



Second Quarter
Earnings Conference Call
June 3, 2010

Agenda

1 Introduction of Call Participants

2 Second Quarter 2010 Highlights

3 Financial Review

4 Operating Results

5 Fiscal 2010 Annual Guidance

Forward Looking Statement

This presentation contains forward-looking statements that set forth management's anticipated results based on management's current plans and assumptions. In addition, the financial results reported in this presentation continue to be subject to adjustment until filing of the Company's quarterly report on Form 10-Q for the quarter ended April 30, 2010. Any number of factors could cause the Company's actual results to differ materially from those anticipated. Factors that could cause actual results to differ include but are not limited to the following: (1) risks relating to our acquisition strategy may adversely impact our results of operations; (2) intense competition can constrain our ability to gain business, as well as our profitability; (3) we are subject to volatility associated with high deductibles for certain insurable risks; (4) an increase in costs that we cannot pass on to clients could affect our profitability; (5) we provide our services pursuant to agreements which are cancelable by either party upon 30 to 60 days' notice; (6) our success depends on our ability to preserve our long-term relationships with clients; (7) our transition to a shared services function could create disruption in functions affected; (8) we incur significant accounting and other control costs that reduce profitability; (9) a decline in commercial office building occupancy and rental rates could affect our revenues and profitability; (10) deterioration in economic conditions in general could further reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition; (11) the financial difficulties or bankruptcy of one or more of our major clients could adversely affect results; (12) our ability to operate and pay our debt obligations depends upon our access to cash; (13) because ABM conducts business operations through operating subsidiaries, we depend on those entities to generate the funds necessary to meet financial obligations; (14) certain future declines or fluctuations in the fair value of our investments in auction rate securities that are deemed other-than-temporarily impaired could negatively impact our earnings; (15) uncertainty in the credit markets and the financial services industry may impact our ability to collect receivables on a timely basis and may negatively impact our cash flow; (16) any future increase in the level of debt or in interest rates can affect our results of operations; (17) an impairment charge could have a material adverse effect on our financial condition and results of operations; (18) we are defendants in several class and representative actions or other lawsuits alleging various claims that could cause us to incur substantial liabilities; (19) since we are an attractive employer for recent émigrés to this country and many of our jobs are filled by such, changes in immigration laws or enforcement actions or investigations under such laws could significantly adversely affect our labor force, operations and financial results and our reputation; (20) labor disputes could lead to loss of revenues or expense variations; (21) federal health care reform legislation may adversely affect our business and results of operations; (22) we participate in multi-employer defined benefit plans which could result in substantial liabilities being incurred; and (23) natural disasters or acts of terrorism could disrupt our 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, 2009 and in other reports we file from time to time with the Securities and Exchange Commission. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-GAAP Financial Measures

During the course of this presentation, certain non-GAAP financial measures described as “Adjusted EBITDA,” “Adjusted Income from Continuing Operations,” “Adjusted Income from Continuing Operations per Diluted Share” and “Free Cash Flow from continuing operations” that were not prepared in accordance with U.S. GAAP will be presented.

A reconciliation of these non-GAAP financial measures to GAAP financial measures is available on the Company’s website under “Investor Relations” and at the end of this presentation.

Second Quarter 2010 Financial Highlights

(in millions, except per share data)	Quarter Ended			Six Months Ended		
	April 30,		Increase (Decrease)	April 30,		Increase (Decrease)
	2010	2009		2010	2009	
Revenues	\$ 855.5	\$ 855.7	NM*	\$ 1,725.3	\$ 1,743.2	(1.0)%
Net cash provided by continuing operating activities	\$ 50.0	\$ 30.9	61.8 %	\$ 37.7	\$ 44.3	(14.9)%
Net Income	\$ 8.6	\$ 12.8	(32.9)%	\$ 21.4	\$ 27.0	(20.9)%
Net income per diluted share	\$ 0.16	\$ 0.25	(36.0)%	\$ 0.41	\$ 0.52	(21.2)%
Adjusted EBITDA	\$ 29.4	\$ 36.1	(18.5)%	\$ 62.0	\$ 66.4	(6.6)%
Income from continuing operations	\$ 8.6	\$ 13.0	(33.9)%	\$ 21.5	\$ 27.8	(22.8)%
Income from continuing operations per diluted share	\$ 0.16	\$ 0.25	(36.0)%	\$ 0.41	\$ 0.54	(24.1)%
Adjusted income from continuing operations	\$ 11.9	\$ 16.4	(27.3)%	\$ 26.0	\$ 29.4	(11.6)%
Adjusted income from continuing operations per diluted share	\$ 0.23	\$ 0.32	(28.1)%	\$ 0.49	\$ 0.57	(14.0)%

