

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JULY 31, 2008
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 1-8929

ABM INDUSTRIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State of Incorporation)

94-1369354

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

551 Fifth Avenue, Suite 300, New York, New York 10176

(Address of principal executive offices)(Zip Code)

212/297-0200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding as of August 29, 2008: 50,794,953.

ABM INDUSTRIES INCORPORATED
FORM 10-Q
For the three and nine months ended July 31, 2008
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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

<u>(in thousands, except share amounts)</u>	July 31, 2008	October 31, 2007
	(Unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,293	\$ 136,192
Trade accounts receivable, net of allowances of \$11,529 and \$6,379 at July 31, 2008 and October 31, 2007, respectively	481,552	349,195
Inventories	934	833
Deferred income taxes, net	55,383	39,827
Prepaid expenses and other current assets	58,411	51,221
Insurance recoverables	5,900	4,420
Prepaid income taxes	11,564	3,031
Current assets of discontinued operations	74,041	58,171
Total current assets	693,078	642,890
Investments in auction rate securities	22,846	25,000
Insurance deposits	42,506	—
Other investments and long-term receivables	4,504	4,837
Property, plant and equipment, net of accumulated depreciation of \$82,730 and \$77,362 at July 31, 2008 and October 31, 2007, respectively	59,429	35,596
Goodwill	545,261	234,177
Other intangible assets, net of accumulated amortization of \$28,279 and \$20,836 at July 31, 2008 and October 31, 2007, respectively	52,171	24,573
Deferred income taxes, net	94,828	43,899
Insurance recoverables	57,351	51,480
Other assets	25,007	12,688
Non-current assets of discontinued operations	14,510	45,533
Total assets	\$1,611,491	\$1,120,673

(Continued)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)	July 31, 2008 (Unaudited)	October 31, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$ 69,371	\$ 61,456
Income taxes payable	1,996	1,560
Accrued liabilities		
Compensation	98,357	82,026
Taxes — other than income	20,763	18,567
Insurance claims	83,008	63,427
Other	86,274	45,049
Current liabilities of discontinued operations	16,803	17,660
Total current liabilities	376,572	289,745
Line of credit	285,000	—
Retirement plans and other non-current liabilities	40,284	23,379
Insurance claims	261,280	197,616
Income taxes payable	10,912	—
Non-current liabilities of discontinued operations	—	4,175
Total liabilities	974,048	514,915
Commitment and Contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 57,784,715 and 57,047,837 shares issued at July 31, 2008 and October 31, 2007, respectively	578	571
Additional paid-in capital	280,517	261,182
Accumulated other comprehensive (loss) income, net of tax	(954)	880
Retained earnings	479,640	465,463
Cost of treasury stock (7,028,500 shares at both July 31, 2008 and October 31, 2007)	(122,338)	(122,338)
Total stockholders' equity	637,443	605,758
Total liabilities and stockholders' equity	\$1,611,491	\$1,120,673

See accompanying notes of the consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
	(Unaudited)			
Revenues				
Sales and other income	\$930,635	\$690,942	\$2,736,710	\$2,032,362
Expenses				
Operating expenses and cost of goods sold	825,855	627,113	2,447,891	1,830,622
Selling, general and administrative	72,317	46,249	207,694	144,503
Amortization of intangible assets	2,518	1,435	7,443	4,106
Total operating expenses	900,690	674,797	2,663,028	1,979,231
Operating profit	29,945	16,145	73,682	53,131
Interest expense	3,338	105	11,928	333
Income from continuing operations before income taxes	26,607	16,040	61,754	52,798
Provision for income taxes	10,263	4,403	23,839	16,963
Income from continuing operations	16,344	11,637	37,915	35,835
Income (loss) from discontinued operations, net of taxes	68	362	(4,065)	1,590
Net income	\$ 16,412	\$ 11,999	\$ 33,850	\$ 37,425
Net income per common share — Basic				
Income from continuing operations	\$ 0.32	\$ 0.23	\$ 0.75	\$ 0.73
Income (loss) from discontinued operations	—	0.01	(0.08)	0.03
Net Income	\$ 0.32	\$ 0.24	\$ 0.67	\$ 0.76
Net income per common share — Diluted				
Income from continuing operations	\$ 0.32	\$ 0.23	\$ 0.74	\$ 0.71
Income (loss) from discontinued operations	—	0.01	(0.08)	0.03
Net Income	\$ 0.32	\$ 0.24	\$ 0.66	\$ 0.74
Weighted-average common and common equivalent shares outstanding				
Basic	50,653	49,845	50,388	49,332
Diluted	51,650	51,134	51,278	50,541
Dividends declared per common share	\$ 0.125	\$ 0.12	\$ 0.38	\$ 0.36

