confident that this strategy and the changes we have made over the past few years have positioned ABM to uphold our commitment to our clients to provide consistent, quality, and reliable facility service solutions and in the process, deliver long-term value to our shareholders.

As always, I would like to thank our shareholders for their confidence and dedication. I would also like to acknowledge our clients for their devoted patronage and our employees for their discipline and drive for excellence and to whom we attribute our performance.

We look forward to another rewarding year ahead.

**Henrik C. Slipsager**  
President and Chief Executive Officer

# A Year OF Firsts



Two years ago, ABM transitioned from Service Lines to Solutions. Our clients and the marketplace made it clear that they were looking for personalized facility solutions that addressed the macroeconomic headwinds they faced and the unique challenges they experienced in their industries. We saw a distinct opportunity to go beyond “off-the-shelf” services and become trusted advisors who deliver solutions that address the industry trends that are reshaping their landscape.

For example, in the airline industry, it is the dawn of a new era of mega carriers. Due to consolidation, over 80% of all U.S. air travel will be completed by only four airlines, which impacts the entire supply chain. In the healthcare industry, changes in reimbursement policies and regulatory changes have triggered consolidation and forced cost cutting initiatives. In the education market, declining home prices have resulted in lower property taxes, which directly impact a school district’s budget resulting in furloughs and deferred facility maintenance.

ABM anticipated this environment and in 2013, we fundamentally restructured the Company to mirror market demands, began the transformation

to a sales-driven, operations -checked culture by appointing a corporate sales leader and advanced our end-to-end service delivery model. We consolidated our subject matter experts to foster collaboration within our Onsite Services businesses, completed several strategic acquisitions to bolster our higher margin vertical market solutions and increase our geographic service coverage, and leveraged technology in all of our service lines to improve efficiency and responsiveness while providing clients with real-time access to information.

To set the stage for the changes that were coming, we rebranded the company in 2012 with the tagline, Building Value®, and we remain steadfast in our mission to build value for our clients each and every day through our incredibly dedicated and talented employees. Our rebranding is nearly complete and it has been an unabashed success. Our employees are excited to be rallying behind a unified brand and our brand recognition is increasing. For the first time, thousands of vehicles, parking lot signs, uniforms, collateral and more, all display a single logo. This has enabled people to see ABM performing a vast array of services in a

wide variety of facilities that commonly generates the statement, “I had no idea ABM did that!” We then point them to [abm.com/metropolis](http://abm.com/metropolis) for an interactive view into the world of ABM.

At ABM, our 100,000-plus employees are our greatest asset and are vital to our new direction. Our new corporate sales leader is unifying our sales process, ensuring sales collaboration and education across service lines, and driving client engagement in an integrated fashion. Our Learning & Quality group is implementing leading-edge technology and training techniques to make certain our employees have the highest skills in the industry. We are developing career-paths for field employees to allow them the opportunity to transition out of their current service lines – benefiting them and our clients.

We continued to invest in market-leading solutions and made key advances across all our service lines, particularly with respect to our energy business. The market continues to demand market-leading energy efficiency solutions, which ABM is delivering through our Bundled Energy Solutions program, electric vehicle (EV) installation and maintenance, and our growing expertise in the renewables

world. Within our Onsite Services business, our janitorial services continue to serve as the industry standard as we remain keenly focused on leveraging technology, process improvements and new solutions to clean properties safely, efficiently and sustainably. Our parking business has launched mobile software applications so consumers can quickly find parking locations and pay for them remotely. And our security business had a record year of revenue and profit, driven in part by numerous technological advances aimed at keeping our clients' properties safe in the most efficient ways possible.

In support of our technology-enabled workforce, ABM launched the MPower™ platform, a ubiquitous technology platform – accessible on any smartphone, tablet or laptop – to provide ABM operations managers with anywhere, anytime access to ABM data systems to better service our clients. The MPower platform can provide transaction-level information or aggregated, metric-driven data for improved decision-making in the field. The platform enables ABM's employees to be more mobile and agile in managing operational tasks and ultimately servicing our clients. Through this technology, ABM's operations managers and sales personnel will spend far less time at their desks, allowing for more face-time with clients and front-line employees. Our managers can now more efficiently respond to and manage client demands, along with expanding business.

Finally, ABM's continued and ongoing commitment to enhance the sustainable development of the economy, society, and the environment remains

a driving factor in ABM's operations, both at client sites and internally. For the first time, we're proud to include highlights from our Corporate Sustainability Report within these pages. ABM is one of the few facilities services companies to annually report on corporate sustainability practices based on the Global Reporting Initiative's (GRI) guidelines, and our new corporate sustainability website ([abm.com/sustainability](http://abm.com/sustainability)) augments the information in this report, providing a full rundown of our commitment to sustainability across the enterprise.

We are thrilled our strategies are driving success and proud of our employees for helping us achieve them in a year of significant change. Fiscal year 2013 was a spectacular "Year of Firsts" for ABM, which will be revealed in the pages that follow – clearly demonstrating that a 104-year old company can behave like a start-up. A few of our Company highlights and "Firsts" include:

- Record revenue of \$4.81 billion, an 11.8% increase over 2012
- Income from continuing operations and net income were \$72.9 million, up \$10.2 million and \$10.3 million, respectively, from 2012
- Adjusted income from continuing operations<sup>1</sup> of \$85 million, up \$8.9 million from 2012
- Adjusted EBITDA<sup>1</sup> of \$206 million, the first time we've surpassed \$200 million

<sup>1</sup> See accompanying Financial Reports for reconciliation of these non-GAAP financial measures to certain GAAP financial measures.



We service buildings for over **50%** of Fortune 500 companies







## ABM's Onsite Services Business

Launched in 2013

In 2013, ABM internally launched our Onsite Services business, which consolidated operations between our janitorial, facility services, parking and security business units. The objective was to unite our subject matter experts and foster collaboration in each of our major geographic areas to utilize our full suite of solutions when solving client challenges. Rather than focusing on individual services across a broad geographic area, ABM employees in each of our major markets are now concentrating on educating our current and prospective clients on the vast array of additional solutions available to them.

The restructuring required a considerable amount of work behind the scenes. ABM's restructuring team has worked diligently to appoint market leaders and combine field offices so employees across service lines can be more responsive to client needs. To improve responsiveness even more, we have put real-time client and project-related information in the hands of employees through our MPower technology platform, ultimately allowing ABM to provide clients with the best service delivery experience possible.

The results have been tremendous. Our Onsite Services business units have worked together on numerous service expansions with existing clients, and we've added a number of new clients in 2013 across the businesses based on improved collaboration and refined service offerings.

## Janitorial Firsts

The restructuring of the Onsite Services business has paid dividends for ABM's janitorial business as we saw organic growth in 2013 of 3.0% resulting in all-time record revenue of \$2.47 billion. Fortune 500 and other national companies recognize ABM's unique capability to provide quality, consistent cleaning services across their facility portfolios and our janitorial business secured a number of new contracts and contract expansions among existing clients.

Notable among our new clients was a national Assisted Living company with approximately 270 locations across the U.S. This was one of our largest nationwide roll-outs of environmental services in company history. In the education market, ABM secured a new contract with Beloit School District in Green Bay, WI, to clean 13 facilities, and ABM expanded into Europe alongside partner AEG securing deals to clean the famous O2 sports and entertainment venues in London and Hamburg.

ABM's janitorial business also continues to be a leader in sustainable cleaning practices through bio-based chemicals comprised of renewable ingredients derived from plants. These ingredients are environmentally safer, increase rural economic development, foster domestic production of resources and reduce U.S. dependency on imported products such as foreign oil.

In fact, *Building Services Management* featured an article by Alan France, ABM's Director of Sustainability, in its [May issue](#), which articulated Green Cleaning Techniques in Restrooms.

Each day, we clean  
**2+ Billion**  
square feet of  
buildings



ABM was  
featured in the  
May 2013 issue

## Parking Firsts

ABM Parking Services continued to leverage technology to roll-out ground breaking solutions that provide competitive differentiators for our clients and an enhanced parking experience for their customers.

ABM Parking Services enjoyed a banner year in one of its most critical vertical markets – aviation. In fact, with several new contract wins towards the end of the year, ABM Parking Services hit a new milestone of servicing 40 airports nationwide and is now the sole commercial airport parking provider on all of the Hawaiian Islands.