* Not Meaningful

Second Quarter 2010 Fiscal Highlights

- Essentially met our expectations for the second quarter
- Revenue flat year-over-year as economic pressures continue to abate
- Year-over-year Adjusted Income from Continuing Operations per diluted share down 28% to \$0.23
 - One additional day of labor expense accounted for \$0.04
 - Higher State Unemployment Insurance expense added \$0.03
 - Incremental depreciation for IT upgrades added \$0.01
- Cash Flow from continuing operations of \$50 million, up \$19.1 million
 - Free Cash Flow from continuing operations of \$45.1 million
- Announced our 177th consecutive dividend

Q2 Financial Results (unaudited)

(in thousands)	Quarter Ended April 30,		Percent Change
	2010	2009	
Revenues	\$ 855,461	\$ 855,711	NM*
Operating expenses	771,974	766,148	
Selling, general and administrative	65,244	64,265	
Amortization of intangibles	2,694	2,680	
Operating profit	\$ 15,549	\$ 22,618	-31.3%
Other-than-temporary impairment losses on auction rate security:			
Gross impairment losses	101	-	
Impairments recognized in other comprehensive income	26	-	
Interest expense	1,177	1,313	
Income from continuing operations before income taxes	14,245	21,305	
Provision for income taxes	5,622	8,256	
Income from continuing operations	8,623	13,049	-33.9%
Adjusted income from continuing operations (a)	\$ 11,925	\$ 16,397	-27.3%
Adjusted EBITDA (a)	\$ 29,378	\$ 36,064	-18.5%

* Not Meaningful

(a) A reconciliation of certain non-GAAP financial information to GAAP financial measures is available on the Company's website under "Investor Relations" and at the end of this presentation

Q2 Financial Results (unaudited)

(in thousands)	Six Months Ended April 30,		Percent Change
	2010	2009	
Revenues	\$ 1,725,345	\$ 1,743,183	-1.0%
Operating expenses	1,554,075	1,553,416	
Selling, general and administrative	128,046	135,652	
Amortization of intangibles	5,469	5,503	
Operating profit	\$ 37,755	\$ 48,612	-22.3%
Other-than-temporary impairment losses on auction rate security:			
Gross impairment losses	36	-	
Impairments recognized in other comprehensive income	91	-	
Interest expense	2,392	2,981	
Income from continuing operations before income taxes	35,236	45,631	
Provision for income taxes	13,777	17,827	
Income from continuing operations	21,459	27,804	-22.8%
Adjusted income from continuing operations (a)	\$ 25,965	\$ 29,359	-11.6%
Adjusted EBITDA (a)	\$ 62,047	\$ 66,411	-6.6%

(a) A reconciliation of certain non-GAAP financial information to GAAP financial measures is available on the Company's website under "Investor Relations" and at the end of this presentation

Cash Flow Highlights (unaudited)

(In thousands)	Quarter Ended April 30,	
	2010	2009
Net cash provided by continuing operating activities	49,960	30,881
Net cash provided by discontinued operating activities	3,276	10,242
Net cash provided by operating activities	\$ 53,236	\$ 41,123
Net cash used in investing activities	\$ (4,815)	\$ (2,465)
Common stock purchases	1,794	1,053
Dividends paid	(7,022)	(6,673)
Borrowings from line of credit	98,000	170,000
Repayment of borrowings from line of credit	(125,000)	(215,000)
Changes in book cash overdrafts (a)	(16,427)	7,885
Net cash used in financing activities	\$ (48,655)	\$ (42,735)

(In thousands)	Six Months Ended April 30,	
	2010	2009
Net cash provided by continuing operating activities	37,740	44,341
Net cash provided by discontinued operating activities	6,583	22,861
Net cash provided by operating activities	\$ 44,323	\$ 67,202
Net cash used in investing activities	\$ (11,739)	\$ (8,114)
Proceeds from exercises of stock options (including income tax benefit)	3,045	1,516
Dividends paid	(14,014)	(13,314)
Borrowings from line of credit	229,000	343,000
Repayment of borrowings from line of credit	(256,500)	(391,000)
Changes in book cash overdrafts (a)	(7,325)	(5,966)
Net cash used in financing activities	\$ (45,794)	\$ (65,764)

(a) Amount shown for the quarter and six months ended April 30, 2009 reflects an immaterial correction of certain net book credit cash balances; resulting in an decrease in net cash used in financing activities for the quarter ended April 30, 2009 in the amount of \$7.9 million and an increase in net cash used in financing activities for the six months ended April 30, 2009 in the amount of \$6.0 million.