See accompanying notes of the consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Nine Months Ended July 31,	
	2008	2007
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 33,850	\$ 37,425
Income (loss) from discontinued operations, net of taxes	(4,065)	1,590
Income from continuing operations	37,915	35,835
Adjustments to reconcile income from continuing operations to net cash provided by (used in) continuing operating activities:		
Depreciation and amortization of intangible assets	18,100	13,117
Share-based compensation expense	5,357	7,034
Provision for bad debt	2,254	1,148
Discount accretion on insurance claims	1,501	—
Loss on sale of assets	(2)	(348)
Changes in assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable, net	(37,838)	(19,293)
Inventories	(101)	114
Deferred income taxes, net	9,527	(288)
Prepaid expenses and other current assets	5,199	(13,018)
Insurance recoverables	2,200	(2,414)
Other assets and long-term receivables	(8,320)	754
Income taxes payable	2,998	(41,016)
Retirement plans and other non-current liabilities	(3,812)	(230)
Insurance claims	(10,010)	11,271
Trade accounts payable and other accrued liabilities	5,685	3,977
Total adjustments	(7,262)	(39,192)
Net cash provided by (used in) continuing operating activities	30,653	(3,357)
Net cash provided by (used in) discontinued operating activities	5,883	(6,207)
Net cash provided by (used in) operating activities	36,536	(9,564)
Cash flows from investing activities:		
Additions to property, plant and equipment	(27,278)	(14,531)
Proceeds from sale of assets	2,571	927
Purchase of businesses	(421,986)	(10,311)
Investment in auction rate securities	—	(435,750)
Proceeds from sale of auction rate securities	—	435,750
Net cash used in continuing investing activities	(446,693)	(23,915)
Net cash provided by (used in) discontinued investing activities	174	(346)
Net cash used in investing activities	(446,519)	(24,261)
Cash flows from financing activities:		
Proceeds from exercises of stock options (including income tax benefit)	12,985	24,952
Dividends paid	(18,901)	(17,803)
Borrowings from line of credit	658,500	—
Repayment of borrowings from line of credit	(373,500)	—
Net cash provided by financing activities	279,084	7,149
Net decrease in cash and cash equivalents	(130,899)	(26,676)
Cash and cash equivalents at beginning of period	136,192	134,001
Cash and cash equivalents at end of period	\$ 5,293	\$ 107,325

(Continued)

See accompanying notes of the consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Nine Months Ended July 31,	
	2008	2007
	(Unaudited)	
Supplemental Data:		
Cash paid for income taxes	\$ 9,603	\$54,924
Excess tax benefit from exercise of options	1,408	4,468
Cash received from exercise of options	11,577	20,484
Interest paid on line of credit	10,163	—
Non-cash investing activities:		
Common stock issued for business acquired	\$ 621	\$ 491

See accompanying notes of the consolidated financial statements.

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

1. General

The accompanying unaudited consolidated financial statements have been prepared by ABM Industries Incorporated (ABM, and together with its subsidiaries, the Company), in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC or the Commission) and, in the opinion of management, include all adjustments (all of which were of a normal and recurring nature) necessary for a fair statement of the information for each period contained therein.

Certain reclassifications have been made to prior periods to conform to the current period presentation. Beginning in fiscal 2008, interest expense is no longer included in operating profit due to the significance of the increase in interest expense attributable to increased borrowing against the Company's line of credit resulting from the acquisition of OneSource Services, Inc. (OneSource) on November 14, 2007.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are based on information available as of the date of these financial statements. Actual results could differ materially from those estimates.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2007. All references to years are to the Company's fiscal year, which ends on October 31, and all references to the three and nine month periods are to the three and nine month periods, which end on July 31.

During May 2008, the Company changed the timing of its annual goodwill impairment testing from the end of the fourth quarter (October 31) to the beginning of the fourth quarter (August 1). This change allows the Company to complete its annual goodwill impairment testing in advance of its year end closing. Accordingly, management believes that this accounting change is preferable under the circumstances.

On August 29, 2008, the Company entered into an Asset Purchase and Sale Agreement (the Agreement), with Sylvania Lighting Services Corp. ("Sylvania"), a subsidiary of OSRAM SLYVANIA, to sell and transfer certain assets and liabilities of the Company's Lighting business for \$34 million in cash, subject to certain post-closing adjustments. Assets that will be retained, principally accounts receivable, are expected to be settled in accordance with their underlying terms. The transaction is expected to close by October 31, 2008. Pursuant to a transition services agreement, Sylvania will also pay the Company \$0.6 million for four months of information technology transition services following the closing of the transaction. Accordingly, the assets and liabilities associated with the Lighting business have been classified on the Company's Consolidated Balance Sheets as assets and liabilities of discontinued operations, as of July 31, 2008 and have been reclassified as of October 31, 2007 for comparative purposes. The results of operations of Lighting for the three and nine month periods ended July 31, 2008 and July 31, 2007 are included in the Company's Consolidated Statements of Income as "Income (loss) from discontinued operations, net of taxes." In accordance with Emerging Issues Task Force (EITF) Issue No. 87-24 "Allocation of Interest to Discontinued Operations", general corporate overhead expenses of \$0.3 million for both the quarters ended July 31, 2008 and 2007 and \$1.0 million and \$1.1 million for the nine months ended July 31, 2008 and 2007, respectively, which were previously included in the operating results of the Lighting business have been reallocated to the Corporate segment. The cash

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flows of the discontinued operations are also presented separately in the Company's Consolidated Statements of Cash Flows for the nine months ended July 31, 2008 and July 31, 2007. All corresponding prior year periods presented in the Company's Consolidated Financial Statements and the accompanying notes have been reclassified to reflect the discontinued operations presentation. See Note 3 "Discontinued Operations" for additional information.

2. Adoption of New Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 prescribes a recognition threshold and measurement standard, as well as criteria for subsequently recognizing, derecognizing, classifying and measuring uncertain tax positions for financial statement purposes. FIN 48 also requires expanded disclosure with respect to uncertainties as they relate to income tax accounting. FIN 48 became effective for the Company as of November 1, 2007. The adoption of FIN 48 did not have a material impact on the Company's consolidated financial statements.