We're thrilled to report that ABM Parking Services rolled out our Chicago-based 24/7/365 Command Center, enabling ABM to automate parking operations by monitoring and controlling parking functions remotely. Utilizing a network of high-resolution camera systems coupled with Information and Communications Technology (ICT), we can remotely resolve fee collection equipment issues; communicate with parking customers at garage entrances and exit lanes; and correct other parking-related problems without requiring parking attendants. Cost Plus Garage in San Francisco became our first fully automated client in 2013.

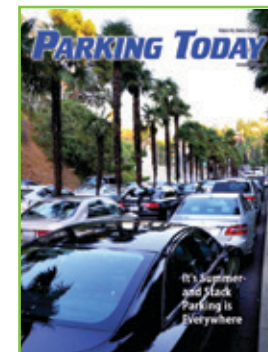
ABM Parking Services announced our new customized mobile application in last year's annual report, and in 2013, we were able to roll-out this groundbreaking technology nationwide. The mobile app, which gives clients access to ABM's comprehensive database, provides real-time parking availability based on location, price, vehicle type and garage occupancy.

We collect  
**\$1.5+ Billion** in  
parking revenue for  
our clients



Available to download free on [iTunes](#) and [Google Play](#), the mobile app also estimates costs, gives door-to-door route guidance, recommends preferred parking spots and provides drivers with a photo of the building's garage entrance. Additionally, ABM has designed a QR code way finding system that was deployed throughout the ABM Parking Services portfolio. By scanning the on-site QR code with a mobile device, drivers are guided back to the garage and floor where their vehicles are located.

Finally, ABM is introducing pay-by-phone capabilities, which allow drivers to quickly, conveniently, and securely pay for parking at ABM-operated facilities simply by using their mobile phones.



Earlier this year, *Parking Today* featured an article by ABM Parking Services Executive Vice President Leonard Carder in its [August issue](#) detailing the paradigm shift towards technology and innovation in the parking services market in an effort to improve the overall client experience.

## Security Firsts

ABM Security Services posted its strongest year in the company's history, posting record revenue of \$381 million and operating profit of \$12.9 million, up 65.2% from 2012.

### AuditMatic®

A key factor in our success within the Security business has been ABM's commitment to technology. Clients want centralized, accurate and structured activity and incident records. ABM uses the AuditMatic software tool for security reporting, which has enabled us to meet this demand. AuditMatic was deployed by ABM several years ago but in 2013, AuditMatic's mobile application was repurposed so that it can run on most smart phones, PDAs and tablets to make it easier to deploy.

Deployed across various client sites – including high rise buildings, malls, schools, refineries, distribution centers, business parks, and hospitals - AuditMatic provides ABM clients with permanent database records that include time stamps, photos, and required security audit data that is verified by the program itself. These real-time, electronic records help reduce client risk and many times resolve situations that could potentially escalate otherwise. Additionally, clients have responded very favorably to the professional image the technology conveys when used by our officers, and AuditMatic helps clients reduce labor and operational costs by eliminating expensive patrol hardware, time-consuming paper forms and reports, network PCs, and manual record retrieval.

And while AuditMatic is primarily a security tool, ABM officers are also required to report on certain facility conditions through the tool, including facility maintenance and engineering needs. In facilities in which ABM performs multiple services, the tool can provide a consolidated electronic record of multiple needs that can be solved through ABM's portfolio of services.

### ChekOne™

Elsewhere on the technology front, we introduced the ChekOne device for remote patrolling and recording activities in 2013. The handheld device connects to a powerful web application so managers can track all of their workers simultaneously and see their actual location on a Google map as they move. Points along the way are captured via a bar code scanned by the handheld device, while GPS pings out the location. The location and status is immediately uploaded to ChekOne database so managers can see the patrol and all the detail in real-time.

### Emergency Medical Response

Finally, ABM introduced the LUCAS® Chest Compression System at client sites nationwide. The system is designed to help improve outcomes of sudden cardiac arrest victims and improve operations for medical responders. The system performs at least 100 compressions per minute with a depth of two inches, and ABM's security personnel can deploy the system quickly prior to emergency personnel arriving on the scene.

### School Security

Helping to ensure the safety of children and future generations, ABM has been called upon to perform security consulting at a variety of educational institutions. Two of ABM's employees, Kent C. Journey, Vice President of Client Services and Steve Cader, Branch Manager and a former Chief of Police, were featured in several publications in 2013, including *American School and Hospital Facility Magazine's* [April issue](#) describing various ways schools can deter active shooter situations.

Our **14,000+** licensed security personnel keep facilities secure, safe and hospitable



## Facility Services Firsts

ABM Facility Services continues to be a key catalyst in our efforts to provide integrated facility solutions throughout our clients' properties, in a variety of industries. In addition to executing world-class mechanical engineering and technical services for HVAC systems and equipment, electrical systems, plumbing, lighting systems and more, ABM's facilities technicians and engineers have been leaders in our internal 'Solve One More' program, which is fueling sales of additional services to our clients.

Namely, our technicians and engineers are actively striving to identify problem areas in buildings traditionally considered outside their realm of expertise - whether it's a cleaning, landscaping, security or even a parking need, and then calling in an ABM subject matter expert to solve the problem. Our goal is to become an even stronger 'trusted advisor' to our clients by improving operational efficiencies across the facility. ABM clients are afforded the opportunity to work with a single point of contact and consolidate vendor services for all their facility's needs - saving them time and lowering administration and operating costs.

We service and maintain  
**500,000+** heating and  
cooling systems

ABM Facility Services also continued to invest in our technology platforms to improve efficiencies and provide clients with real-time access to information. For example, enhancements to our consolidated workforce management systems provide clients with even easier access to the necessary operational and financial information to make strategic decisions.

Our strategies are paying off. In 2013, ABM Facility Services saw record revenues, up nearly 6 percent from 2012, and profits increased by nearly 19 percent year over year. ABM's Facility Services business saw key new wins in the aviation, high-tech, manufacturing and commercial real estate markets, amongst others.



We have **4,000+**  
building maintenance  
engineers and technicians





## ABM's Building & Energy Solutions Business

### Record-Setting Performance in 2013

ABM's Building & Energy Solutions business delivered record-setting performance in 2013, including revenue of \$401.5 million, up 15.3% over 2012 and an increase in operating profit of 51.2%.

A significant portion of the Building & Energy Solutions group is dedicated to delivering the mobile portion of our market-leading, end-to-end service delivery system. ABM's mobile technical solutions, which include company-owned locations and franchisees, provide electrical & lighting, electrical power, HVAC & mechanical and energy solutions in urban and many suburban markets. ABM's On-Demand service network, which includes a nationwide network of pre-screened, certified contractors, delivers HVAC, electrical, plumbing, pest control and handyman services in a variety of geographic areas, particularly rural, where the mobile technical solutions group may not provide service.

ABM's energy business saw a number of firsts through our Bundled Energy Solutions program, our electric vehicle (EV) installation and maintenance capabilities, and our enhanced expertise in the solar market in 2013. Also in 2013, ABM became a member of the National Association of Energy Service Companies (NAESCO).

ABM Senior Vice President, Bill Maurer was invited to speak as a featured panelist at the White House Council on Environmental Quality's (CEQ) GreenGov dialogue on performance contracting with leaders from government, private industry, non-profit and academic sectors.

The Building & Energy Solutions group also includes ABM Government Services and the newly formed ABM Healthcare Support Services, which will be discussed in the Industry Solutions section of this report.

## Bundled Energy Solutions Firsts

With rising operating costs and shrinking budgets across the country, particularly in the education market, ABM's Bundled Energy Solutions (BES) program continues to be in high demand. Our BES program packages energy retrofit services and costs into a turnkey offering with guaranteed energy savings that are then used to finance the project.

We reduced our BES  
Clients' energy &  
operations costs by  
**\$18+ Million**

In the last 12 months,  
our BES program saved  
Columbia College  
**\$600,000+**

ABM had numerous articles published in various industry magazines, including *Consulting-Specifying Engineer* and *College Planning & Management*, showcasing the market-leading energy solutions we are delivering for Wright State University, Brenau University and others.

A few of ABM's many new Bundled Energy Solutions clients include:

- **Wright State University (WSU)** – The project includes major enhancements to WSU's heating and cooling equipment, replacing light fixtures with cost-effective LED lighting & controls, and utilizing the university's pond for geothermal cooling. Over the next 15 years, these enhancements are expected to save WSU \$35.8 million and lower the university's energy consumption by 40 percent.
- **Orange County, VA** – The project includes lighting, heating, cooling, and indoor air quality upgrades for ABM's K-12 education client. The project is expected to save the Orange County Public Schools an estimated \$9.3 million over the next 15 years.
- **Harris County, GA** – Already a significant client with ABM for custodial services, ABM representatives were able to collaborate once ABM learned that in addition to its cleaning needs, Harris County was in serious need of facilities infrastructure upgrades on a limited budget. ABM customized a solution to enhance the K-12 school system's learning environments through energy-efficient lighting, improved indoor air quality, energy management control systems and water conservation. As a result of the improvements, Harris County is expected to save more than \$10 million in energy and operating costs over a 20-year period.

