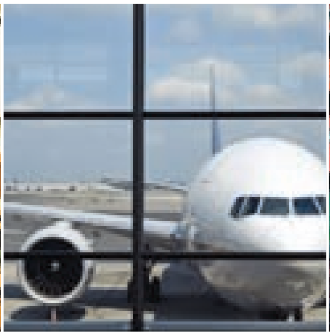
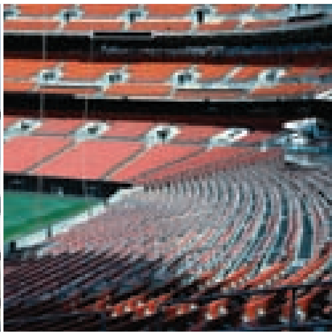
ABM Industries Incorporated
2010 Annual Report to Shareholders



ONE COMPANY.
MANY MARKETS SERVED.

ONE COMPANY.

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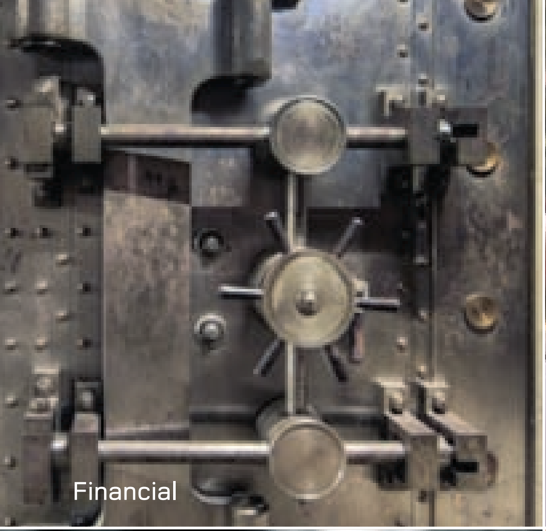

Financial

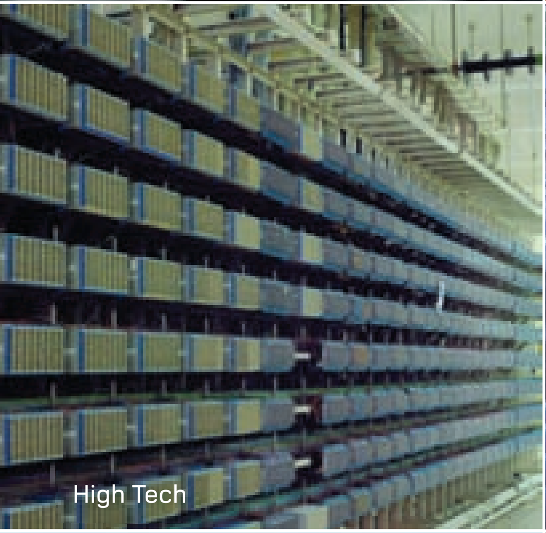

Industrial


Commercial Office Real Estate


Pharmaceutical


Retail


Education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Stadiums and Arenas


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Health Care

FIVE-YEAR SELECTED FINANCIAL DATA

Factors That May Affect Future Results

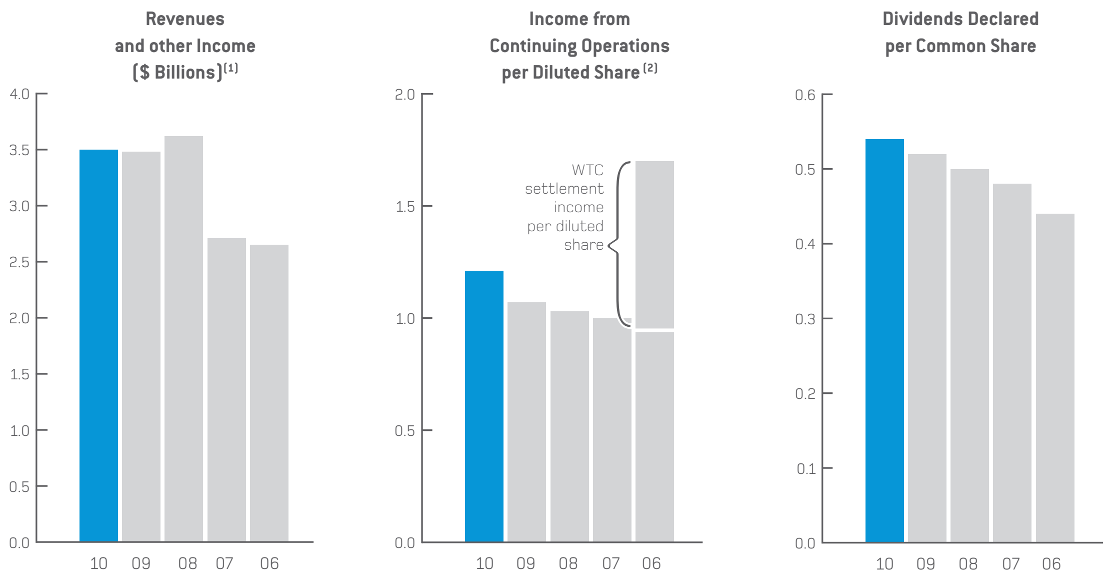
This Annual Report contains forward-looking statements that set forth management's anticipated results based on management's current plans and assumptions. Any number of factors could cause the Company's actual results to differ materially from those anticipated. These risks and uncertainties include, but are not limited to: (1) risks relating to our acquisition of The Linc Group LLC ("Linc") and 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 90 days' notice; (6) our success depends on our ability to preserve our long-term relationships with clients; (7) we incur significant accounting and other control costs that reduce profitability; (8) a decline in commercial office building occupancy and rental rates could affect our revenues and profitability; (9) 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; (10) the financial difficulties or bankruptcy of one or more of our major clients could adversely affect results; (11) we are subject to risks relating to foreign currency fluctuations and foreign exchange exposure; (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) that portion of our revenues which are generated from international operations are subject to political risks and changes in socio-economic conditions, laws and regulations, including labor, monetary and fiscal policies, which could negatively impact our ability to operate and grow our business in the international arena; (15) 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; (16) 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; (17) any future increase in the level of debt or in interest rates can affect our results of operations; (18) an impairment charge could have a material adverse effect on our financial condition and results of operations; (19) we are defendants in several class and representative actions or other lawsuits alleging various claims that could cause us to incur substantial liabilities; (20) 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 and adversely affect our labor force, operations and financial results and our reputation; (21) labor disputes could lead to loss of revenues or expense variations; (22) federal health care reform legislation may adversely affect our business and results of operations; (23) we participate in multi-employer defined benefit plans which could result in substantial liabilities being incurred; and (24) 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, 2010 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.