3. Discontinued Operations

The carrying amounts of the major classes of assets and liabilities of the Lighting business included in discontinued operations, as described in Note 1, are as follows:

	July 31, 2008	October 31, 2007
Trade accounts receivable, net	\$19,657	\$21,298
Inventories	17,680	19,517
Prepaid expenses and other current assets	18,231	17,356
Property, plant and equipment, net	2,551	—
Goodwill	13,503	—
Other current assets	2,419	—
Current assets of discontinued operations	74,041	58,171
Long-term receivables and others	14,510	27,530
Goodwill	—	18,003
Non-current assets of discontinued operations	14,510	45,533
Trade accounts payable	5,088	8,325
Accrued liabilities:		
Compensation	1,317	2,098
Taxes — other than income	470	614
Other	6,324	6,623
Other current liabilities	3,604	—
Current liabilities of discontinued operations	16,803	17,660
Other non-current liabilities	—	4,175
Non-current liabilities of discontinued operations	\$ —	\$ 4,175

The summarized operating results of the Company's discontinued Lighting business for the three and nine months ended July 31, 2008 and 2007 are as follows:

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(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Sales and other income	\$25,287	\$26,607	\$80,382	\$86,587
Goodwill impairment	—	—	4,500	—
Income (loss) before income taxes	130	618	(4,540)	2,715
Provision (benefit) for income taxes	62	256	(475)	1,125
Income (loss) from discontinued operations, net of taxes	\$ 68	\$ 362	\$ (4,065)	\$ 1,590

During the quarter ended April 30, 2008, in response to objective evidence about the implied value of goodwill relating to the Company's Lighting business, the Company performed an assessment of goodwill for impairment. The goodwill in the Company's Lighting business was determined to be impaired and a non-cash, pre-tax goodwill impairment charge of \$4.5 million was recorded on April 30, 2008, which is included in discontinued operations in the accompanying consolidated statements of income for the nine months ended July 31, 2008.

4. Net Income per Common Share

The following table reconciles the numerator and denominator used in the computation of basic and diluted net income per common share:

(in thousands, except per share data)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Income from continuing operations	\$16,344	\$11,637	\$37,915	\$35,835
Income (loss) from discontinued operations, net of tax	68	362	(4,065)	1,590
Net income	\$16,412	\$11,999	\$33,850	\$37,425
Average common shares outstanding — Basic	50,653	49,845	50,388	49,332
Effect of dilutive securities				
Stock options	718	1,174	675	1,132
Restricted stock units	191	115	144	77
Performance shares	88	—	71	—
Average common shares outstanding — Diluted	51,650	51,134	51,278	50,541

Diluted net income per common share excludes certain stock options and restricted stock units since the effect of including these stock options and restricted stock units would have been anti-dilutive as follows:

(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Stock options	474	93	829	312
Restricted stock units	26	6	121	32

5. Share-Based Compensation Plans

Share-based compensation expense was \$2.0 million and \$1.2 million for the three months ended July 31, 2008 and 2007, respectively, and \$5.4 million and \$7.0 million for the nine months ended July 31, 2008 and 2007, respectively.

The Company estimates forfeiture rates based on historical data and adjusts the rates annually or as needed. The adjustment of the forfeiture rate may result in a cumulative adjustment in any period the forfeiture rate estimate is changed. During the second quarter of 2008, the Company adjusted its forfeiture rate to align the estimate with expected forfeitures, which resulted in additional share-based compensation expense of \$0.4 million for the nine months ended July 31, 2008.

Share-based compensation expense included \$0.1 million of additional expense attributable to the accelerated vesting of stock options for 36,938 shares during the three months ended July 31, 2007, under the Price-Vested Performance Stock Option Plan and \$4.0 million for 971,142 shares during the nine months ended July 31, 2007, in each case as a result of ABM's stock price achieving certain target prices during a specified period.

6. Parking Revenue Presentation

The Company's Parking segment reports both revenues and expenses, in equal amounts, for costs directly reimbursed from its managed parking lot clients in accordance with EITF Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred." Parking sales related solely to the reimbursement of expenses totaled \$69.7 million and \$69.6 million for the three months ended July 31, 2008 and 2007, respectively, and \$210.6 million and \$208.8 million for the nine months ended July 31, 2008 and 2007, respectively.

7. Insurance

In connection with the purchase accounting for the OneSource acquisition, OneSource insurance claims liabilities were recorded at their fair values at the purchase date of November 14, 2007 (see Note 8), which was based on the present value of the expected future cash flows. These discounted liabilities are being accreted to interest expense as the recorded values are brought to an undiscounted amount. The method of accretion approximates the effective interest yield method using the rate a market participant would use in determining the current fair value of the insurance claims liabilities. Included in interest expense in the three and nine months ended July 31, 2008 was \$0.5 million and \$1.5 million, respectively, of interest accretion related to OneSource insurance claims liabilities.

Evaluations covering the Company's prior years' workers' compensation, general liability and auto liability claims, excluding claims acquired from OneSource, as of January 31, 2008 resulted in a \$7.2 million reduction of the Company's self-insurance reserves recorded in the three months ended April 30, 2008. A May 31, 2008 evaluation resulted in a further \$7.6 million reduction of the Company's self-insurance reserves recorded in the three months ended July 31, 2008. The comparable January 31, 2007 evaluation resulted in a \$4.2 million reduction in reserves recorded in the three months ended January 31, 2007. The comparable May 31, 2007 evaluation resulted in adverse developments in the claims for workers' compensation outside of California for years prior to 2007, which exceeded the favorable developments in the California workers' compensation and general liability programs, which resulted in a \$4.9 million increase in reserves, which was recorded in the three months ended July 31, 2007.