To-date, ABM has reduced our clients' energy and operating costs by over \$18 million, and reduced their energy consumption by 251,013 MMBtu's and 111,310,269 kWh's. Over the next 10 years, we expect to reduce their costs by over \$100 million! Our unique financing solution, combined with our exceptional technical expertise, has kept demand high for our offerings.





## EV Charging Stations

### Firsts

ABM continues to build on our leadership position in installing and maintaining EV charging stations. We are one of the largest commercial EV infrastructure installers in the country and one of the nation's largest resellers and installation partners for ChargePoint®, which has 70%+ share of all networked charging stations.

The growth will continue in 2014 as ABM recently announced that we have been selected by BMW of North America as its preferred EV charging station supplier, installation and service partner for its BMW i Centers across North America. Each of the charging stations will be part of the ChargePoint network. BMW will release the company's first full production,



all-electric vehicle, the BMW i3, in early 2014, with the BMW i8 to follow later in the year. ABM has an opportunity to install BMW i branded ChargePoint charging stations for over 300 participating BMW i locations.

ABM's Energy business has signed an agreement with NRG eVgo, a subsidiary of NRG Energy Inc., to provide electric vehicle charging infrastructure installation services. ABM has installed multiple Freedom Station sites which include both Level 2 and DC fast charging as well as a number of Ready for Electric Vehicle (REV) Level 2 sites for eVgo. Through eVgo,

NRG will provide access to home and workplace charging docks, plus hundreds of public charging sites across California, Texas and the greater Washington, D.C. metropolitan area.



*Parking Today* featured ABM's installation of EV Charging Stations and high-efficiency lighting and controls for the Martin Luther King parking garage in Oakland, CA in their February issue. ABM reduced the garage's energy use by 45%!

We installed one of the  
largest solar arrays in the  
Baltimore area –  
**1.2 MW**



## Solar Energy **Firsts**

In 2013, ABM added Solar Photovoltaic (PV) systems to our energy solutions offerings. Our clients now have the ability to install Solar PV panels on their property and either use the electricity generated to offset or eliminate their electric utility bills, or sell the electricity generated to the grid.

ABM successfully commissioned its first solar project, a 1.2 MW solar array in Baltimore, MD, which represents one of the largest solar installations to date in the Baltimore metropolitan area. ABM provided the engineering, procurement, construction and commissioning of the solar array on behalf of the system's owner, Washington Gas Energy Systems, a subsidiary of WGL Holdings, and Sol Systems, which provided the solar financing on the project.

The solar array is expected to provide land owner Glen Meadows Retirement Community, a subsidiary of Presbyterian Senior Living, with lower, fixed-rate energy costs over the course of the 20-year agreement. In addition to being responsible for construction, ABM will also maintain the 4,150 panel array on behalf of Washington Gas Energy Systems. The system is expected to generate just over 1.5 million kilowatt hours (kWh) per year.

The solar installment in Baltimore is ABM's first project completed through our 2013 joint venture with Building Energy S.p.A., an Italian-based independent power producer, which brought additional expertise to ABM's renewables team. ABM and Building Energy have collectively installed over 250 MWs through solar engineering, procurement and construction (EPC) contracts, completed over \$1B in energy projects, and currently operate and maintain over 200 MWs of solar facilities across five countries.

## Electrical & Lighting Firsts

ABM's electrical, lighting and power solutions group continues to expand through acquisitions, new franchisees and organic growth, and for the first-time has exceeded 130 locations worldwide. Their unique ability to service low-, medium- and high-voltage electrical equipment provides our clients with exceptional value.

With electrical safety in mind, ABM acquired the BEST Infrared Services business in 2013 to increase the number of markets where we can provide a turnkey solution to meet stringent NFPA 70E requirements. ABM is the first company able to provide commercial building owners with a complete end-to-end solution for meeting NFPA 70E compliance, including engineering studies, electrical testing, training, repairs and ongoing predictive maintenance on a national basis.

The acquisition increases ABM's ability to help building owners and engineers provide OSHA compliant and safe workplaces and minimize

OSHA citations and costly fines. Electrical workplace hazards occupy three of the top 10 spots on the Occupational Safety and Health Administration's (OSHA) list of the most frequently cited standards for fiscal year 2013, and are among the standards for which OSHA assessed the highest penalties. NFPA 70E – titled Standard for Electrical Safety in the Workplace, a standard of the National Fire Protection Association (NFPA) and part of the National Electrical Code (NEC) – is the national consensus standard covering these electrical safety requirements for employees.

The acquisition of BEST augments ABM's 2012 acquisition of the franchise operations of TEGG Corporation and adds geographic density to our Electrical Power Solutions group. BEST also delivers system testing, infrared inspections, power quality monitoring, hazard detection services, repairs, and ongoing maintenance in commercial and industrial buildings.

## ABM Franchising Group Firsts

In 2013, the ABM Franchising Group experienced record-setting performance as it sold 48 total franchise locations in the fiscal year. Additionally, ABM Franchising saw its best ever quarter in franchise sales with 16 in the 3rd quarter.

The Franchising Group is a strategic element of our end-to-end service delivery system. Our franchise group is composed of company-owned locations and independently-owned locations. Both follow the exact same business model and use the same sales, marketing, operations and management operating procedures to run their business. This ensures our clients will receive consistent, high quality service regardless of the location.

### International Expansion

The Franchising Group continues to add locations outside the U.S. In 2013, we added electrical and HVAC capabilities in Singapore, Peru, Chile, Mexico and Costa Rica. As ABM continues to expand globally, we will have point of service technical solutions ready to deliver world-class service.



We have **130+** locations worldwide



# Industries We Serve

- Aviation & Transportation
- Banking & Financial Services
- BioPharma
- Commercial Buildings
- Education
- Golf Courses & Country Clubs
- Government
- Healthcare
- High-Tech
- Hospitality
- Improvement Districts
- Industrial & Manufacturing
- Residential
- Retail
- Sports & Entertainment





## Meeting Industry Needs Through End-to-End Solutions

ABM provides services and solutions to a wide variety of industries. Many of these industries continue to face difficult macroeconomic conditions as well as industry-specific challenges and trends that impact the quality of their service delivery, financials, ability to address aging infrastructures and more. These challenges have forced many companies to seek solutions beyond their internal personnel since some of them have never experienced an economic downturn of this duration or the type of industry and governmental regulations they are confronting.

Fortunately, ABM has been through these types of environments several times over our 104-year history and can be the source for these solutions. We have the distinct ability to draw on internal experts that have weathered similar economic storms and possess the unique industry knowledge and experience to provide personalized solutions our clients urgently need.

For example, in the healthcare and education markets, outsourcing facility services is not prevalent but institutions in these markets are beginning to actively evaluate this option due to significant budget constraints, labor issues and pension obligations. ABM can save them a significant amount of research and analysis since many of the industries we serve already began this transition years ago. We already have the economic models, facility audits and personnel transition plans that can help them quickly assess the advantages/disadvantages of outsourcing.

With decades of experience and a growing array of industry-specific solutions, ABM is in a unique position to help our clients overcome these headwinds and prepare for the tailwinds that will occur as the economic recovery gains traction. In this year's report, we will highlight a few of our strategic vertical markets, the challenges they are facing and the unique solutions ABM is providing to help overcome them.



We respond to  
**4+ Million** wheelchair  
requests annually worldwide

We serve **100+ airports**  
worldwide

## Aviation Services

ABM Expands Overseas and Services  
More Airports Than Ever Before

## Aviation Firsts

The aviation industry is experiencing significant change, particularly in the U.S. Due to a series of mergers and bankruptcies over the last 12 years, the 10 major U.S. airlines are now down to four mega-carriers that will represent over 80% of all U.S. air travel.

ABM foresaw an opportunity to be the mega-service provider for the mega-carriers, and to provide airlines and airports with the industry's first set of end-to-end solutions designed to reduce costs while improving quality. This led to our acquisition of Air Serv in fiscal 2013. With the complementary expertise, solutions and manpower of ABM and Air Serv, the two companies are industry leaders, which generated \$643 million in revenue in 2013— a first for ABM.