Years ended October 31, (in thousands, except per share data)	2010	2009	2008	2007	2006
Revenues and other income	$ 3,495,747	$ 3,481,823	$ 3,623,590	$ 2,706,105	$ 2,645,351
Adjusted EBITDA [1]	155,892	145,482	133,456	91,514	82,315
Income from continuing operations	63,870	55,490	52,731	50,647	84,324
Net income	$ 64,121	$ 54,293	$ 45,434	$ 52,440	$ 93,205
Net Income					
Basic	$ 1.23	$ 1.08	$ 1.04	$ 1.02	$ 1.72
Diluted	$ 1.21	$ 1.07	$ 1.03	$ 1.00	$ 1.70
Weighted-average common and common equivalent shares outstanding					
Basic	52,117	51,373	50,519	49,496	49,054
Diluted	52,908	51,845	51,386	50,629	49,678
Dividends declared per common share	$ 0.54	$ 0.52	$ 0.50	$ 0.48	$ 0.44
Total assets	$ 1,548,670	$ 1,521,153	$ 1,575,944	$ 1,132,198	$ 1,069,462
Trade accounts receivable - net	450,513	445,241	473,263	349,195	358,569
Insurance deposits	36,164	42,500	42,506	-	-
Goodwill	593,983	547,237	535,772	234,177	229,885
Other intangibles - net	65,774	60,199	62,179	24,573	23,881
Investments in auction rate securities	20,171	19,531	19,031	25,000	-
Line of credit	140,500	172,500	230,000	-	-
Insurance claims	348,314	346,327	346,157	261,043	248,377
Insurance recoverables	$ 76,098	$ 72,117	$ 71,617	$ 55,900	$ 53,188

(1) This report refers to a non-GAAP financial measure described as "Adjusted EBITDA." Refer to the accompanying financial tables for supplemental financial data and the corresponding reconciliation of this non-GAAP financial measure to the GAAP financial measure.

Unaudited Reconciliation of non-GAAP Financial Measures

Years ended October 31, (in thousands)	2010	2009	2008	2007	2006
Adjusted EBITDA	$ 155,892	$ 145,482	$ 133,456	$ 91,514	$ 82,315
Items Impacting Comparability	(10,865)	(22,066)	(5,872)	2,879	79,403
Discontinued Operations	251	(1,197)	(7,297)	1,793	8,881
Income Tax	(40,203)	(29,170)	(31,585)	(26,088)	(57,495)
Interest Expense	(4,639)	(5,881)	(15,193)	(453)	(494)
Depreciation and Amortization	(36,315)	(32,875)	(28,075)	(17,205)	(19,405)
Net Income	$ 64,121	$ 54,293	$ 45,434	$ 52,440	$ 93,205



(1) Revenues in 2010 include revenues associated with the acquisitions of Five Star Parking, Network Parking Company, Ltd. and System Parking, Inc. and Diversco, Inc., which were acquired on October 1, 2010 and June 30, 2010, respectively, totaling $43.0 million. Revenues beginning in 2008 include revenues associated with the acquisition of OneSource Services, Inc., which was acquired on November 17, 2007.

(2) Income from Continuing Operations per Diluted Share for the fiscal year ended October 31, 2006 is $1.70, which includes $0.75 from the settlement of the World Trade Center (WTC) insurance claims.

Henrik C. Slipsager
President and
Chief Executive Officer

The President's Perspective

Dear Stockholders, Employees and Other Friends of ABM:

The 2010 year brought the start of a new decade for U.S. business following one of the worst economic periods in global history and, for ABM Industries, it marked the launch of the Company's second century of delivering high-quality facility services to clients in a broad array of market sectors. And, true to historic form, ABM rose to the test of the economic times with strong resilience, solid results and, as always, an incredibly dedicated, focused and best-in-the industry workforce.

Overview and Accomplishments

One significant challenge for the 2010 fiscal year was that the U.S. economy, while showing signs of improvement, did not recover at the pace that many economists and businesses predicted. While markets rebounded strongly, financial results for U.S. businesses were mixed. Further, ABM tends to lag the general economy – slower to enter a recession, as we achieved record revenues in 2008 even as the recession was taking full grip – and our business often recovers at a slightly slower pace than the economy at large, as evidenced by continued pressures on revenues in the 2010 fiscal year.

While revenues were essentially flat at $3.5 billion for the 2010 fiscal year, we saw growth in the fiscal 2010 fourth quarter, both year-over-year and sequentially. For the 2010 fiscal year we produced double-digit growth in net income per diluted share, which increased 15.2%, and income from continuing operations per diluted share, up 13.1%. We accomplished these results against the backdrop of continued client pressures to reduce costs in a highly competitive, price-sensitive marketplace in 2010.

We also continued our aggressive focus on controlling costs and improving margins. As a result, our adjusted EBITDA margin increased to 5.3% at the fourth quarter of fiscal year 2010, a level we had targeted, pre-recession, to achieve by 2010. Operating profit increased a robust 18% year-over-year. Further, we reduced SG&A expenses by more than 8% for the fiscal year and our days sales outstanding declined to 47 days. At year's end, the Company generated a record $141 million in net cash flow from continuing operations.

We successfully navigated what proved to be another challenging year for spending as clients sought to lower their costs of operations for non-core services in order to remain competitive in their respective markets.

One Company. Many Markets Served.

A key driver of our success in fiscal year 2010 and a cornerstone of our progress going forward is ABM's ability to deliver high-quality, cost-effective facility services capable of meeting the diverse and distinct needs of a broad array of industry sectors.

Our clients increasingly demand integrated service providers who can perform across broad geographies and multiple facility types. These service providers must, at the same time, deliver cost savings, operational efficiencies and green solutions while understanding the unique safety, operational and regulatory framework that can impact industry-specific facility services requirements.

To meet these market demands, we have focused ABM's core competencies on a suite of services – commercial cleaning and maintenance, engineering, energy efficiency, security and parking – where ABM can sustain a substantial geographic and market footprint and deliver integrated facilities services capabilities to clients in multiple market sectors. We are supporting

(Continued on page 8.)

these capabilities with a significant investment in revamping our operational platform and systems to become more scalable and flexible to meet business demands, and completed the first phase of this work during the fiscal year. At the same time, we restructured and realigned the operations of our Divisions for greater efficiencies, improved costs structures and enhanced client focus.

Leveraging our core capabilities, broad operational platform and geographic reach, ABM brings experience, expertise and a substantial client base in several vertical markets – including financial services, industrial/manufacturing, commercial office real estate, pharmaceutical, retail, education, high tech, stadiums and arenas, government, airport services, bakery/food processing and health care, to name a few.

In fiscal 2010, the Company continued to make great strides in building volume with existing and new clients among these and other target industries. Equally important, we took key steps in the fiscal year that extended the breadth and depth of our core service capabilities while expanding our market-specific expertise and offerings.

In June, we expanded both our Janitorial and Security businesses with the acquisition of Diversco, Inc. Founded in 1968 as a janitorial services company, Diversco provides outsourced facility services and brought a strong manufacturing and industrial client base in the Southeast, Midwest and Mid-Atlantic regions of the United States. Diversco's services include a range of commercial cleaning and facility services, as well as security services primarily in support of manufacturing clients.

To expand our national parking operations, we acquired in September substantially all of the assets of three parking companies – Five Star Parking, Network Parking Company Ltd., and System Parking, Inc. – with significant parking operations throughout the United States. The acquisition extends our parking services in major urban areas, including Chicago, Philadelphia, Boston and San Diego, while complementing our already strong presence in cities such as Los Angeles, Cleveland and Cincinnati. The acquisition also expands Ampco System's presence at airports, where the Division is already a leader in airport parking management. The combined business will manage parking operations at 2000 offices, airport, hospital, retail, entertainment and multi-use locations across 232 cities and 38 states throughout the U.S.

Both Diversco and the L&R parking companies were successfully integrated and contributed additional sales and profitability during the 2010 fiscal year.

Finally, shortly after the close of the fiscal year, ABM acquired The Linc Group (TLG), a premier provider of end-to-end integrated facilities services that improve operating efficiencies, reduce energy consumption and lower overall operational costs of critical facilities, installations and buildings in the government, commercial and residential markets. The acquisition was a game-changer for ABM – transforming our engineering and energy business overnight, differentiating us from our competitors and positioning us in a higher growth segment, including leveraging TLG's substantial presence in the government market. By integrating ABM's existing Engineering Division and TLG, we are bringing together two entities with proven track records of solid growth in sales and earnings, resulting in a combined business close to $1 billion in revenues.