The Company includes in its reported self-insurance liabilities, the liabilities in excess of its self-insurance retention limits and records corresponding receivables for the amounts to be recovered from the excess insurance providers. The total estimated liabilities for claims incurred at July 31, 2008 and October 31, 2007 were \$344.3 million and \$261.0 million, respectively.

In connection with certain self-insurance programs, the Company has standby letters of credit, insurance deposits and surety bonds supporting estimated unpaid liabilities. At July 31, 2008 and October 31, 2007, the Company had \$106.5 million and \$102.3 million in standby letters of credit, \$42.5

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million and \$0.0 million in insurance deposits, and \$117.2 million and \$62.8 million in surety bonds, respectively, supporting estimated unpaid liabilities.

8. Acquisitions

On November 14, 2007, the Company acquired OneSource, a janitorial facility services company, formed under the laws of Belize, with US operations headquartered in Atlanta, Georgia. OneSource was a provider of janitorial and related services, including landscaping, commercial, industrial, institutional and retail accounts in the United States and Puerto Rico, as well as in British Columbia, Canada. The consideration was \$365.0 million, which was paid by a combination of current cash and borrowings from the Company's line of credit. In addition, following the closing, the Company paid in full the \$21.5 million outstanding under OneSource's then-existing line of credit. The Company also incurred \$4.0 million in direct acquisition costs. The OneSource acquisition was accounted for using the purchase method of accounting.

Under the purchase method of accounting, the purchase price of OneSource was preliminarily allocated to the underlying assets acquired, including identified intangible assets, and liabilities assumed based on their respective estimated fair values as of November 14, 2007. The excess of the cost of the acquisition over the amounts assigned to the net assets acquired was allocated to goodwill. The amount allocated to goodwill is reflective of the Company's identification of synergies that the Company anticipates will be realized by reducing duplicative positions and back office functions, consolidating facilities and eliminating professional fees and other services.

The Company's preliminary purchase price allocation was as follows:

(in thousands)	
Paid to OneSource shareholders	\$365,000
Payment of OneSource's pre-existing line of credit	21,474
Acquisition costs	4,017
Total cash consideration	\$390,491
Allocated to:	
Trade accounts receivable	96,772
Other current assets	12,963
Insurance recoverables	9,551
Insurance deposits	42,502
Property, plant, and equipment	9,781
Identifiable intangible assets	34,400
Net deferred income tax assets	76,012
Other non-current assets	10,389
Current liabilities	(62,336)
Insurance claims	(91,754)
Other non-current liabilities	(20,991)
Minority interest	(5,384)
Goodwill	278,586
	\$390,491

The Company has made the following subsequent adjustments to the preliminary purchase price allocation of the assets acquired and liabilities assumed as of November 14, 2007, which have been reflected as adjustments to goodwill:

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(in thousands)

Preliminary goodwill allocation at November 14, 2007	\$278,586
Trade accounts receivable	1,659
Other current assets	377
Property, plant, and equipment	297
Net deferred income tax assets	715
Current liabilities	2,461
Other non-current assets	1,134
Goodwill allocation at July 31, 2008	\$285,229

As of July 31, 2008, the Company had not completed the final allocation of the purchase price of the acquisition. Accordingly, further changes to the fair values of the assets acquired (including, but not limited to goodwill, net deferred tax assets, trade accounts receivable and other identifiable intangible assets) and liabilities assumed (including, but not limited to insurance claims and other liabilities) will be recorded as the valuation and purchase price allocations are finalized during the remainder of the fiscal year 2008.

The results of operations for OneSource are included in the Company's Janitorial segment results beginning November 14, 2007.

The following unaudited pro forma financial information shows the combined results of continuing operations of the Company, including OneSource, as if the acquisition had occurred as of the beginning of the periods presented. The unaudited pro forma financial information is not intended to represent or be indicative of the Company's consolidated financial results of continuing operations that would have been reported had the business combination been completed as of the beginning of the periods presented and should not be taken as indicative of the Company's future consolidated results of continuing operations.

(in thousands, except per share data)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Sales and other income	\$930,635	\$901,163	\$2,766,572	\$2,630,727
Income from continuing operations	\$ 16,344	\$ 9,848	\$ 37,526	\$ 21,530
Income from continuing operations per common share				
Basic	\$ 0.32	\$ 0.20	\$ 0.74	\$ 0.44
Diluted	\$ 0.32	\$ 0.19	\$ 0.73	\$ 0.43

On January 4, 2008, the Company acquired the remaining equity of Southern Management Company (Southern Management), a facility services company based in Chattanooga, Tennessee, for \$24.4 million, which includes direct acquisition costs of \$0.4 million. OneSource owned 50% of Southern Management's equity when OneSource was acquired by the Company. OneSource consolidated the results of operations of Southern Management while it owned the 50% equity interest in Southern Management. At closing, \$16.8 million was paid to the other shareholders of Southern Management and the remaining \$7.2 million was deposited into an escrow account pending confirmation of Southern Management's 2007 results of operations. In the second quarter of 2008, this \$7.2 million was paid to the other shareholders of Southern Management. Of the \$24.4 million purchase price, \$18.7 million was allocated to goodwill and the remaining \$5.7 million eliminated the minority interest. An additional \$2.9 million was paid in March 2008 to the other shareholders of Southern Management with respect to undistributed 2007 earnings. This amount was allocated to goodwill. Southern Management was a provider of janitorial and related services to commercial, institutional and industrial facilities and schools throughout the Southern United States. Southern Management's operations are included in the Janitorial segment.