Our combined portfolio of services for the aviation industry includes:

- **Aircraft Services**
- **Passenger Services**
- **Energy Solutions**
- **Security Services**
- **Facility Maintenance Services**
- **Parking & Transportation**
- **Travel Retail Staffing & Promotional Services**

Due to the breadth of our service portfolio, ABM and Air Serv are the only companies that can enhance a traveler's experience from the "car door" to the "cabin seat". Our employees drive the shuttle buses that take passengers to the terminal. Our skycaps greet passengers at the curb to check-in their luggage. Our wheel chair agents assist passengers from curb to aircraft, passing by our janitorial and facilities staff that maintain terminal appearance and efficiency. At the gate, we assist unaccompanied minors and other passengers in need with check-in and bring them to their seat on the aircraft, where we may very well have cleaned the plane exterior or cabin interior. When the traveler reaches his or her final destination, the entire scenario may be reversed with our employees saying the final 'farewell' as they drop off passengers at their car or rental car center.

With brand loyalty being vital to airlines and airports, the quality of service we deliver at each customer touch point has a significant impact on their customers' experience and we will continue to strive to make it an *Upgraded Experience*.

## Airport Cities

A trend taking hold in Aviation globally is the "Airport City" concept whereby passenger terminals become akin to an urban central square that is home to high-end retail, hotels and meeting venues, specialty and upscale restaurants, and cultural and entertainment venues. Thus, the terminal becomes a destination and an economic engine.

With this movement taking place and ABM's ambitions for international expansion, Air Serv's United Kingdom subsidiary Omni Serv acquired the operations of Blackjack Promotions in 2013, a specialized staffing and marketing firm that serves airport operators, retailers and other clients throughout the United Kingdom (U.K.) and Europe.

The acquisition of Blackjack brings 12 U.K. airport locations and a partner network covering Continental Europe into the ABM family. The acquisition played a critical role in ABM being awarded a contract to partner with London Heathrow Airport in 2013 on the European travel hub's innovative Passenger Service Ambassador program. The program, which Omni Serv is managing and operating, is designed to further enhance Heathrow's world-class services for travelers through the deployment of hundreds of 'ambassador' staff equipped with tablet devices across the airport's four terminals at key arrival, departure and connection locations. Omni Serv ambassadors, many of whom are multi-lingual, provide various operational support including informational hosting, check-in assistance, flight connections assistance and e-passport support.



Selected by *Modern Healthcare* as  
**one** of the **Best Places to Work**  
in Healthcare, 3 of the last 4 years

## Healthcare Support Services

Integrated HHA Services,  
Healthcare Parking Systems of  
America and ABM Health





# Healthcare Firsts

## ABM Healthcare Support Services

The healthcare industry is undergoing a dramatic transformation due to reimbursement policy changes, the Affordable Care Act, Clinical Engineering-IT Convergence and penalties associated with low Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores. In addition, the healthcare ecosystem has moved beyond the hospital. Healthcare systems and hospitals now also provide patient care in urgent care facilities, ambulatory surgical centers and medical office buildings.

Similar to the aviation industry, the healthcare market is also consolidating at a rapid rate as healthcare systems and hospitals look to increase revenue and reduce costs, creating a prime opportunity for a mega-provider to emerge to meet the changing needs of the mega-healthcare systems.

ABM anticipated these changes and integrated HHA Services, Healthcare Parking Systems of America and ABM Health to form a market leader and powerful brand – **ABM Healthcare Support Services** – strategically created to deliver the

comprehensive solutions needed to overcome the challenges healthcare providers now face and providing avenues for improving their customers' experience.

ABM Healthcare Support Services' full array of offerings includes:

- Environmental Services
- Facility Management
- Food Service
- Healthcare Technologies
- Hospitality & Valet
- Laundry
- Parking & Shuttle
- Patient Sitter / Companion
- Patient Transportation
- Security
- Energy Solutions

Our three companies combined will help the nations' hospitals and healthcare systems deliver the *Highest Standard of Care* with the most complete set of support services available and emerge as the mega-provider. We are uniquely positioned to offer capabilities that other companies are challenged to match:

- We are the only national company that can provide end-to-end services to the entire healthcare ecosystem – from hospitals to ambulatory surgical centers and medical office buildings.

- We are the only company that can provide a complete array of healthcare support services to enhance the patient experience from the “car door to the patient room.”
- We guarantee our results based on agreed upon performance outcomes with our clients, from HCAHPS and Press Ganey scores to sustainable facility and clinical technology metrics and service level agreements.

ABM Healthcare Support Services rolled out its Patient Sitter/Companion program in 2013. ABM's highly trained Patient Sitter/Companion attendants ensure 100 percent visual and audible observation of assigned patients to meet clients' safety and risk compliance expectations. Attendants are assigned to various patient types for various purposes. ABM's healthcare clients have responded well to the service as it improves patient satisfaction scores and saves costs on full-time employees who will often only have time to perform these services during overtime hours.

We also launched an Ad campaign in *Modern Healthcare* magazine to promote our new brand.



## Commercial Real Estate Firsts

Serving commercial real estate (CRE) clients remains a strategically important component of ABM's business, and we continue to see a number of noticeable trends amongst our CRE clients that are helping set ABM apart from the competition. First, commercial building owners and managers continue to look for partners that can assist in maintaining sustainable properties. They realize that 'green' buildings not only reduce waste and energy consumption, but also can lead to an increased return on investment and client satisfaction.

ABM's GreenCare® program has set the facilities services industry standard. In 2013, the GreenCare program surpassed 360 million square feet of implementation, a great deal of which includes our commercial property clients. Within the program, we continue to use Green Seal certified products and bio-based cleaning alternatives. We also offer electrically activated water systems that produce safe, non-toxic daily cleaning and sanitizing solutions onsite from water, salt and electricity.

On the energy side, ABM has developed industry-first financing solutions that allow CRE owners to implement energy efficiency infrastructure upgrades for their aging facilities. CRE professionals are able to self-fund their facility improvement projects with the energy and operation savings resulting from retrofits. There is no up-front capital needed, and there is net-zero impact to their existing operating budget. Monies saved can even fund other facility improvements, including remodeling, painting, re-carpeting and more.

Finally, CRE owners and managers are increasingly seeking to consolidate their service vendors in an effort to save money. ABM is ideally positioned because we can offer a turnkey package of services for a commercial building – including janitorial, energy, parking, security and engineering – helping save CRE professionals time and money.



## Government Services Firsts

Despite the slow-down in government spending, ABM landed a number of key contracts in the government sector, giving us optimism that we will see even more growth in 2014 and beyond.

Also of note in 2013, ABM Government Services was awarded a significant joint venture contract in Europe by the Department of the Navy to provide base operations support to its Sigonella, Italy air station and outlying support sites in Sicily, Italy. The joint venture will provide the U.S. Naval station with a full suite of facility services, including all labor, supervision, management, tools, materials, equipment, facilities, transportation, incidental engineering and other items necessary – the joint venture employs approximately 75 employees servicing the base.

Base operations support has been a key topic in the media as the United States military continues to find the best and most efficient use of American taxpayer dollars. More and more, the military is looking to single-source providers for a full array of facilities support including maintenance, repair, operations, construction, engineering, energy services and much more to ensure our men and women in uniform can operate at peak efficiency.

In fact, *Security Today* recently published an article by ABM Vice President and retired U.S. Army Col. Kent Jacocks on ABM's base operations support expertise. The article also details how ABM helps keep military bases secure.







## Corporate Sustainability

Our Efforts Build Value for  
Each of our Stakeholders

For the first time, we're proud to include highlights from our Corporate Sustainability Report within these pages. As an integral component of our various operations, both internally and in our service offerings, our varied sustainability efforts build value for each of our stakeholders for whom we have created this report – they include our clients, shareholders, employees, supplier partners and others with an interest in our approach to corporate sustainability. ABM is also proud to announce our new Corporate Sustainability micro-site ([www.abm.com/sustainability](http://www.abm.com/sustainability)), which falls within the pages of abm.com, where stakeholders may view our reporting in full based on the Global Reporting Initiative (GRI) guidelines.

This report details the sustainability achievements, goals and challenges that ABM has identified within our operations, and it publicly identifies our commitment to monitor and improve our impact on people and the earth. ABM is a publicly-traded company and thus held to a higher standard of ethics and compliance compared to many competitors in the facility services industry. A key example of ABM's compliance is our Sarbanes Oxley (SOX) certification. ABM rigorously adheres to SOX standards to ensure financial accuracy, auditor independence and corporate responsibility across the enterprise.