These strategic acquisitions in 2010 delivered to our core businesses broad experience and deep client relationships, increasing our ability to be a leading integrated facility services provider for clients across multiple market sectors.

Future Outlook

Improving revenue trends, the contributions of these acquired assets, our revamped operations and continued growth in the depth and breadth of our capabilities in these and other targeted vertical markets give us clear momentum and a solid foundation for growth in 2011.

Ultimately, 2010 proved to be another remarkable year for ABM Industries. And, for me, I reached a personal milestone during the year – my tenth anniversary as CEO of this great and historic Company. I marked the occasion by making a little professional and personal history of my own in a unique and somewhat out-of-character fashion – by agreeing to appear on CBS's national hit television program, *Undercover Boss*. The ABM episode aired Sunday, December 5.

For those who may not know, the CBS reality show places a CEO incognito among frontline workers to help top executives gain insight into how the company works day-to-day and to discover some of the "unsung heroes" who make their companies run.

The experience was an extraordinary one for me. I worked hard on the job, even with my "mixed" frontline results, and from the perspective of my "day job" as CEO, I was enormously pleased and proud to stand side-by-side with some incredible ABM employees. I saw firsthand their outstanding skills, clear dedication and unwavering client focus. My hope is that my unique experience going undercover helped uncover for millions the tremendous pride of the men and women who work on the front lines for ABM, day in and day out. As my experience made clear, these employees – the backbone of ABM – often perform their roles in the dark of night or behind the scenes, but they ultimately stand out as the true "stars" of this Company.

As we conclude another historic year, we look forward to meeting the challenges and capitalizing on the opportunities of 2011. As always, we appreciate your support and confidence in ABM Industries.

Sincerely,

Henrik C. Slipsager
President and
Chief Executive Officer

Health Care

From hospitals and nursing homes to medical offices and laboratories, health care includes a diverse array of facilities.

Servicing health care facilities requires highly specialized expertise, as well as flexibility and efficiency. Health care facilities must meet rigorous standards for cleanliness and safety in order to assure the highest levels of quality care. It demands a combination of traditional facility services – ranging from housekeeping to janitorial services – and specialized services at the forefront of technological advancements to operate in highly sensitive medical and laboratory environments.

Today, more than ever, these clients are facing significant pressures from rising medical and technology costs at a time of fundamental change in the industry environment, in part driven by regulatory and legislative changes.

ABM offers health care clients the opportunity to focus their resources on their core mission: providing the highest levels of medical care. Each branch of the ABM family provides important services in the health care space.

ABM Janitorial provides a range of services from cleaning clinics, exam rooms and waiting areas to biohazard waste removal – including important green cleaning services that employ eco-friendly processes and products to enhance air quality, conserve energy and natural resources and save clients money.

ABM Engineering offers clients integrated mechanical, HVAC, electrical and lights maintenance, general repair services and water treatment management through a single source – conserving resources and maximizing scalability within their facilities.

Security services offered to health care clients concentrate both on the overall security needs of a facility and the unique requirements of a particular health care institution. ABM Security creates programs to include uniformed personnel, access control, patrols and alarms as well as fire safety systems fulfilling the needs of each client.

And, with the earlier acquisition of Healthcare Parking Systems of America, Ampco offers an industry leader in the field of specialized parking services, delivering services ranging from valet parking to patient transportation to greeting and concierge services for health care clients across the country.

Industrial

Facing extreme competition from emerging markets and developing countries, industrial and manufacturing companies are now more than ever seeking to improve their cost structures for savings and flexibility, so that they can focus on their own core competencies – those areas that generate revenue growth. Ideally, these customers seek bundled service offerings on a national or international basis from a single provider at highly competitive prices.

Services providers must offer broad service offerings, substantial geographic footprints, state-of-the-art technology and strong capabilities across a range of offerings spanning wide geographies and diverse types of facilities. In order to maintain a comprehensive suite of offerings and maintain competitive pricing, providers must also continue to invest in infrastructure and technology.

At the same time, many facility owners are evaluating green initiatives, not only to better manage their energy costs but also to maintain standards above emerging environmental regulations.

ABM uniquely offers industrial clients services from engineering and energy to janitorial, security and parking.

ABM Engineering's offerings include general HVAC, electrical and plumbing system maintenance, painting and confidential shredding services as well as advanced quality assurance and cost analysis programs, engineering consultations and complex energy efficiency programs.

With such a range of facilities to monitor, ABM Security is uniquely qualified to provide clients essential security services as well as safety and risk management analysis that are scalable to nearly any size facility or campus.

ABM Janitorial provides general services as well as specialized practices by industry such as equipment sanitation, yard and ground maintenance and window washing. This Division of ABM is also able to leverage economies of scale with key equipment, chemical and consumable suppliers.

Further, with the acquisitions of Diversco and The Linc Group in 2010, ABM is increasingly capable of providing comprehensive, integrated facilities management solutions its national industrial client base.

Education

Educational facilities are found in virtually every community across the United States. These include facilities of all sizes, educating a wide range of students, including both kindergarten-12th grades (such as elementary schools and high schools) as well as students of higher learning (colleges and universities).

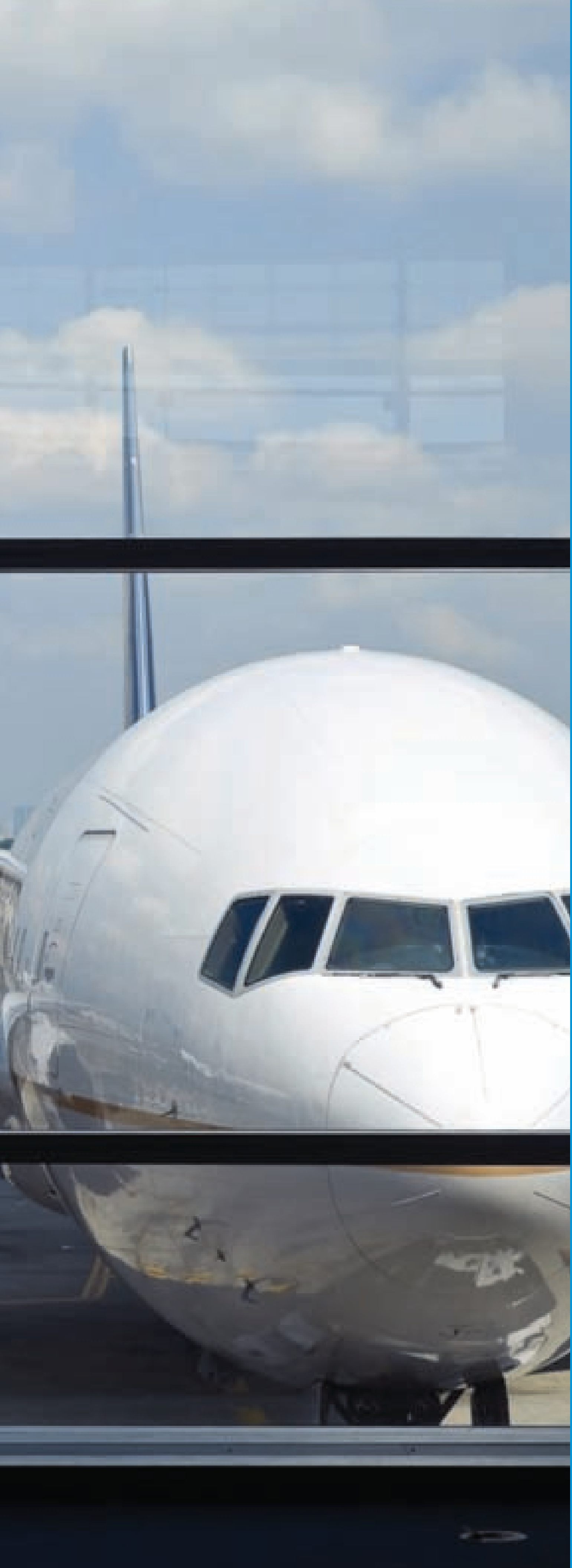
School budgets have come under intense pressure. Even as colleges and universities see their endowments' values plummet and enrollments shrink, energy and other costs continue to rise. Meanwhile, K-12 schools are feeling the effects of reduced state aid to local school districts.