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Total additional consideration during the nine months ended July 31, 2008 for other earlier acquisitions was \$4.8 million, which includes \$0.6 million for common stock issued, which represented contingent amounts based on subsequent performance.

9. Goodwill and Other Intangibles

Goodwill. The changes in the carrying amount of goodwill for the nine months ended July 31, 2008 were as follows:

(in thousands)	Balance as of October 31, 2007	Goodwill Related to		Balance as of July 31, 2008
		Initial Payments for Acquisitions	Contingent Amounts & Other	
Janitorial	\$156,725	\$306,905	\$1,845	\$465,475
Parking	31,143	—	1,716	32,859
Security	44,135	—	618	44,753
Engineering	2,174	—	—	2,174
Total	\$234,177	\$306,905	\$4,179	\$545,261

Of the \$545.3 million carrying amount of goodwill as of July 31, 2008, \$339.5 million was not amortizable for income tax purposes because the related businesses were purchased through a tax-free exchange or stock acquisition or were acquired prior to 1991.

For the nine month period ended July 31, 2008, goodwill increased by \$285.2 million as a result of the acquisition of OneSource. The Company performs its goodwill impairment test at the beginning of the fourth quarter for each reporting unit. Additionally, throughout the year, the Company monitors its goodwill balances by assessing projections of future performance for each reporting unit and considers the effect of significant events that may impair goodwill. If the Company determines that the fair value of any of its reporting units (Janitorial, Parking, Security, Engineering) is below the reporting units' carrying value, including goodwill, a goodwill impairment charge would be recognized in the period of determination.

Other Intangibles. The changes in the gross carrying amount and accumulated amortization of intangibles other than goodwill for the nine months ended July 31, 2008 were as follows:

(in thousands)	Gross Carrying Amount				Accumulated Amortization			
	October 31, 2007	Additions	Retirements and Other	July 31 2008	October 31, 2007	Additions	Retirements and Other	July 31 2008
Customer contracts and relationships	\$39,379	\$34,665	\$ —	\$74,044	\$(17,086)	\$(6,810)	\$ —	\$(23,896)
Trademarks and trade names	3,850	300	—	4,150	(2,354)	(505)	—	(2,859)
Other (contract rights, etc.)	2,180	76	—	2,256	(1,396)	(128)	—	(1,524)
Total	\$45,409	\$35,041	\$ —	\$80,450	\$(20,836)	\$(7,443)	\$ —	\$(28,279)

The customer contracts and relationships intangible assets are being amortized using the sum-of-the-years-digits method over useful lives that are consistent with the estimated useful life considerations used in the determinations of their fair values. The accelerated method of amortization reflects the pattern in which the economic benefits of the customer relationship intangible assets are expected to be realized. Trademarks and trade names are being amortized over their useful lives using the straight-line method. Other intangible assets, consisting principally of contract rights, are being amortized over the contract periods using the straight-line method.

The weighted average remaining lives as of July 31, 2008, and the amortization expense for the three and nine months ended July 31, 2008 and 2007, of intangibles other than goodwill, as well as the estimated amortization expense for such intangibles for each of the five succeeding years are as follows:

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(\$ in thousands)	Weighted Average Remaining Life (Years)	Amortization Expense				Estimated Amortization Expense				
		Three Months Ended July 31,		Nine Months Ended July 31,		Years Ending October 31,				
		2008	2007	2008	2007	2009	2010	2011	2012	2013
Customer contracts and relationships	11.5	\$2,312	\$1,239	\$6,810	\$3,542	\$8,405	\$7,436	\$6,467	\$5,555	\$4,676
Trademarks and trade names	6.6	163	155	505	432	313	110	110	110	110
Other (contract rights, etc.)	6.2	43	41	128	132	162	132	132	113	38
Total	11.3	\$2,518	\$1,435	\$7,443	\$4,106	\$8,880	\$7,678	\$6,709	\$5,778	\$4,824

Of the \$52.2 million carrying amount of intangibles other than goodwill as of July 31, 2008, \$32.3 million was not amortizable for income tax purposes because the related businesses were purchased through tax-free stock acquisitions.

10. Line of Credit Facility

In connection with the acquisition of OneSource, the Company terminated its \$300.0 million line of credit (old Facility) on November 14, 2007 and replaced the old Facility with a new \$450.0 million five-year syndicated line of credit that is scheduled to expire on November 14, 2012 (new Facility). The new Facility was entered into among ABM, Bank of America, N.A. (BofA), as administrative agent, swing line lender, and letter of credit issuer and certain financial institutions, as lenders. The new Facility was used in part to acquire OneSource and is available for working capital, the issuance of standby letters of credit, the financing of capital expenditures, and other general corporate purposes.