Sustainability reporting is an ever-changing discipline, and as our corporate sustainability programs continue to mature, so too must our reporting. With that goal in mind, we have submitted this report for the third consecutive

year for the assessment by The Centre for Sustainability and Excellence (CSE) an independent, outside entity. CSE's assurance statement is included on the micro-site.

Readers can provide feedback, comments, questions or concerns to ABM's Corporate Communications team at [sustainability@abm.com](mailto:sustainability@abm.com). We welcome your insights on how we can meet our shared commitment to a sustainable world.

## ABM GreenCare® Firsts

In 2013, we announced the integration of ABM's sustainable offerings under our ABM GreenCare® program. Where the ABM GreenCare program had been traditionally reserved for our Janitorial and EV services, we are now providing ABM's full array of sustainable offerings under the program's umbrella.

ABM GreenCare helps clients make improvements in four key areas: environmental and social responsibility, employee productivity and retention, property protection and fiscal responsibility. This program's offerings span our Janitorial, Energy, Parking, Security and Landscaping businesses.

Some of the key value-adds the GreenCare program offers ABM clients include:

- **Janitorial:** Green cleaning programs with Green Seal certified equipment and chemicals to improve indoor environmental quality for building occupants; recycling programs and touch-free water conservation; LEED certification assistance for clients.
- **Energy:** ABM's energy conservation methods for clients include its Bundled Energy Solutions Program, Electric Vehicle (EV) Charging Station installation and maintenance and solar capabilities for fixed/reduced energy costs.
- **Parking:** ABM's customized mobile app, pay by phone option, and web services help drivers spend less time in their cars.
- **Security:** Round-the-clock technology helps ABM manage security communications in a paperless environment; ABM security guards use electric or hybrid vehicles at many sites.
- **Landscape & Grounds:** ABM utilizes alternative fuel and water-efficient irrigation systems to help keep clients' properties sustainable.

ABM's commitment to measuring its own performance has led to some eye-opening statistics relating to its clients' sustainability efforts, including:

- ABM GreenCare has been implemented at over 800 buildings, totaling more than 360 million square feet across the United States.
- ABM has assisted 351 buildings with products and procedures to maintain certification through the Leadership in Energy and Environmental Design (LEED) rating system.
- In 2013, ABM's Bundled Energy Solutions program reduced clients' energy use by over 27 percent.
- ABM has installed nearly 700 EV charging stations across the United States with many more expected in 2014.

ABM  
**greencare**®  
for facilities, inside & out



## ABM's Sustainability Firsts

ABM is keenly focused on how our facilities and operations affect our shared environment. Just as we are Building Value for clients through world-class services, we continually seek to enhance our organizational efficiencies and reduce ABM's own carbon footprint across the enterprise. Every day, we walk the [sustainability talk](#).

### Emissions

		2013	2012
Scope 1 CO2 - e	Tonnes	48,007	49,032
Scope 2 CO2 - e	Tonnes	10,181	9,796
Scope 3 CO2 - e	Tonnes	1,706	1,453
Fuel used	MWh	199,058	204,744
Electricity Used	MWh	19,333	17,020

### ABM's Overall Fuel Consumption

(Fleet and Office Locations)

	MWh
Electricity	19,333
Motor Gasoline	183,033
Diesel	7,955
E-85	89
Propane	8
Natural Gas	7,973

Elsewhere within our operations, ABM continues to leverage technology in order to streamline our operations and provide a better working environment for our employees, all while impacting the environment by cutting down on the resources we use. Some of our firsts included:

### Electronic Pay

For the first time, more than 70% of ABM employees are participants in the ABM Electronic Pay platform – providing a more secure, convenient, less costly and timely method of pay distribution.

### Electronic Pay Advices

FY 2013 was the first year that we eliminated the printing and distribution of over 8,000 pounds of paper via the electronic/online pay advice program.

### Workforce Management

For the first time, a majority of ABM service employees utilized the ABM Workforce Management electronic timekeeping system to report time, which improves the accuracy and efficiency of time collection, helping ensure ABM employees are paid correctly.









# Financial Reports

## Factors that May Affect Future Results

This Annual Report contains forward-looking statements that set forth management's expectations about the future performance of the Company and its various businesses based on management's current plans and assumptions. Undue reliance should not be placed on these statements because there are any number of factors that could cause the Company's performance and actual results to differ materially from those anticipated. These factors include, but are not limited to the following:

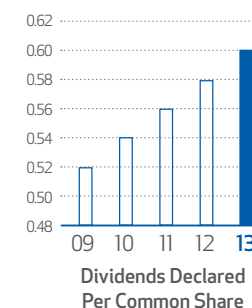
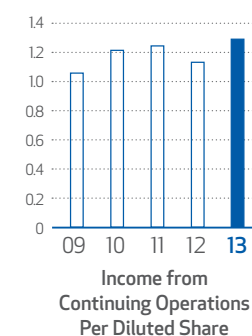
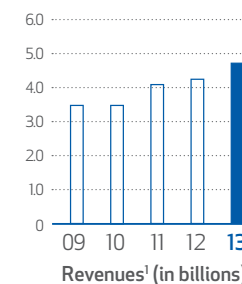
- risks relating to our acquisition strategy may adversely impact our results of operations;
- our strategy of moving to an integrated facility solutions provider platform, which focuses on vertical market strategy, may not generate the organic growth in revenues or profitability that we expect;
- we are subject to intense competition that can constrain our ability to gain business as well as our profitability;
- increases in costs that we cannot pass on to clients could affect our profitability;
- our restructuring initiatives may not achieve the expected cost reductions;
- we have high deductibles for certain insurable risks, and therefore we are subject to volatility associated with those risks;
- we are at risk of losses stemming from any accident or other incident involving our airport operations;
- our business success depends on our ability to preserve our long-term relationships with clients;
- we are at risk of losses stemming from damage to our reputation;
- our business success depends on retaining senior management and attracting and retaining qualified personnel;
- significant delays or reductions in appropriations for our government contracts may negatively affect our business and could have an adverse effect on our financial position, results of operations, and cash flows;
- we conduct some of our operations through joint ventures, and our ability to do business may be affected by the failure of our joint venture partners to perform their obligations;
- our services in areas of military conflict expose us to additional risks;
- negative or unexpected tax consequences could adversely affect our results of operations;
- we are subject to business continuity risks associated with centralization of certain administrative functions;
- we are subject to cyber-security risks arising out of breaches of security relating to sensitive company, client, and employee information, as well as relating to the technology that manages our operations and other business processes;
- we could incur additional costs to cover guarantees;
- a decline in commercial office building occupancy and rental rates could affect our revenues and profitability;
- deterioration in general economic conditions could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition;
- changes in energy prices and government regulations could adversely impact the results of operations of our Building & Energy Solutions business;
- financial difficulties or bankruptcy of one or more of our clients could adversely affect our results;
- future declines in the fair value of our investments in auction rate securities could negatively impact our earnings;
- we incur accounting and other control costs that reduce profitability;
- sequestration under the Budget Control Act of 2011 may negatively impact our business;
- any future increase in the level of our debt or in interest rates could affect the results of operations;
- our ability to operate and pay our debt obligations depends upon our access to cash;
- goodwill impairment charges could have a material adverse effect on our financial condition and results of operations;
- impairment of long-lived assets may adversely affect our operating results.
- we are defendants in class and representative actions and other lawsuits alleging various claims that could cause us to incur substantial liabilities;
- federal health care reform legislation may adversely affect our business and results of operations;
- changes in immigration laws or enforcement actions or investigations under such laws could significantly adversely affect our labor force, operations, and financial results;
- labor disputes could lead to loss of revenues or expense variations;
- we participate in multiemployer pension plans that under certain circumstances could result in material liabilities being incurred; and
- natural disasters or acts of terrorism could disrupt services.