Given the labor-intensive nature of education and a growing competition to retain and attract top teaching talent, schools seek to operate as efficiently as possible, especially in non-core areas such as custodial and engineering services.

The ABM family provides best-in-class facilities management and maintenance solutions – offering educational institutions the predictable costs, expertise and single point of accountability these clients need. Increasingly, education institutions, systems and districts are turning to ABM to meet their cost and service requirements.

ABM offers a unique portfolio of custodial services for colleges and universities, ranging from general classroom, lab and dorm cleaning to outdoor space and grounds maintenance to stadium and gymnasium management. For K-12 clients, ABM provides not only traditional cleaning and maintenance services, but also specialized services like pressure washing and graffiti removal.

ABM also provides key engineering services, from the routing to complex maintenance of HVAC, electrical, plumbing and other systems. These systems are the heart of the schools' operations as well as their maintenance costs, making an experienced facilities services provider a key partner to these institutions. And with clients' increasing demands for energy efficiency and environmental responsibility, ABM offers LEED and Energy Star-certified energy programs, including energy audits and programs to reduce energy consumption and costs.



Airport Services

Airport services include both airlines and airports – with companies operating passenger and cargo jets, as well as those operating airports for commercial and general aviation, and those providing support services, such as aircraft fueling and maintenance, baggage and cargo handling, among others.

Pressured by consumer demand and fuel costs while many other costs are fixed, these companies require great operational efficiency. Many of these clients are now turning to facilities services providers to help achieve those efficiencies. They seek a combination of conventional facilities services – ranging from janitorial services and parking management – to specialized services, such as baggage handling systems maintenance and security compliance programs.

ABM provides airline and airport clients a range of airport terminal and facilities services from janitorial to parking and shuttle services to security, customer service, HVAC maintenance, electrical and mechanical repairs, landscaping, snow removal and more. Other services include ramp services, like ground support equipment and jetway maintenance, as well as baggage handling and cargo sorting, and aircraft cleaning services.

The Company expanded its parking presence and capabilities at airports across the country with the acquisitions of substantially all of the assets of three parking companies – Five Star Parking, Network Parking Company Ltd., and System Parking, Inc. – from the L&R Group of Companies.

ABM Engineering also provides airport clients a wide range of services, including pest control, electrical, mechanical and plumbing repairs, lighting and sign retrofitting and baggage conveyor maintenance. With ABM's recent acquisition of The Linc Group, the Company's engineering and energy offerings were significantly enhanced. ABM's airport capabilities include industry-leading offerings in engineering and maintenance, as well as energy conservation, Energy Star, LEED certification and green cleaning services – reducing costs and consumption for these clients while better protecting the environment.

Stadiums & Arenas

As sports have become bigger, faster and more efficient, so have the stadiums and arenas in which they are played. Over the past decade, stadium and arena owners have embraced technological advances and eco-friendly management as a way to fully leverage their facilities and take advantage of cost savings.

Providing integrated facilities management to stadiums and arenas demands in-house expertise and flexibility. These facilities see tremendous turnover night after night, demand high levels of operational efficiencies to handle volume and require unique equipment for maintenance. The nature of the professional sport industry's operations requires service providers who understand and can comply with the distinct expectations of the industry. Across the ABM family, there is in-house expertise to operate effectively in this demanding environment, offering stadium and arena clients turn-key, consolidated solutions.

From the parking lot to the stands, luxury boxes and locker rooms, ABM Janitorial offers general, specialized and green cleaning services for an entire facility.

ABM Engineering provides clients with a range of solutions to their electrical, HVAC and plumbing needs. Providing stationary engineers for events while engaging in energy services and audits enables stadium owners and operators to most efficiently and cost effectively heat, light and drain their facilities. Additionally, the acquisition of The Linc Group greatly expands ABM Engineering's large facility maintenance and greening capabilities.

With waves of attendance and then vacancy of stadiums and arenas, ABM Security is able to address the needs of these clients by providing event security, 24-7 guard services and entry check point management.

Key to any stadium or arena is the availability of safe and clean parking lots. ABM Parking offers clients a wide range of integrated parking solutions from valet to off-site shuttles and lot management and maintenance. Ampco System Parking is even leveraging the Internet and partnering with select advertisers to help drive traffic and revenues to stadium parking lots.

REPORTS FROM THE SUBSIDIARIES


AMPCO


ECTIONS
07•108•109
Dawg Pound 118-122
Team Shop
Legends
STADIUM DOGS
Deli
EXPRESS
ENTRANCE
Grille
EXIT
Grille
PowerBrush

Overview and Key Accomplishments

ABM Janitorial Services continued to expand its services in key markets in fiscal year 2010, with notable wins in the aviation, education and industrial sectors. Despite continued client pressures to reduce costs, ABM Janitorial generated $2.3 billion in revenues during the 2010 fiscal year, just below 2009 results. The Janitorial Division also delivered operating profit of nearly $141 million in 2010, increasing slightly above 2009, as the management team vigorously controlled expenses to maintain profitability and mitigate the impact of the slow-growth economy.

A major 2010 success was the acquisition of Diversco, Inc., a nationwide provider of facility services to prominent manufacturing and industrial clients. In addition to increasing the Janitorial Division's sales and profitability, the Diversco acquisition added a rich talent pool, expanded the Division's geographic footprint in the South and Mid-Atlantic, and greatly enhanced ABM Janitorial Services' ability to service manufacturing and industrial clients.

To drive further efficiencies and client service improvements, ABM Janitorial announced the consolidation of its geographic operating regions from eleven to four. The consolidation will provide more streamlined administration and a higher level of support to branch offices, allowing local area managers to focus more on their clients' day-to-day service needs. The regional consolidation also supports the Division's efforts to build a more unified and integrated business platform, which meets client demand for a single service provider across multiple locations while enhancing ABM's growth and expansion opportunities with these clients.

The ABM Green Care™ program continued to provide a competitive advantage as environmental sustainability increasingly became a primary focus for both existing clients and prospects. In 2010, ABM Janitorial remained committed to moving clients to its industry-leading green cleaning program, and now has surpassed 250 million square feet of U.S. Green Building Council (USGBC) LEED® Certified or Registered square footage. More square footage is covered by ABM's Green Care™ program than most of its competitors clean *in total*.

The Janitorial Division concluded fiscal 2010 with a total workforce of 69,000 employees operating in all 50 states, Washington, DC, Puerto Rico and British Columbia, Canada.