Under the new Facility, no compensating balances are required and the interest rate is determined at the time of borrowing from the syndicate lenders based on the London Interbank Offered Rate (LIBOR) plus a spread of 0.625% to 1.375% or, at ABM's election, at the higher of the federal funds rate plus 0.5% and the BofA prime rate (Alternate Base Rate) plus a spread of 0.000% to 0.375%. A portion of the new Facility is also available for swing line (same-day) borrowings funded by BofA, as swing line lender, at the Interbank Offered Rate (IBOR) plus a spread of 0.625% to 1.375% or, at ABM's election, at the Alternate Base Rate plus a spread of 0.000% to 0.375%. The new Facility calls for a non-use fee payable quarterly, in arrears, of 0.125% to 0.250% of the average, daily, unused portion of the new Facility. For purposes of this calculation, irrevocable standby letters of credit issued primarily in conjunction with ABM's self-insurance program and cash borrowings are counted as use of the new Facility. The spreads for LIBOR, Alternate Base Rate and IBOR borrowings and the commitment fee percentage are based on ABM's leverage ratio. The new Facility permits ABM to request an increase in the amount of the line of credit by up to \$100.0 million (subject to receipt of commitments for the increased amount from existing and new lenders). The standby letters of credit outstanding under the old Facility have been replaced and are now outstanding under the new Facility. As of July 31, 2008, the total outstanding amounts under the new Facility in the form of cash borrowings and standby letters of credit were \$285.0 million and \$112.9 million, respectively.

The new Facility includes covenants limiting liens, dispositions, fundamental changes, investments, indebtedness, and certain transactions and payments. In addition, the new Facility also requires that ABM maintain three financial covenants: (1) a fixed charge coverage ratio greater than or equal to 1.50 to 1.0 at each fiscal quarter-end; (2) a leverage ratio of less than or equal to 3.25 to 1.0 at each fiscal quarter-end; and (3) a consolidated net worth of greater than or equal to the sum of (i) \$475.0 million, (ii) an amount equal to 50% of the consolidated net income earned in each full fiscal quarter ending after November 14, 2007 (with no deduction for a net loss in any such fiscal quarter), and (iii) an amount equal to 100% of the aggregate increases in stockholders' equity of ABM and its subsidiaries after November 14, 2007 by reason of the issuance and sale of capital stock or other equity interests of ABM or any subsidiary, including upon any conversion of debt securities of ABM into such capital stock or other equity interests, but excluding by reason of the issuance and sale of capital stock pursuant to ABM's employee stock purchase plans, employee stock option plans and similar programs. The Company was in compliance with all covenants as of July 31, 2008.

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If an event of default occurs under the new Facility, including certain cross-defaults, insolvency, change in control, and violation of specific covenants, the lenders can terminate or suspend ABM's access to the new Facility, declare all amounts outstanding under the new Facility, including all accrued interest and unpaid fees, to be immediately due and payable, and/or require that ABM cash collateralize the outstanding letter of credit obligations.

11. Comprehensive Income

The following table presents the components of comprehensive income, net of taxes:

(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Net income	\$16,412	\$11,999	\$33,850	\$37,425
Other comprehensive income (loss):				
Change in unrealized loss on investment	(420)	—	(1,302)	—
Foreign currency translation	(96)	140	(193)	186
Comprehensive income	\$15,896	\$12,139	\$32,355	\$37,611

Actuarial gains and losses on benefit plans were not material for the three and nine months ended July 31, 2008.

12. Benefit Plans

Plans Assumed with OneSource Acquisition

Certain current and former non-union OneSource employees are covered by a non-contributory, funded, defined benefit plan (OneSource Defined Benefit Plan). Benefits under the OneSource Defined Benefit Plan are based upon a formula, using an employee's length of service and average compensation. In 1989, the OneSource Defined Benefit Plan was frozen, so that no additional benefits are earned by plan participants.

Financial Information Applicable to the Company's Benefit Plans, including those assumed with the OneSource Acquisition

On July 31, 2008, the liabilities under the Company's defined benefit plans and deferred compensation plans, including OneSource plans, were \$13.6 million and \$17.6 million, respectively. The liabilities under the Company's defined benefit and deferred compensation plans at October 31, 2007, were \$6.4 million and \$10.2 million, respectively.

The components of net periodic cost of the Company's defined benefit plans and the post-retirement benefit plan, including participants associated with continuing operations, for the three and nine months ended July 31, 2008 and 2007, were as follows:

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(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Defined Benefit Plans				
Service cost	\$ 12	\$ 13	\$ 36	\$ 16
Interest	183	93	599	278
Amortization of actuarial loss	167	30	487	91
Loss on plan investment	(73)	—	(259)	—
Net periodic cost	\$289	\$136	\$ 863	\$385
Post-Retirement Benefit Plan				
Service cost	\$ 5	\$ 7	\$ 14	\$ 19
Interest	58	60	174	181
Amortization of actuarial gain	(27)	(12)	(79)	(37)
Net periodic cost	\$ 36	\$ 55	\$ 109	\$163

The transactions under the Company's unfunded deferred compensation plan, the unfunded director deferred compensation plan, and the funded deferred compensation plan, including participants associated with continuing operations for the three and nine months ended July 31, 2008 and 2007, were as follows:

(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Participant contributions	\$ 384	\$ 144	\$ 1,338	\$ 605
Company contributions	\$ 36	\$ —	\$ 128	\$ —
Gain (loss) on plan investment	\$ (404)	\$ —	\$ (668)	\$ —
Interest accrued	\$ 135	\$ 155	\$ 397	\$ 512
Distributions	\$(1,140)	\$(245)	\$(4,008)	\$(1,398)

The Company makes contributions under a number of union-sponsored multi-employer arrangements, including additional defined contribution and defined benefit plans covering OneSource employees. Contributions made for pension plans under collective bargaining agreements were \$11.7 million and \$36.0 million (which included \$1.0 million and \$5.0 million for OneSource employees, respectively) for the three and nine months ended July 31, 2008, respectively, and \$9.5 million and \$27.9 million for the three and nine months ended July 31, 2007, respectively. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts.