Condensed Balance Sheet (unaudited)

(In thousands)	April 30, 2010	October 31, 2009
Assets		
Cash and cash equivalents	\$ 20,943	\$ 34,153
Trade accounts receivable, net	442,709	445,241
Prepaid income taxes	12,913	13,473
Current assets of discontinued operations	6,009	10,787
Prepaid expenses	39,271	38,781
Notes receivable and other	18,155	21,374
Deferred income taxes, net	52,347	52,171
Insurance recoverables	4,898	5,017
Total current assets	597,245	620,997
Non-current assets of discontinued operations	2,792	4,567
Insurance deposits	42,179	42,500
Other investments and long-term receivables	5,668	6,240
Deferred income taxes, net	57,815	63,444
Insurance recoverables	65,819	67,100
Other assets	31,749	32,446
Investments in auction rate securities	19,634	19,531
Property, plant and equipment, net	56,397	56,892
Other intangible assets, net	54,731	60,199
Goodwill	547,880	547,237
Total assets	\$ 1,481,909	\$ 1,521,153
Liabilities		
Trade accounts payable	\$ 57,011	\$ 84,701
Accrued liabilities		
Compensation	85,282	93,095
Taxes - other than income	14,134	17,539
Insurance claims	78,803	78,144
Other	73,400	66,279
Income taxes payable	1,832	1,871
Current liabilities of discontinued operations	1,270	1,065
Total current liabilities	311,732	342,694
Income taxes payable	25,327	17,763
Line of credit	145,000	172,500
Retirement plans and other	31,644	32,963
Insurance claims	266,572	268,183
Total liabilities	780,275	834,103
Stockholders' Equity		
Total liabilities and stockholders' equity	\$ 1,481,909	\$ 1,521,153

Division Revenues¹

(in thousands)

	Second Quarter		
	2010	2009	Change
Janitorial	\$ 574,046	\$ 589,344	(2.6)%
Parking	114,003	113,347	0.6 %
Security	80,712	82,403	(2.1)%
Engineering	86,190	70,194	22.8 %
Total Division Revenues	\$ 854,951	\$ 855,288	NM*

* Not Meaningful

Summary

- Revenue flat year-over-year with lower than anticipated contribution from janitorial segment
- All segments reporting improved sales pipeline and activity
- Engineering revenue up 22.8% year-over-year as division secures new clients and continues to build on momentum
- Parking experienced modest pickup from airport clients
- Recently secured new landscaping and stadium business

¹ Excludes Corporate

Division Profits¹

(in thousands)

	Second Quarter		
	2010	2009	Change
Janitorial	\$ 29,025	\$ 34,894	(16.8)%
Parking	5,184	4,859	6.7 %
Security	941	1,397	(32.6)%
Engineering	4,856	4,038	20.3 %
Total Division Profit	\$ 40,006	\$ 45,188	(11.5)%

Summary

- Second quarter profit impacted from one additional day of labor expense and higher state unemployment expenses. Combined, the impact was approximately \$6 million dollars
- Engineering achieves another quarter of double-digit growth
- Parking benefits from higher profit at airports
- Security profitability down from lower revenues

¹ Excludes Corporate

Fiscal 2010 Outlook

- Continue to anticipate revenue improvement in second half of fiscal year
- Cost controls and operational efficiencies implemented in second quarter will benefit remainder of fiscal year
- Expect operating cash flow to remain strong
- On track to leverage investments in infrastructure for 2011 savings
- Guidance
 - Reiterating previously issued range for full year income from continuing operations of \$1.25 to \$1.35 per diluted share
 - Adjusted income from continuing operations of \$1.35 to \$1.45 per diluted share
 - The third quarter has one fewer work day compared to the third quarter of 2009

Appendix

Unaudited Reconciliation of non-GAAP Financial Measures (in thousands)