Industry Trends

With clients focusing a keen eye on the bottom line, combined with even higher standards for contractor performance, ABM Janitorial Services expanded its national and multi-regional account portfolio with "bundled" facility services under one contract. As the only commercial cleaning company in the industry to operate on a truly national platform, ABM Janitorial Services can seamlessly extend the janitorial and other facility services it provides at one property to multiple facilities across the nation. ABM's National Accounts program and its web-based enterprise work order management system offer clients a single point of contact, consolidated billing, streamlined service requests and reporting, pricing advantages, industry-leading technology and a dedicated account manager.

For many current clients, ABM Janitorial Services provides ongoing consultation on bundling of services, portfolio discounts, creative cleaning specifications and innovative pricing solutions – such as day cleaning – to help them reduce their spending without compromising quality of service. ABM's ability to self-perform services nationwide is a significant advantage to clients in achieving cost reductions and quality improvements.

In this increasingly competitive marketplace, marked by the trend towards more frequent re-bidding of client contracts, ABM Janitorial Services is committed to setting the standard for client service. In April, ABM Janitorial Services launched its Customer Retention campaign, "At Your Service." ABM employees around the country came together for a renewed customer-centric focus and to underscore the critical importance of exceeding client expectations to sustain and grow sales.

ABM Janitorial Services' strong client focus helped generate new business in 2010. During the fiscal year, ABM won new clients in several key markets, including education (K-12 and higher education); airport services; sports and entertainment; health care; improvement districts; technology; industrial and manufacturing; snack food and bakery operations; bio-pharmaceutical; retail; and regulated industries such as financial services, telecommunications and power/utilities. Specialized programs geared toward these markets meet the needs of clients with unique business environments and distinct service requirements. ABM Janitorial Services continued to leverage subject-matter-experts in these key vertical markets to help drive solutions tailored to address the industry-specific needs of clients.

As ABM Janitorial Services continued to provide clients the best green cleaning options in the industry, the Company focused on "walking-the-walk" internally as well. In 2011, ABM will report on and continue to measure the Company's operational impact to the environment through the release of an enterprise Corporate Sustainability report, making ABM one of the few companies in the industry to commit to sustainability reporting.

Future Outlook

ABM Janitorial Services is poised to expand its presence in targeted vertical markets, improve revenue growth and sustain its competitive advantage in 2011. ABM Janitorial will continue to drive operational excellence, surpass client expectations and aggressively focus on leveraging its competitive advantages to generate sales to new and existing clients in targeted vertical markets. The steps ABM Janitorial took during the fiscal year will create a clear path towards greater profitability and improved growth in 2011.


AMPCO
SYSTEM
PARKING
AMPCO
SYSTEM
PARKING

Ampco System Parking

Overview and Key Accomplishments

With strong advances in key client markets and an important strategic acquisition late in the fiscal year, Ampco System Parking delivered solid financial results in 2010 and positioned itself for further growth with existing and new clients in fiscal year 2011.

Ampco System Parking generated approximately $470 million in revenues in fiscal year 2010, a 2.6% increase over the prior year. Parking earned almost $23 million in operating profits during the year, growth of over 12% compared to 2009 results.

Ampco expanded its national parking operations during the fiscal year when it acquired substantially all of the assets of three parking companies – Five Star Parking, Network Parking Company Ltd., and System Parking, Inc. – from the L&R Group of Companies. The acquisition complemented and expanded Ampco's national footprint and the acquired companies contributed to the Parking Division's revenue and profitability in the 2010 fiscal year.

With the addition of the new assets, Ampco System Parking now operates with a team of more than 12,100 employees in 2,000 offices, airports, hospitals, retail, entertainment and multi-use locations across 38 states. The 232 cities the combined business now serves include Boston, Chicago, Cincinnati, Cleveland, Los Angeles, Louisville, Philadelphia, San Diego and San Francisco.

The new parking companies also build on Ampco's strong foundation in airport parking management, where Ampco already served a number of major airports. During the fiscal year, Ampco extended operating contract terms at several key airports, including Honolulu and Sacramento.

Ampco System Parking's range of client services include parking facility leasing and management, valet parking and shuttle transportation services, on-street parking collections and enforcement, taxi dispatch, curbside and baggage handling services. Ampco also provides parking facility maintenance and repair, and revenue control equipment specification and procurement, as well as infrastructure consultation and operations for public-private partnerships.

Industry Trends

Technology continues to be a client expectation and, increasingly, part of Ampco's parking operations and competitive advantage. In the higher education sector, for example, tech-savvy students expect web-based parking applications, including registering for parking privileges, parking permit issuance and on-line payment options. Ampco is prepared to handle these demands on college campuses and, leveraging technology, works with select vendors to improve client operations. Ampco has recently rolled-out state-of-the-art smart hand held devices to monitor parking compliance, track parking space availability, access records and issue citations.

Airport parking, a key client service for Ampco, also is seeing an increased use of automation to reduce operating costs and many clients are installing cell-phone waiting lots to reduce vehicle trips on airport roadways. Ampco offers these services and, to reduce waiting times, has introduced valet parking operations to serve frequent business travelers. Other industry trends that Ampco is aggressively pursuing include construction projects to consolidate off-site rental car facilities to eliminate individual company shuttle buses circling the airport and retrofitting lighting fixtures to help improve energy efficiency and costs. Among many technology-driven client solutions, Ampco is increasingly installing PCI-compliant credit card exit lanes to reduce queues.

Another key client sector served by Ampco, health care, has seen increased demand for concierge-type services, valet parking and patient escort services, along with the implementation of electric vehicle charging stations and other green technologies. Ampco's Healthcare Parking Services of America division brings specific experience and expertise to meet this client demand at hospitals and medical office facilities across the country.

Stadiums and arenas, where we provide parking services at major venues across the country, are seeking parking partners who understand the demands of moving mass numbers of event patrons and vehicles for events ranging from Sunday football to symphonies. As stadium owners seek revenues to cover the costs of new and renovated facilities, Ampco is capitalizing on the Internet to direct patrons to stadium-owned parking areas and offers other online services like pre-paid parking with season ticket packages.

Future Outlook

Going forward, Ampco also will continue to leverage technology to build competitive advantage. Innovations like Ampco's Score^4 Accounting System, SmartDrive technology in shuttle operations and BI (business intelligence) applications set Ampco apart from its competition. Internally, Ampco is using ELearning technology to improve employee training. Ampco also is ahead of the curve in meeting client demand for green solutions with its use of solar applications to cover surface parking areas, creating preferential parking areas and generating additional parking revenues.

Ampco combines a cutting-edge approach with some of the strongest and most experienced professionals in the industry, another competitive advantage, and strengthened its breadth and depth of talent with the acquisition during the fiscal year.

Improving organic opportunities as the economy improves, combined with the added strength of the acquired parking companies, position Ampco for growth in the 2011 fiscal year. The combined entity of complementary businesses should drive sales growth among existing clients while delivering new business revenue opportunities as well. Ampco also will continue to leverage its revamped operations and technology to improve profitability in 2011.

Overview and Key Accomplishments

ABM Security Services further expanded its geographic footprint in fiscal year 2010, growing in the Southeast, Midwest and Mid-Atlantic regions. With the addition of three states served during the 2010 fiscal year, ABM Security Services now operates in 37 states through 48 branch offices nationally. ABM Security Services employs more than 11,300 security officers and other staff.

In the 2010 fiscal year, Security continued to face the impact of reduced client spending, a highly competitive market and slow economic growth. ABM Security Services generated more than $336 million in revenues in the fiscal year, holding pace with 2009 revenues of $335 million. Operating profit for the year was $7.5 million compared to $8.2 million in the prior year, primarily the result of lower client spending.