Additional information regarding these and other risks and uncertainties the Company faces is contained in the Company's Annual Report on Form 10-K for the year ended October 31, 2013, and in other reports the Company files from time to time with the Securities and Exchange Commission. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Five-Year Selected Financial Data

Statement of income data Years Ended October 31, (in thousands, except per share amounts)	2013	2012	2011	2010	2009
<b>Revenues<sup>1</sup></b>	\$ 4,809,281	\$ 4,300,265	\$ 4,246,842	\$ 3,495,747	\$ 3,481,823
<b>Operating profit</b>	119,025	96,566	117,568	108,839	92,107
<b>Income from continuing operations</b>	72,900	62,718	68,698	63,870	55,490
<b>Per share data:</b>					
Net income per common share - Basic					
Income from continuing operations	\$ 1.33	\$ 1.16	\$ 1.29	\$ 1.23	\$ 1.08
Loss from discontinued operations, net of taxes	-	-	-	-	(0.02)
Net income	\$ 1.33	\$ 1.16	\$ 1.29	\$ 1.23	\$ 1.06
Net income per common share - Diluted					
Income from continuing operations	\$ 1.30	\$ 1.14	\$ 1.27	\$ 1.21	\$ 1.07
Loss from discontinued operations, net of taxes	-	-	-	-	(0.02)
Net income	\$ 1.30	\$ 1.14	\$ 1.27	\$ 1.21	\$ 1.05
Weighted-average common and common equivalent shares outstanding					
Basic	54,877	53,987	53,121	52,117	51,373
Diluted	56,067	54,914	54,103	52,908	51,845
<b>Dividends declared per common share</b>	\$ 0.60	\$ 0.58	\$ 0.56	\$ 0.54	\$ 0.52
<b>Statement of cash flow data:</b>					
Net cash provided by continuing operating activities	\$ 135,313	\$ 148,947	\$ 156,800	\$ 140,746	\$ 121,255

Balance Sheet Data As of October 31, (in thousands)	2013	2012	2011	2010	2009
Total assets	\$ 2,119,236	\$ 1,851,158	\$ 1,861,505	\$ 1,548,670	\$ 1,521,153
Trade accounts receivable, net of allowances	672,525	561,317	552,098	450,513	445,241
Insurance recoverables	68,704	64,500	70,610	76,098	72,117
Goodwill	872,396	751,610	750,872	593,983	547,237
Other intangible assets, net of accumulated amortization	144,401	109,138	128,994	65,774	60,199
Investments in auction rate securities	12,994	17,780	15,670	20,171	19,531
Investments in unconsolidated affiliates, net	17,952	14,863	14,423	-	-
Line of credit	314,870	215,000	300,000	140,500	172,500
Insurance claims	357,964	343,804	341,401	348,314	346,327



<sup>1</sup> Revenues in the year ended October 31, 2013 included \$408.1 million associated with our acquisitions on November 1, 2012 consisting of Air Serv Corporation, HHA Services, Inc., and certain assets and liabilities of Calvert-Jones Company, Inc. Revenues in the year ended October 31, 2011 include amounts associated with The Linc Group of approximately \$512.9 million, which was acquired on December 1, 2010. Revenues in the year ended October 31, 2010 include approximately \$43.0 million associated with the acquisitions of Five Star Parking, Network Parking Company Ltd., and System Parking, Inc. (collectively, this asset acquisition is referred to as "L&R") and Diversco, Inc., which were acquired on October 1, 2010 and June 30, 2010, respectively.

To supplement ABM's consolidated financial information, the Company has presented income from continuing operations, as adjusted for items impacting comparability, for fiscal years 2013 and 2012. These adjustments have been made with the intent of providing financial measures that give management and investors a better understanding of the underlying operational results and trends as well as ABM's marketplace performance. The Company has presented earnings before interest, taxes, depreciation and amortization and excluding discontinued operations and items impacting comparability (adjusted EBITDA) for fiscal years 2013 and 2012. Adjusted EBITDA is among the indicators management uses as a basis for planning and forecasting future periods. The Company has also presented free cash flow for fiscal years 2009 through 2013, which represents cash flows from operating activities less capital expenditures. Management views free cash flow as a measure of cash flow available to reduce debt, add to cash balances, pay dividends, repurchase stock, and fund other financing activities. The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

## Unaudited Reconciliation of non-GAAP Financial Measures

Adjusted Income from Continuing Operations to Income from Continuing Operations Years Ended October 31, (in thousands)	2013	2012
Adjusted income from continuing operations	\$ 85,007	\$ 76,122
Items impacting comparability	(19,978)	(22,566)
Benefit from income taxes	7,871	9,162
Items impacting comparability, net of taxes	(12,107)	(13,404)
<b>Income from continuing operations</b>	<b>\$ 72,900</b>	<b>\$ 62,718</b>

Adjusted EBITDA to Net Income Years Ended October 31, (in thousands)	2013	2012
Adjusted EBITDA	\$ 205,926	\$ 176,353
Items impacting comparability	(19,978)	(22,566)
Loss from discontinued operations, net of taxes	-	(136)
Provision for income taxes	(39,552)	(29,931)
Interest expense	(12,892)	(9,999)
Depreciation and amortization	(60,604)	(51,139)
<b>Net income</b>	<b>\$ 72,900</b>	<b>\$ 62,582</b>

Years Ended October 31, (in thousands)	2013	2012	2011	2010	2009
Free cash flow	\$ 102,720	\$ 122,560	\$ 137,866	\$ 125,922	\$ 122,289
Capital expenditures	32,593	28,052	22,124	23,942	18,582
<b>Net cash provided by operating activities</b>	<b>\$ 135,313</b>	<b>\$ 150,612</b>	<b>\$ 159,990</b>	<b>\$ 149,864</b>	<b>\$ 140,871</b>

## Condensed Consolidated Balance Sheets

As of October 31, (in thousands, except share and per share amounts)	2013	2012
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 32,639	\$ 43,459
Trade accounts receivable, net of allowances of \$10,217 and \$11,125 at October 31, 2013 and 2012, respectively	672,525	561,317
Notes receivable and other	36,623	40,343
Prepaid expenses	59,645	50,289
Prepaid income taxes	5,081	385
Deferred income taxes, net	47,051	43,671
Insurance recoverables	11,068	9,870
<b>Total current assets</b>	<b>864,632</b>	<b>749,334</b>
Insurance deposits	28,466	31,720
Other investments and long-term receivables	5,005	5,666
Investments in unconsolidated affiliates, net	17,952	14,863
Investments in auction rate securities	12,994	17,780
Property, plant and equipment, net of accumulated depreciation \$127,492 and \$107,771 at October 31, 2013 and 2012, respectively	77,241	59,909
Other intangible assets, net of accumulated amortization of \$115,461 and \$94,485 at October 31, 2013 and 2012, respectively	144,401	109,138
Goodwill	872,396	751,610
Noncurrent deferred income taxes, net	-	17,610
Noncurrent insurance recoverables	57,636	54,630
Other assets	38,513	38,898
<b>Total assets</b>	<b>\$ 2,119,236</b>	<b>\$ 1,851,158</b>

As of October 31, (in thousands, except share and per share amounts)	2013	2012
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Trade accounts payable	\$ 157,806	\$ 130,410
Accrued liabilities		
Compensation	138,430	121,855
Taxes - other than income	25,737	19,437
Insurance claims	84,546	80,192
Other	101,860	95,473
Income taxes payable	145	8,450
<b>Total current liabilities</b>	<b>508,524</b>	<b>455,817</b>
Noncurrent income taxes payable	50,426	27,773
Line of credit	314,870	215,000
Retirement plans and other	41,417	38,558
Deferred income tax liability, net	13,074	-
Noncurrent insurance claims	273,418	263,612
<b>Total liabilities</b>	<b>1,201,729</b>	<b>1,000,760</b>
Commitments and contingencies		
<b>Stockholders' Equity</b>		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	-	-
Common stock, \$0.01 par value; 100,000,000 shares authorized; 55,477,813 and 54,393,907 shares issued and outstanding at October 31, 2013 and 2012, respectively	555	544
Additional paid-in capital	261,828	234,636
Accumulated other comprehensive loss, net of taxes	(1,651)	(2,154)
Retained earnings	656,775	617,372
<b>Total stockholders' equity</b>	<b>917,507</b>	<b>850,398</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,119,236</b>	<b>\$ 1,851,158</b>