	Quarter Ended April 30,		Six Months Ended April 30,	
	2010	2009	2010	2009
Reconciliation of Adjusted Income from Continuing Operations to Net Income				
Adjusted Income from Continuing Operations	\$ 11,925	\$ 16,397	\$ 25,965	\$ 29,359
Items Impacting Comparability, net of taxes	(3,302)	(3,348)	(4,506)	(1,555)
Income from Continuing Operations	8,623	13,049	21,459	27,804
Loss from Discontinued Operations	(46)	(272)	(107)	(810)
Net Income	\$ 8,577	\$ 12,777	\$ 21,352	\$ 26,994
Reconciliation of Adjusted Income from Continuing Operations to Income from Continuing Operations				
Adjusted Income from Continuing Operations	\$ 11,925	\$ 16,397	\$ 25,965	\$ 29,359
Items Impacting Comparability:				
Corporate Initiatives and Other (a)	(1,005)	(5,515)	(2,975)	(12,163)
Third-Party Administrator Legal Settlement	-	-	-	9,601
Litigation Contingency	(4,400)	-	(4,400)	-
Total Items Impacting Comparability	(5,405)	(5,515)	(7,375)	(2,562)
Income Taxes Benefit	2,103	2,167	2,869	1,007
Items Impacting Comparability, net of taxes	(3,302)	(3,348)	(4,506)	(1,555)
Income from Continuing Operations	\$ 8,623	\$ 13,049	\$ 21,459	\$ 27,804

(a) Corporate initiatives and other include: (i) costs associated with the implementation of a new payroll and human resources information system, (ii) the upgrade of the Company's accounting system, (iii) the completion of the corporate move from San Francisco, (iv) the integration costs associated with OneSource, and (v) the write-off of deferred acquisition costs due to the adoption of an accounting pronouncement.

Unaudited Reconciliation of non-GAAP Financial Measures (in thousands, except per share data)

Reconciliation of Adjusted EBITDA to Net Income

Adjusted EBITDA	\$ 29,378	\$ 36,064	\$ 62,047	\$ 66,411
Items Impacting Comparability	(5,405)	(5,515)	(7,375)	(2,562)
Discontinued Operations	(46)	(272)	(107)	(810)
Income Tax	(5,622)	(8,256)	(13,777)	(17,827)
Interest Expense	(1,177)	(1,313)	(2,392)	(2,981)
Depreciation and Amortization	<u>(8,551)</u>	<u>(7,931)</u>	<u>(17,044)</u>	<u>(15,237)</u>
Net Income	<u>\$ 8,577</u>	<u>\$ 12,777</u>	<u>\$ 21,352</u>	<u>\$ 26,994</u>

Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share

	<u>Quarter Ended April 30,</u>		<u>Six Months Ended April 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Adjusted Income from Continuing Operations per Diluted Share	\$ 0.23	\$ 0.32	\$ 0.49	\$ 0.57
Items Impacting Comparability, net of taxes	<u>(0.07)</u>	<u>(0.07)</u>	<u>(0.08)</u>	<u>(0.03)</u>
Income from Continuing Operations per Diluted Share	<u>\$ 0.16</u>	<u>\$ 0.25</u>	<u>\$ 0.41</u>	<u>\$ 0.54</u>
Diluted Shares	52,719	51,553	52,633	51,511

Unaudited Reconciliation of non-GAAP Financial Measures (in thousands)

**Quarter Ended
April 30,
2010**

Reconciliation of Free Cash Flow to Net Cash Provided by Continuing Operating Activities

Free Cash Flow	\$	45,101
Capital Expenditures		<u>4,859</u>
Net cash provided by continuing operating activities	\$	<u><u>49,960</u></u>

Unaudited Reconciliation of non-GAAP Financial Measures

ABM Industries Incorporated and Subsidiaries

Reconciliation of Estimated Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share for the Year Ending October 31, 2010

	Year Ending October 31, 2010	
	<u>Low Estimate</u>	<u>High Estimate</u>
	(per diluted share)	
Adjusted Income from Continuing Operations per Diluted Share	\$ 1.35	\$ 1.45
Adjustments to Income from Continuing Operations (a)	(0.10)	(0.10)
Income from Continuing Operations per Diluted Share	<u>\$ 1.25</u>	<u>\$ 1.35</u>

(a) Adjustments to income from continuing operations are expected to include additional costs associated with the implementation of new information technology systems and other unique items impacting comparability.