ABM Security's focus on specific vertical markets – including petro-chemical, health care, agricultural, patrol and residential segments – produced expanded market share and improved margins, particularly in geographic areas of the country where Security already had very strong depth of management. Additionally, Security launched a Subject Matter Expert Program during the fiscal year to assist field employees with actionable information on their vertical markets. Capitalizing on this focus, ABM Security generated growth in its target markets in 2010.

The acquisition of Diversco and its subsidiary security services company, Spartan Security, was a primary catalyst for expansion in 2010. Spartan Security was founded in 1977 and has grown to become one of the most respected security companies in the Eastern United States. Licensed in 18 states, Spartan Security complements ABM Security's operations, infrastructure and national presence.

ABM Security also continued to refine its operating model to deliver the most cost-effective, highly-efficient services possible for its clients and prospects. With improved operations a key focus in 2010, ABM Security Services consolidated its eight operating regions into four. Security also strengthened its Strategic Account team to drive client sales and service and established a National Vice President of Sales to further drive large-scale opportunities, deliver focused employee training and track key sales performance metrics. ABM Security also gains competitive advantage from one of the most stable management teams in the industry.

ABM Security Services continued to focus on driving improvement in all phases of its operations. The Division saw a DSO reduction of two days in the fiscal year. Increased back-office efficiencies and strong collections efforts enabled Security to more quickly reinvest cash, generate more sales, and offer better service options for clients and prospects.

Industry Trends

The economic downturn over the last couple of years significantly increased the amount of contract re-bidding throughout the industry, with many clients reviewing contracts annually. In response, client retention remained a high priority across ABM's service divisions, including Security, in the fiscal year.

The market has demanded comprehensive, innovative security service solutions from its providers. ABM Security Services answered the call and distinguished itself as a service provider that delivers security solutions for diverse facilities tailored to client and market requirements, offers technological advances that meet clients' cost control demands and provides big-picture reporting.

One key client solution, QMS 24-7™ – Security's interactive web-based data collection and reporting management system – delivers to ABM Security officers the operational technology to more quickly respond to client needs. Automated communication with security staff results in reduced response time and enhanced client satisfaction. The reporting dashboard allows monitoring of all services in one building or across an entire portfolio. QMS 24-7 enhances productivity, profitability and convenience for clients – enabling them to minimize costs and effectively and efficiently manage a facility portfolio spread across a city, region or nation from one single point of contact.

Sustainability continued to be a regular focus of conversation with clients. By virtue of its technology platform that streamlines administration and delivers real-time reports on-demand to clients' desktop or PDA, ABM Security Services now saves more than 100,000 paper forms per month, greatly benefitting the shared environment.

ABM Security Services' SAFETY Act certification from the Department of Homeland Security (DHS) continued to offer clients added peace of mind. SAFETY Act certification provides liability protection for qualified anti-terrorism technologies deemed to be effective, reliable and safe, after careful review by DHS. The tort protections extend not only to ABM Security Services, but also to our clients.

Future Outlook

In the 2011 fiscal year, ABM Security Services will target its key vertical markets to drive revenue growth while continuing its strong focus on client retention across all sectors. Security also will continue to keep pace with the ever-shifting industry landscape, leveraging operational improvements, highly effective and innovative technology, strong and seasoned management and high-quality security officers and staff to build growth in targeted markets.


ABM
Engineering Services

ABM Engineering Services

Overview and Key Accomplishments

ABM Engineering Services' greatest strengths derive from its national platform, which enables consistent, high-quality service throughout most U.S. cities, while offering clients access to local market expertise, talent and operational resources. These strengths were in good evidence and helped drive strong results for fiscal 2010.

ABM Engineering Services, which includes ABM Energy Services, delivered robust growth and operating profit in the fiscal year, with revenues up nearly 15% over the prior year to $351 million, and operating profit of $22.0 million, an almost 12% increase over fiscal year 2009 results.

Revenue increases were driven by strong organic sales as ABM Engineering expanded in several key client markets – including pharmaceutical, high-tech, semiconductor manufacturing, data centers and financial services – and broadened its client service offerings in areas like mobile maintenance.

In financial services, ABM Engineering exhibited solid growth with the implementation of an expanded contract with a large bank for 4,000 locations across 14 states. In the same sector, and late in the fiscal year, ABM Engineering won a separate new multi-million dollar, multi-service contract with a national bank covering an additional 1,750 locations, positioning ABM for strong growth in the banking sector in 2011.

Key wins in the financial services sector helped to drive rapid growth in mobile maintenance services. In 2010, ABM Engineering Services increased its maintenance trucks on the road by 250, anticipating strong 2011 growth from its unique approach to bundled mobile maintenance services for small to medium-sized properties.

ABM Engineering also made strong advances in delivering energy-related services for a growing number of clients. ABM Energy Services continued its growth as existing clients accelerated demand for renewable energy and green building solutions. In addition, ABM Engineering, on behalf of a corporate client, reduced facility costs by 22% over the prior year at a nuclear power plant testing facility in San Jose while substantially increasing customer satisfaction scores.

ABM Engineering Services secured several strategic multi-service contracts including a large school district in Harris County, Texas, where ABM provides maintenance, cleaning, landscaping and service contract consolidation services. Engineering's new mobile maintenance program was key to this district's award decision. Further, with assistance from ABM Canada, ABM was awarded its first major multi-national facility management contract with an international high tech company, which occupies sites in the United States and Canada.

Industry Trends

Advances in renewable energy technologies and an increasing interest in companies that can self-perform engineering and energy services are two key industry trends that will drive business going forward. Renewable energy technology advancements are rapidly entering the market. With solar and cogeneration opportunities becoming more attractive as a result of improved performance and greater state support, significant revenue opportunities should emerge in California, Hawaii, Arizona and Nevada as a combination of new solar applications and rebates increases project returns.

Today, major corporations that outsource most of their facility services are finding better service and savings through companies that can self-perform bundles of services and leverage all facility management labor. ABM is well positioned to continue to drive value by self-performing more services than our competition.

ABM Engineering also is leveraging industry trends towards technology for internal improvements. During fiscal 2010, ABM Engineering introduced "E-learning," a web-based safety and skills training system that has significantly enhanced ABM's on-line training capabilities – improving safety practices, delivering highly-skilled staff and offering a more cost effective and consistent approach to training.

Future Outlook

On December 1, 2010 ABM, acquired The Linc Group, a premier provider of end-to-end integrated facilities services that improve operating efficiencies, reduce energy consumption and lower overall operational costs of critical facilities, installations and buildings in the government, commercial and residential markets. The combined engineering operations will be close to $1 billion in revenues. The transaction positions ABM Engineering to deliver leading client solutions to meet the global drive towards green buildings and energy efficiency, to leverage client opportunities in the government sector and to deliver integrated, innovative client solutions in 2011.