13. Segment Information

The Company was previously organized into five separate reportable operating segments. In accordance with Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," Janitorial, Parking, Security, Engineering and Lighting were reportable segments. In connection with the discontinued operation of the Lighting business (as discussed in Note 3, "Discontinued Operations"), the operating results of Lighting are classified as discontinued operations and, as such, are not reflected in the tables below. Segment sales and other income and operating profits of the continuing reportable segments (Janitorial, Parking, Security, and Engineering) were as follows:

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(in thousands)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2008	2007	2008	2007
Sales and other income				
Janitorial	\$638,508	\$408,923	\$1,870,096*	\$1,208,667
Parking	126,782	122,973	375,248	356,300
Security	85,347	81,829	248,573	240,196
Engineering	79,616	75,827	240,777	222,649
Corporate	382	1,390	2,016	4,550
	\$930,635	\$690,942	\$2,736,710	\$2,032,362
Operating profit				
Janitorial	\$ 31,678	\$ 21,865	\$ 82,464*	\$ 62,465
Parking	5,464	4,838	13,717	15,845
Security	2,068	1,937	4,933	2,603
Engineering	5,523	4,174	13,335	10,144
Corporate	(14,788)	(16,669)	(40,767)	(37,926)
Operating profit	29,945	16,145	73,682	53,131
Interest expense	(3,338)	(105)	(11,928)	(333)
Income from continuing operations before income taxes	\$ 26,607	\$ 16,040	\$ 61,754	\$ 52,798

* Includes OneSource results from date of acquisition on November 14, 2007

Most Corporate expenses are not allocated. Such expenses primarily include the adjustments to the Company's self-insurance reserves relating to prior years, the Company's share-based compensation costs, employee severance costs associated with the integration of OneSource's operations into the Janitorial segment, and certain information technology costs. Until damages and costs are awarded or a matter is settled, the Company also accrues probable and estimable losses associated with pending litigation in Corporate.

Janitorial total assets increased from \$416.1 million on October 31, 2007 to \$1,030.7 million on July 31, 2008, primarily due to assets acquired in the purchase of OneSource.

14. Contingencies

The Company is subject to various legal and arbitration proceedings and other contingencies that have arisen in the ordinary course of business. In accordance with SFAS No. 5, "Accounting for Contingencies," the Company accrues the amount of probable and estimable losses related to such matters. At July 31, 2008, the total amount of probable and estimable losses accrued for legal and other contingencies was \$4.6 million. However, the ultimate resolution of legal and arbitration proceedings and other contingencies is always uncertain. If actual losses materially exceed the estimates accrued, the Company's financial condition and results of operations could be materially adversely affected.

15. Income Taxes

On November 1, 2007, the Company adopted the provisions of FIN 48, which provides a financial statement recognition threshold and measurement criteria for a tax position taken or expected to be taken in a tax return. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets

and liabilities, accounting for interest and penalties associated with tax positions, and disclosures about uncertain positions. The cumulative effect of the adoption of FIN 48 was not material.

As of November 1, 2007, the Company had \$2.4 million of unrecognized tax benefits, all of which, if recognized, would affect its effective tax rate. The Company's policy to include interest and penalties related to unrecognized tax benefits in income tax expense did not change upon the adoption of FIN 48. As of November 1, 2007, the Company had accrued interest related to uncertain tax positions of \$0.2 million, net of federal income tax benefit, on the Company's balance sheet. During the nine months ended July 31, 2008, the Company increased the unrecognized tax benefits by \$108.6 million, as a result of the OneSource acquisition, none of which, if recognized, would affect its effective tax rate because the recognition would be treated as a purchase price adjustment. The Company has recorded \$2.0 million of the unrecognized tax benefits as a current liability.

The Company's major tax jurisdiction is the United States and its U.S. federal income tax return has been examined by the tax authorities through October 31, 2004. The Company does business in almost every state, significantly in California, Texas and New York, as well as several foreign locations. In major state jurisdictions, the tax years 2004-2007 remain open and subject to examination by the appropriate tax authorities. The Company is currently being examined by the States of New York, Illinois, Minnesota and Arizona.

The estimated annual effective tax rate on income from continuing operations, excluding discrete items, for the three months ended July 31, 2008 was 38.0%, compared to the 37.5% used for the three months ended July 31, 2007. The increase was largely due to a higher estimated overall state tax rate arising from the requirement to file a combined gross margin tax return in Texas. The effective tax rate on income from continuing operations was 38.6% and 27.5% in the three months ended July 31, 2008 and 2007, respectively, and 38.6% and 32.1% in the nine months ended July 31, 2008 and 2007, respectively, due to certain discrete tax items.

The nine months ended July 31, 2007 included a total deferred tax benefit of \$1.5 million due to an increase in the Company's net deferred tax assets from the state of New York requirement to file combined returns and an increase in the estimated overall state income tax rate. Of the \$1.5 million deferred tax benefit, \$1.2 million was recorded in the third quarter of 2007. A \$0.6 million tax benefit was recorded in the first quarter of 2007 primarily due to the inclusion in the period of Work Opportunity Tax Credits attributable to 2006, but not recognized in 2006 because the program had expired and was not extended until the first quarter of 2007. Another \$0.6 million tax benefit was recorded in the third quarter of 2007 mostly for the reversal of state tax liabilities for closed years. The Work Opportunity Tax Credits attributable to 2008 and 2007 were recorded in 2008 and 2007, respectively.