## Condensed Consolidated Statements of Income

Year Ended October 31, (in thousands, except per share amounts)	2013	2012	2011
<b>Revenues</b>	\$ 4,809,281	\$ 4,300,265	\$ 4,246,842
<b>Expenses</b>			
Operating	4,313,429	3,854,380	3,781,264
Selling, general and administrative	348,274	327,855	324,762
Amortization of intangible assets	28,553	21,464	23,248
<b>Total expenses</b>	4,690,256	4,203,699	4,129,274
Operating profit	119,025	96,566	117,568
Other-than-temporary impairment credit losses on auction rate security recognized in earnings	-	(313)	-
Income from unconsolidated affiliates, net	6,319	6,395	3,915
Interest expense	(12,892)	(9,999)	(15,805)
Income from continuing operations before income taxes	112,452	92,649	105,678
Provision for income taxes	(39,552)	(29,931)	(36,980)
Income from continuing operations	72,900	62,718	68,698
Loss from discontinued operations, net of taxes	-	(136)	(194)
<b>Net income</b>	\$ 72,900	\$ 62,582	\$ 68,504
<b>Net income per common share - Basic</b>			
Income from continuing operations	\$ 1.33	\$ 1.16	\$ 1.29
Loss from discontinued operations, net of taxes	-	-	-
<b>Net income per common share - Basic</b>	\$ 1.33	\$ 1.16	\$ 1.29
<b>Net income per common share - Diluted</b>			
Income from continuing operations	\$ 1.30	\$ 1.14	\$ 1.27
Loss from discontinued operations, net of taxes	-	-	-
<b>Net income per common share - Diluted</b>	\$ 1.30	\$ 1.14	\$ 1.27
<b>Weighted-average common and common equivalent shares outstanding</b>			
Basic	54,877	53,987	53,121
Diluted	56,067	54,914	54,103
<b>Dividends declared per common share</b>	\$ 0.60	\$ 0.58	\$ 0.56

## Condensed Consolidated Statements of Comprehensive Income

Year Ended October 31, (in thousands)	2013			2012			2011		
	Pre-tax amounts	Tax expense/ (benefit)	After-tax amounts	Pre-tax amounts	Tax expense/ (benefit)	After-tax amounts	Pre-tax amounts	Tax expense/ (benefit)	After-tax amounts
<b>Net income</b>			\$ 72,900			\$ 62,582			\$ 68,504
<b>Other comprehensive income:</b>									
<b>Unrealized gains on auction rate securities:</b>									
Unrealized gains on auction rate securities	\$ 214	\$ 88	\$ 126	\$ 2,110	\$ 866	\$ 1,244	\$ 499	\$ 193	\$ 306
Reclassification adjustment for credit losses recognized in earnings	-	-	-	313	126	187	-	-	-
<b>Net unrealized gains on auction rate securities</b>	214	88	126	2,423	992	1,431	499	193	306
<b>Unrealized (losses) gains on interest rate swaps:</b>									
Unrealized losses arising during the period	(381)	(156)	(225)	(125)	(51)	(74)	(245)	(101)	(144)
Reclassification adjustment for loss included in interest expense	445	182	263	164	67	97	436	177	259
<b>Net unrealized gains on interest rate swaps</b>	64	26	38	39	16	23	191	76	115
<b>Foreign currency translation</b>	(183)	-	(183)	(85)	-	(85)	214	-	214
<b>Defined and postretirement benefit plans adjustments:</b>									
Actuarial gains (losses) arising during the current year	675	276	399	(1,660)	(678)	(982)	(2,669)	(1,094)	(1,575)
Reclassification adjustment for amortization of actuarial losses	138	56	82	97	40	57	114	46	68
Reclassification adjustment for settlement losses	70	29	41	107	44	63	126	52	74
<b>Net defined and postretirement benefit plans adjustments</b>	<b>883</b>	<b>361</b>	<b>522</b>	<b>(1,456)</b>	<b>(594)</b>	<b>(862)</b>	<b>(2,429)</b>	<b>(996)</b>	<b>(1,433)</b>
<b>Total other comprehensive income (loss)</b>	\$ 978	\$ 475	\$ 503	\$ 921	\$ 414	\$ 507	\$ (1,525)	\$ (727)	\$ (798)
<b>Comprehensive income</b>			<b>\$ 73,403</b>			<b>\$ 63,089</b>			<b>\$ 67,706</b>

## Condensed Consolidated Statements of Stockholders' Equity

Year Ended October 31, (in thousands)	2013		2012		2011	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Common stock:</b>						
Balance, beginning of year	54,394	\$ 544	53,333	\$ 533	52,635	\$ 526
Stock issued under employee stock purchase and share-based compensation plans	1,084	11	1,061	11	698	7
<b>Balance, end of year</b>	<b>55,478</b>	<b>555</b>	<b>54,394</b>	<b>544</b>	<b>53,333</b>	<b>533</b>
<b>Additional paid-in capital:</b>						
Balance, beginning of year		234,636		211,389		192,418
Tax effect from share-based awards		-		(156)		(467)
Stock issued under employee stock purchase and share-based compensation plans		13,910		13,167		10,247
Share-based compensation expense		13,282		10,236		9,191
<b>Balance, end of year</b>		<b>261,828</b>		<b>234,636</b>		<b>211,389</b>
<b>Accumulated other comprehensive loss, net of taxes:</b>						
Balance, beginning of year		(2,154)		(2,661)		(1,863)
Other comprehensive income (loss)		503		507		(798)
<b>Balance, end of year</b>		<b>(1,651)</b>		<b>(2,154)</b>		<b>(2,661)</b>
<b>Retained earnings:</b>						
Balance, beginning of year		617,372		586,625		547,944
Net income		72,900		62,582		68,504
Dividends:						
Common stock		(32,873)		(31,309)		(29,744)
Stock issued under share-based compensation plans		(624)		(526)		(79)
<b>Balance, end of year</b>		<b>656,775</b>		<b>617,372</b>		<b>586,625</b>
<b>Total stockholders' equity</b>		<b>\$ 917,507</b>		<b>\$ 850,398</b>		<b>\$ 795,886</b>

## Condensed Consolidated Statements of Cash Flows

Year Ended October 31, (in thousands)	2013	2012	2011
<b>Cash flows from operating activities:</b>			
Net income	\$ 72,900	\$ 62,582	\$ 68,504
Loss from discontinued operations, net of taxes	-	136	194
Income from continuing operations	72,900	62,718	68,698
<b>Adjustments to reconcile income from continuing operations to net cash provided by continuing operating activities:</b>			
Depreciation and amortization	60,390	50,897	52,658
Deferred income taxes	12,476	9,772	24,227
Share-based compensation expense	13,282	10,236	9,191
Provision for bad debt	2,836	2,551	3,142
Discount accretion on insurance claims	504	715	874
Auction rate security credit loss impairment	-	313	-
Gain on sale of assets	(210)	(2,015)	(150)
Income from unconsolidated affiliates, net	(6,319)	(6,395)	(3,915)
Distributions from unconsolidated affiliates	2,959	5,802	2,539
Changes in operating assets and liabilities, net of effects of acquisitions:			
Trade accounts receivable	(50,763)	(11,359)	(18,432)
Prepaid expenses and other current assets	1,960	(14,188)	(7,786)
Insurance recoverables	(4,204)	6,110	5,488
Other assets and long-term receivables	4,895	9,390	5,962
Income taxes payable	8,742	4,542	4,396
Retirement plans and other non-current liabilities	(5,138)	(1,584)	(4,085)
Insurance claims	3,909	1,688	(11,950)
Trade accounts payable and other accrued liabilities	17,094	19,754	25,943
<b>Total adjustments</b>	<b>62,413</b>	<b>86,229</b>	<b>88,102</b>
<b>Net cash provided by continuing operating activities</b>	<b>135,313</b>	<b>148,947</b>	<b>156,800</b>
<b>Net cash provided by discontinued operating activities</b>	<b>-</b>	<b>1,665</b>	<b>3,190</b>
<b>Net cash provided by operating activities</b>	<b>135,313</b>	<b>150,612</b>	<b>159,990</b>

Year Ended October 31, (in thousands)	2013	2012	2011
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	(32,593)	(28,052)	(22,124)
Proceeds from sale of assets and other	1,214	4,177	912
Purchase of businesses, net of cash acquired	(199,326)	(5,963)	(290,985)
Investments in unconsolidated affiliates	(183)	-	(215)
Proceeds from redemption of auction rate securities	5,000	-	5,000
<b>Net cash used in investing activities</b>	<b>(225,888)</b>	<b>(29,838)</b>	<b>(307,412)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from exercises of stock options	13,297	12,496	9,708
Dividends paid	(32,873)	(31,309)	(29,744)
Deferred financing costs paid	-	(14)	(5,021)
Borrowings from line of credit	1,006,000	773,000	885,500
Repayment of borrowings from line of credit	(906,130)	(858,000)	(726,000)
Changes in book cash overdrafts	2,968	45	-
Other	(3,507)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>79,755</b>	<b>(103,782)</b>	<b>134,443</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(10,820)</b>	<b>16,992</b>	<b>(12,979)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>43,459</b>	<b>26,467</b>	<b>39,446</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 32,639</b>	<b>\$ 43,459</b>	<b>\$ 26,467</b>
<b>Supplemental Data</b>			
Cash paid for income taxes, net of refunds received	\$ 18,719	\$ 15,545	\$ 9,651
Interest paid on line of credit	7,713	5,331	10,055