FINANCIAL REPORTS

Condensed Consolidated Balance Sheets

Years ended October 31, (in thousands, except share amounts)	2010	2009
Assets		
Current assets		
Cash and cash equivalents	$ 39,446	$ 34,153
Trade accounts receivable, net of allowances of $10,672 and $10,772 at October 31, 2010 and 2009, respectively	450,513	445,241
Prepaid income taxes	1,498	13,473
Current assets of discontinued operations	4,260	10,787
Prepaid expenses	41,306	38,781
Notes receivable and other	20,402	21,374
Deferred income taxes, net	46,193	52,171
Insurance recoverables	5,138	5,017
Total current assets	608,756	620,997
Non-current assets of discontinued operations	1,392	4,567
Insurance deposits	36,164	42,500
Other investments and long-term receivables	4,445	6,240
Deferred income taxes, net	51,068	63,444
Insurance recoverables	70,960	67,100
Other assets	37,869	32,446
Investments in auction rate securities	20,171	19,531
Property, plant and equipment, net of accumulated depreciation of $98,884 and $92,563 at October 31, 2010 and 2009, respectively	58,088	56,892
Other intangible assets, net of accumulated amortization of $54,889 and $43,464 at October 31, 2010 and 2009, respectively	65,774	60,199
Goodwill	593,983	547,237
Total assets	$ 1,548,670	$ 1,521,153
Liabilities and Stockholders' Equity		
Current liabilities		
Trade accounts payable	$ 78,928	$ 84,701
Accrued liabilities		
Compensation	89,063	93,095
Taxes - other than income	17,663	17,539
Insurance claims	77,101	78,144
Other	70,048	66,279
Income taxes payable	977	1,871
Current liabilities of discontinued operations	71	1,065
Total current liabilities	333,851	342,694
Income taxes payable	29,455	17,763
Line of credit	140,500	172,500
Retirement plans and other	34,626	32,963
Insurance claims	271,213	268,183
Total liabilities	809,645	834,103
Stockholders' Equity		
Commitment and contingencies		
Preferred stock, $0.01 par value; 500,000 shares authorized; none issued	–	–
Common stock, $0.01 par value; 100,000,000 shares authorized; 52,635,343 and 51,688,218 shares issued and outstanding at October 31, 2010 and 2009, respectively	526	517
Additional paid-in capital	192,418	176,480
Accumulated other comprehensive loss, net of taxes	(1,863)	(2,423)
Retained earnings	547,944	512,476
Total stockholders' equity	739,025	687,050
Total liabilities and stockholders' equity	$ 1,548,670	$ 1,521,153

Condensed Consolidated Statements of Income

Years ended October 31, (in thousands, except per share data)	**2010**	2009	2008
Revenues	**$ 3,495,747**	$ 3,481,823	$ 3,623,590
Expenses			
Operating	**3,134,018**	3,114,699	3,224,696
Selling, general and administrative	**241,526**	263,633	287,650
Amortization of intangible assets	**11,364**	11,384	11,735
Total expenses	**3,386,908**	3,389,716	3,524,081
Operating profit	**108,839**	92,107	99,509
Credit losses on auction rate security:			
Gross other-than-temporary impairment losses ("OTTI")	**–**	3,695	–
OTTI recognized in earnings (other comprehensive income)	**127**	(2,129)	–
Interest expense	**4,639**	5,881	15,193
Income from continuing operations before income taxes	**104,073**	84,660	84,316
Provision for income taxes	**40,203**	29,170	31,585
Income from continuing operations	**63,870**	55,490	52,731
Discontinued Operations			
Income (loss) from discontinued operations, net of taxes	**251**	(1,197)	(3,776)
Loss on sale of discontinued operations, net of taxes of $1,008	**–**	–	(3,521)
Income (loss) from discontinued operations, net of taxes	**251**	(1,197)	(7,297)
Net income	**$ 64,121**	$ 54,293	$ 45,434
Net income per common share – Diluted			
Income from continuing operations	**$ 1.21**	$ 1.07	$ 1.03
Loss from discontinued operations	**–**	(0.02)	(0.15)
Net Income	**$ 1.21**	$ 1.05	$ 0.88

Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	
(in thousands)	Shares	Amount	Shares	Amount				Total
Balance October 31, 2007	57,048	$ 571	(7,028)	$ (122,338)	$ 261,182	$ 880	$ 465,463	$ 605,758
Comprehensive income:								
Net income	–	–	–	–	–	–	45,434	45,434
Unrealized loss on auction rate securities, net of taxes of $2,348	–	–	–	–	–	(3,621)	–	(3,621)
Foreign currency translation, net of taxes of $590	–	–	–	–	–	(909)	–	(909)
Actuarial gain - Adjustments to pension and other post-retirement benefit plans, net of taxes of $148	–	–	–	–	–	228	–	228
Comprehensive income	–	–	–	–	–	–	–	41,132
Dividends:								
Common stock	–	–	–	–	–	–	(25,271)	(25,271)
Excess tax benefit from exercise of stock options	–	–	–	–	899	–	–	899
Stock issued under employees' stock purchase and option plans	944	10	–	–	14,818	–	(490)	14,338
Share-based compensation expense	–	–	–	–	7,195	–	–	7,195
Balance October 31, 2008	57,992	$ 581	(7,028)	$ (122,338)	$ 284,094	$ (3,422)	$ 485,136	$ 644,051
Comprehensive income:								
Net income	–	–	–	–	–	–	54,293	54,293
Unrealized gain on auction rate securities, net of taxes of $203	–	–	–	–	–	297	–	297
Reclass adjustment for credit losses recognized in earnings net of taxes of $636	–	–	–	–	–	930	–	930
Foreign currency translation, net of taxes of $241	–	–	–	–	–	577	–	577
Actuarial loss - Adjustments to pension and other post-retirement benefit plans, net of taxes of $139	–	–	–	–	–	(203)	–	(203)
Unrealized loss on interest rate swaps, net of taxes of $412	–	–	–	–	–	(602)	–	(602)
Comprehensive income	–	–	–	–	–	–	–	55,292
Dividends:								
Common stock	–	–	–	–	–	–	(26,727)	(26,727)
Tax benefit from exercise of stock options	–	–	–	–	(1,314)	–	–	(1,314)
Stock issued under employees' stock purchase and option plans	724	6	–	–	8,557	–	(226)	8,337
Share-based compensation expense	–	–	–	–	7,411	–	–	7,411
Treasury stock retirement	(7,028)	(70)	7,028	122,338	(122,268)	–	–	–
Balance October 31, 2009	51,688	$ 517	–	$ –	$ 176,480	$ (2,423)	$ 512,476	$ 687,050
Comprehensive income:								
Net income	–	–	–	–	–	–	64,121	64,121
Foreign currency translation						68	–	68
Unrealized gain on auction rate securities, net of taxes of $179	–	–	–	–	–	461	–	461
Reclass adjustment for credit losses recognized in earnings, net of taxes of $53	–	–	–	–	–	74	–	74
Unrealized loss on interest rate swaps, net of taxes of $230	–	–	–	–	–	338	–	338
Actuarial loss - Adjustments to pension and other post-retirement benefit plans, net of taxes of $108	–	–	–	–	–	(381)	–	(381)
Comprehensive income								64,681
Dividends:								
Common stock	–	–	–	–	–	–	(28,152)	(28,152)
Excess tax benefit from exercise of stock options	–	–	–	–	383	–	–	383
Stock issued under employees' stock purchase and option plans	947	9	–	–	11,484	–	(501)	10,992
Share-based compensation expense	–	–	–	–	4,071	–	–	4,071
Balance October 31, 2010	52,635	$ 526	–	$ –	$ 192,418	$ (1,863)	$ 547,944	$ 739,025

Condensed Consolidated Statements of Cash Flows

Years ended October 31, (in thousands)	2010	2009	2008
Cash flows from operating activities:			
Net income	$ 64,121	$ 54,293	$ 45,434
Income (loss) from discontinued operations, net of taxes	251	(1,197)	(7,297)
Income from continuing operations	63,870	55,490	52,731
Adjustments to reconcile income from continuing operations to net cash provided by continuing operating activities:			
Depreciation and amortization of intangible assets	36,315	33,325	28,075
Deferred income taxes	17,654	16,191	28,156
Share-based compensation expense	4,071	7,411	7,195
Provision for bad debt	2,636	3,960	4,954
Discount accretion on insurance claims	912	1,248	1,766
Auction rate security credit loss impairment	127	1,566	–
Gain on sale of assets	(1,059)	(941)	(23)
Changes in assets and liabilities, net of effects of acquisitions:			
Trade accounts receivable	1,976	19,931	(34,333)
Prepaid expenses and other current assets	(297)	(1,431)	6,942
Insurance recoverables	(3,981)	(500)	3,401
Other assets and long-term receivables	3,856	(8,764)	1,424
Income taxes payable	22,629	12,623	(1,053)
Retirement plans and other non-current liabilities	(317)	(5,144)	(6,659)
Insurance claims	(247)	(1,497)	(17,900)
Trade accounts payable and other accrued liabilities	(7,399)	(12,213)	(12,401)
Total adjustments	76,876	65,765	9,544
Net cash provided by continuing operating activities	140,746	121,255	62,275
Net cash provided by discontinued operating activities	9,118	19,616	6,032
Net cash provided by operating activities	149,864	140,871	68,307
Cash flows from investing activities:			
Additions to property, plant and equipment	(23,942)	(18,582)	(34,063)
Proceeds from sale of assets and other	1,512	2,165	1,784
Purchase of businesses, net of cash acquired	(65,430)	(21,050)	(422,883)
Net cash used in continuing investing activities	(87,860)	(37,467)	(455,162)
Net cash provided by discontinued investing activities	–	–	33,640
Net cash used in investing activities	(87,860)	(37,467)	(421,522)
Cash flows from financing activities:			
Proceeds from exercises of stock options (including income tax benefit)	11,376	6,331	14,620
Dividends paid	(28,152)	(26,727)	(25,271)
Deferred financing costs paid	–	–	(1,616)
Borrowings from line of credit	448,000	638,000	810,500
Repayment of borrowings from line of credit	(480,000)	(695,500)	(580,500)
Net (decrease) increase in book cash overdraft	(7,935)	(18,096)	14,506
Net cash (used in) provided by financing activities	(56,711)	(95,992)	232,239
Net increase (decrease) in cash and cash equivalents	5,293	7,412	(120,976)
Cash and cash equivalents at beginning of year	34,153	26,741	147,717
Cash and cash equivalents at end of year	$ 39,446	$ 34,153	$ 26,741
Supplemental data:			
Cash (refunded) paid for income taxes, net of refunds received	$ (108)	$ 1,426	$ 3,529
Excess tax benefit from exercise of options	383	57	28
Cash received from exercise of options	10,993	7,145	13,721
Cash interest paid	3,398	4,740	12,626
Non-cash investing activities:			
Common stock issued for business acquired	$ –	$ 1,198	$ 621

Condensed Consolidated Segment Information

Year ended October 31, (in thousands)	2010	2009	2008
Revenues			
Janitorial	$ 2,337,940	$ 2,382,025	$ 2,492,270
Parking	469,398	457,477	475,349
Security	336,249	334,610	333,525
Engineering	350,787	305,694	319,847
Corporate	1,373	2,017	2,599
	$ 3,495,747	$ 3,481,823	$ 3,623,590
Operating profit			
Janitorial	140,983	139,858	118,538
Parking	22,738	20,285	19,438
Security	7,487	8,221	7,723
Engineering	21,955	19,658	19,129
Corporate	(84,324)	(95,915)	(65,319)
Operating profit	108,839	92,107	99,509
Credit loss on auction rate security:			
Gross other-than-temporary impairment losses ("OTTI")	–	3,695	
OTTI recognized in earnings (other comprehensive income)	127	(2,129)	-
Interest expense	4,639	5,881	15,193
Income from continuing operations before income taxes	$ 104,073	$ 84,660	$ 84,316
Total Identifiable Assets *			
Janitorial	$ 902,541	$ 881,862	$ 1,030,761
Parking	145,801	100,549	102,740
Security	112,194	107,667	107,203
Engineering	68,710	68,482	64,588
Corporate	313,772	347,239	224,939
	$ 1,543,018	$ 1,505,799	$ 1,530,231

* Excludes assets of discontinued operations of $5.7 million, $15.4 million and $45.7 million as of October 31, 2010, 2009 and 2008, respectively.

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, 2010 and 2009, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended October 31, 2010 (not presented herein); and in our report dated December 23, 2010, 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, 2010 and 2009, and the related condensed consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended October 31, 2010 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 23, 2010

Board of Directors

Maryellen C. Herringer (a, b)
Chairman of the Board
Attorney at Law

Dan T. Bane (b, c)
Chairman and Chief Executive Officer, Trader Joe's Company

Linda Chavez (b, d)
President, Center for Equal Opportunity

J. Philip Ferguson (c, d)
Former Chairman, President and Chief Investment Officer, AIM Capital Management, Inc.

Tony G. Fernandes (c)
Former Chairman, President and Chief Executive Officer of Phillip Services Corporation

Luke S. Helms (a, c, d)
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Sonata Capital Management

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President and Chief Executive Officer

William W. Steele (a, c)
Former President and Chief Executive Officer

(a) Executive Committee
(b) Compensation Committee
(c) Audit Committee
(d) Governance Committee

Executive Officers

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President and Chief Executive Officer

James S. Lusk
Executive Vice President and Chief Financial Officer

James P. McClure
Executive Vice President and President, Janitorial Services

Tracy K. Price
Executive Vice President and President, Engineering Services

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Executive Vice President and President, Facility Services

Erin M. Andre
Senior Vice President,
Human Resources

Dean Chin
Senior Vice President,
Controller and
Chief Accounting Officer

David L. Farwell
Senior Vice President,
Investor Relations

Sarah H. McConnell
Senior Vice President,
General Counsel and Secretary

Special Notices

Listing:
New York Stock Exchange

Ticker Symbol:
ABM

Registrar and Transfer Agent
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Pittsburgh, PA 15252-8015
Tel: 800-850-3292
e-mail: www.shrrelations@bnymellon.com
Web Address: www.bnymellon.com/shareowner/isd

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 Corporate Communications
551 Fifth Avenue, Suite 300
New York, NY 10176 or at
www.abm.com

Stockholders
As of December 31, 2010, there were 2,874 registered holders of the Company's Common Stock, in addition to stockholders in street name.

Annual Meeting
The Annual Meeting of Stockholders of ABM Industries Incorporated will be held on Tuesday, March 8, 2011, at 10:00 a.m. at the Sofitel Hotel 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.

ABM Industries Incorporated

UNDERCOVER BOSS

Aired on CBS, December 5, 2010.

"My family taught me since I was a little boy to take pride in what you do and to always strive to be better; don't compromise. I try to bring that attitude to my job every day. I know if I push myself, as I was taught to do, I will not only be the best person I can be, but will do more good for our customers and the Company. I can make a difference."

— Kenny Vargas-Garcia
Shuttle Bus Driver/Management Trainee
Ampco System Parking

"As my experience with Undercover Boss made clear, these employees – the backbone of ABM – often perform their roles in the dark of night or behind the scenes, but they ultimately stand out as the true "stars" of this Company."

— Henrik Slipsager (a.k.a. "Edward")
President and CEO
ABM Industries Incorporated

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