## Consolidated Segment Information<sup>1</sup>

Years Ended October 31, (in thousands)	2013	2012	2011
<b>Revenues:</b>			
Janitorial	\$ 2,465,312	\$ 2,394,344	\$ 2,380,195
Facility Services	609,435	576,136	553,295
Parking	609,082	615,132	615,679
Security	381,472	365,926	350,377
Building & Energy Solutions	401,536	348,279	346,086
Other	341,516	-	-
Corporate	928	448	1,210
	<b>\$ 4,809,281</b>	<b>\$ 4,300,265</b>	<b>\$ 4,246,842</b>
<b>Operating profit:</b>			
Janitorial	\$ 134,600	\$ 135,967	\$ 140,621
Facility Services	27,431	23,083	24,876
Parking	27,537	26,189	24,257
Security	12,943	7,835	7,968
Building & Energy Solutions	18,662	12,340	12,423
Other	12,606	-	-
Corporate	(108,579)	(105,390)	(88,662)
Adjustment for income from unconsolidated affiliates, net, included in Building & Energy Solutions	(6,175)	(3,458)	(3,915)
	119,025	96,566	117,568
Other-than-temporary impairment credit losses on auction rate security recognized in earnings	-	(313)	-
Income from unconsolidated affiliates, net	6,319	6,395	3,915
Interest expense	(12,892)	(9,999)	(15,805)
Income from continuing operations before income taxes	<b>\$ 112,452</b>	<b>\$ 92,649</b>	<b>\$ 105,678</b>
<b>Total assets*:</b>			
Janitorial	883,358	863,831	859,318
Facility Services	211,270	214,557	205,190
Parking	141,946	153,593	149,052
Security	112,699	111,293	111,304
Building & Energy Solutions	296,189	232,079	246,524
Other	236,117	-	-
Corporate	237,657	275,406	287,909
	<b>\$ 2,119,236</b>	<b>\$ 1,850,759</b>	<b>\$ 1,859,297</b>

<sup>1</sup> Effective in the first quarter of 2013, we revised our reportable segments to reflect the reorganization of our businesses to an onsite, mobile and on-demand market-based structure. This realignment will continue through 2014 and is designed to improve our long-term growth prospects and provide higher margin opportunities by giving us the ability to better deliver end-to-end services to clients located in urban, suburban, and rural areas. In addition, our realignment initiatives are designed to result in greater synergies from our acquisitions, achieve further integration between our onsite businesses, and decrease operating expenses by streamlining functions and reducing organizational layers. As a result of this realignment, we have separated our previous Facility Solutions segment into two new reportable segments: Facility Services and Building & Energy Solutions. Our onsite businesses consist of the following reportable segments: Janitorial, Facility Services, Parking, and Security. Our mobile and on-demand businesses consist of the Building & Energy Solutions reportable segment, and certain unconsolidated affiliates that provide facility solutions, primarily to the U.S. Government, which complements the other operations of the Building & Energy Solutions segment. Our new segment, Other, is comprised of Air Serv. Prior period segment results have been restated to conform to the new segment reporting structure, effective in the first quarter of 2013.

\* Excludes assets of discontinued operations of \$0.4 million and \$2.2 million as of October 31, 2012, and 2011, respectively.

## Consolidated Segment Information

Years Ended October 31, (in thousands)	2013	2012	2011
<b>Depreciation and amortization:</b>			
Janitorial	\$ 17,901	\$ 18,010	\$ 19,035
Facility Services	4,371	4,933	5,247
Parking	3,148	3,512	3,644
Security	1,036	1,218	1,441
Building & Energy Solutions	11,341	8,798	9,967
Other	11,588	-	-
Corporate	11,005	14,426	13,324
	<b>\$ 60,390</b>	<b>\$ 50,897</b>	<b>\$ 52,658</b>
<b>Capital expenditures:</b>			
Janitorial	\$ 14,694	\$ 12,367	\$ 10,048
Facility Services	11	23	634
Parking	2,523	2,219	2,023
Security	173	203	141
Building & Energy Solutions	1,226	828	646
Other	2,402	-	-
Corporate	11,564	12,412	8,632
	<b>\$ 32,593</b>	<b>\$ 28,052</b>	<b>\$ 22,124</b>

## Geographic Information

Revenues by geographic region are summarized below based on the country in which the sale originated. Substantially all of our long-lived assets are related to United States operations.

Years Ended October 31, (in thousands)	2013	2012	2011
<b>Revenues:</b>			
United States	\$ 4,710,821	\$ 4,253,793	\$ 4,198,937
All other countries	98,460	46,472	47,905
	<b>\$ 4,809,281</b>	<b>\$ 4,300,265</b>	<b>\$ 4,246,842</b>

## Report of Independent Registered Public Accounting Firm

### The Board of Directors and Stockholders ABM Industries Incorporated:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of ABM Industries Incorporated and subsidiaries as of October 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended October 31, 2013 (not presented herein); and in our report dated December 18, 2013, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets of ABM Industries Incorporated and subsidiaries as of October 31, 2013 and 2012, and the related condensed consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended October 31, 2013 is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

**KPMG LLP**

KPMG LLP  
New York, New York  
December 18, 2013

## BOARD OF DIRECTORS

**Maryellen C. Herringer** [A]  
Chairman of the Board, Attorney at Law

**Linda Chavez** [A, C, D]  
Chairman of the Board, Center for Equal Opportunity

**J. Philip Ferguson** [B, C, D]  
Former Vice Chairman,  
University of Texas Investment Management Company

**Anthony G. Fernandez** [B, D]  
Former Chairman, Chief Executive Officer and President  
of Phillip Services Corporation

**Luke S. Helms** [A, B, C]  
Managing Director,  
Sonata Capital Management

**Stephen M. Kadenacy** [B]  
Executive Vice President and Chief Financial Officer,  
AECOM Technology Corporation

**Sudhakar Kesavan** [A]  
Chairman and Chief Executive Officer ICF International

**Henrik C. Slipsager**  
President and Chief Executive Officer

**William W. Steele** [D]  
Former President and Chief Executive Officer,  
ABM Industries Incorporated

[A] Compensation Committee

[B] Audit Committee

[C] Governance Committee

[D] Corporate Citizenship and Communications Committee

As of January 15, 2014

## EXECUTIVE OFFICERS

**Henrik C. Slipsager**  
President and Chief Executive Officer

**James S. Lusk**  
Executive Vice President and Chief Financial Officer

**James P. McClure**  
Executive Vice President and President, Onsite Services

**Tracy K. Price**  
Executive Vice President and President, Building &  
Energy Solutions

**Angelique M. Carbo**  
Senior Vice President, Human Resources

**Dean A. Chin**  
Senior Vice President, Controller and Chief Accounting  
Officer

**David L. Farwell**  
Senior Vice President, Investor Relations

**Sarah Hlavinka McConnell**  
Senior Vice President, General Counsel and Secretary

**D. Anthony Scaglione**  
Senior Vice President, Treasurer, Mergers & Acquisitions

## SPECIAL NOTICES

**Listing**  
New York Stock Exchange

**Ticker Symbol**  
ABM

**Registrar and Transfer Agent**  
Computershare  
P.O. Box 30170  
College Station, TX 77842-3170  
Phone 800.850.3292  
eMail: [www-us.computershare.com/investor/contact](http://www-us.computershare.com/investor/contact)  
Web Address: [www-us.computershare.com/investor](http://www-us.computershare.com/investor)

**Auditors**  
KPMG LLP  
345 Park Avenue  
New York, NY 10154

**Annual Report on Form 10-K**  
Additional copies available to stockholders at no charge  
upon request to:  
ABM Investor Relations  
551 Fifth Avenue, Suite 300  
New York, NY 10176 or [abm.com](http://abm.com)

**Annual Meeting**  
The Annual Meeting of Stockholders of ABM Industries  
will be held on Wednesday, March 5, 2014 at 10:00 a.m. at:  
Hotel Sofitel New York  
45 West 44th Street  
New York, NY 10036

**Dividends**  
The Company has paid quarterly cash dividends on its  
Common Stock without interruption since 1965. The  
Board of Directors considers the payment of cash  
dividends on a quarterly basis, subject to the Company's  
earnings, financial condition and other factors.



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