The estimated annual effective tax rate on income from discontinued operations, excluding discrete items, for the three months ended July 31, 2008 was 47.6%, compared to the 41.4% used for the three months ended July 31, 2007. The effective tax rate on income from discontinued operations was 47.6% and 41.4% in the three months ended July 31, 2008 and 2007, respectively, and 10.5% and 41.4% in the nine months ended July 31, 2008 and 2007, respectively, due to certain discrete tax items. The effective tax rate for the nine month period in 2008 was a lower benefit than the expected annual rate primarily due to a portion of the goodwill impairment charge being non-deductible for tax purposes, which reduced the expected tax benefit by \$1.3 million.

16. Transition Costs

In March 2007, the Company's Board of Directors approved the establishment of a Shared Services Center in Houston, Texas to consolidate certain back office operations; the relocation of ABM Janitorial headquarters to Houston, and the Company's other business segments to Southern California; and the relocation of the Company's corporate headquarters to New York City in 2008 (collectively, the transition). The transition is intended to reduce costs and improve efficiency of the Company's operations and is planned for completion by 2011.

Certain corporate employees are entitled to severance payments upon termination in the period between March 2008 and October 2011. The initial estimated severance for terminations

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in the period between March 2008 and October 2011 was \$3.5 million. This amount was the potential severance if all corporate employees were terminated as their functions move from San Francisco to New York or Houston. As of July 31, 2008, the initial estimate was reduced to \$1.6 million as a result of the assessment by management that certain corporate activities and personnel will not be transitioned out of San Francisco as originally planned. The severance costs have been recognized in selling, general and administrative expense. No other material costs associated with the transition are planned.

The following table presents changes to the transition liability during the nine months ended July 31, 2008 (in thousands):

Liability on October 31, 2007	Expense	Cash Payments	Liability on July 31, 2008
\$604	\$1,262	\$(1,382)	\$484

Transition liabilities due within one year of the balance sheet date are classified as other accrued liabilities.

17. Auction Rate Securities

As of July 31, 2008, the Company held investments in auction rate securities of \$22.8 million, which are classified as available-for-sale securities and are reflected at fair value. However, due to recent events in the U.S. credit markets, auction events for these securities failed commencing in August and September of 2007 and continued to fail through the third quarter of fiscal 2008. The Company has estimated the fair values of these securities utilizing discounted cash flow valuation models as of July 31, 2008. These analyses consider, among other factors, the collateral underlying the security, the creditworthiness of the issuer, the timing of expected future cash flows, including final maturity and assumptions as to when, if ever, the security might be re-financed by the issuer or have a successful auction.

For the nine months ended July 31, 2008, unrealized losses of \$2.2 million (\$1.3 million net of tax) were charged to accumulated other comprehensive loss as a result of declines in the fair value of auction rate securities. Because there is no assurance that auctions for these securities will be successful in the near term the auction rate securities are classified as long-term investments. Any future fluctuation in the fair value related to these securities that the Company deems to be temporary, including any recoveries of previous write-downs, would be recorded to accumulated other comprehensive loss, net of tax. If at any time in the future the Company determines that a decline in value is other than temporary, it will record a charge to earnings in the period of determination.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements of ABM Industries Incorporated (ABM, and together with its subsidiaries, the Company) included in this Quarterly Report on Form 10-Q and with the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the year ended October 31, 2007. All information in the discussion and references to the years are based on the Company's fiscal year, which ends on October 31, and all references to the three and nine month periods are to the three and nine month periods, which end on July 31.

Overview

The Company provides janitorial, parking, security, engineering and lighting services for thousands of commercial, industrial, institutional and retail facilities in hundreds of cities throughout the United States and Puerto Rico, as well as in British Columbia, Canada. At the beginning of 2008, the Company had five reportable segments: Janitorial, Parking, Security, Engineering and Lighting.

On August 29, 2008, the Company entered into an Asset Purchase and Sale Agreement (the Agreement), with Sylvania Lighting Services Corp. ("Sylvania"), a subsidiary of OSRAM SLYVANIA, to sell and transfer certain assets and liabilities of the Company's Lighting business for \$34 million in cash, subject to certain post-closing adjustments. Assets that will be retained, principally accounts receivable, are expected to be settled in accordance with their underlying terms. The transaction is expected to close by October 31, 2008. Pursuant to a transition services agreement, Sylvania will also pay the Company \$0.6 million for four months of information technology transition services following the closing of the transaction. The Company anticipates that the proceeds from the sale of the Lighting business, together with amounts anticipated to be realized over time from retained assets, consisting primarily of accounts receivable, will yield approximately \$70 million to \$75 million. Accordingly, the assets and liabilities associated with the Lighting business have been classified on the Company's Consolidated Balance Sheets as assets and liabilities of discontinued operations, as of July 31, 2008 and have been reclassified as of October 31, 2007 for comparative purposes. The results of operations of Lighting for the three and nine month periods ended July 31, 2008 and July 31, 2007 are included in the Company's Consolidated Statements of Income as "Income (loss) from discontinued operations, net of taxes." In accordance with Emerging Issues Task Force (EITF) Issue No. 87-24 "Allocation of Interest to Discontinued Operations", general corporate overhead expenses of \$0.3 million for both the quarters ended July 31, 2008 and 2007 and \$1.0 million and \$1.1 million for the nine months ended July 31, 2008 and 2007, respectively, which were previously included in the operating results of the Lighting business have been reallocated to the Corporate segment. The cash flows of the discontinued operations are also presented separately in the Company's Consolidated Statements of Cash Flows for the nine months ended July 31, 2008 and July 31, 2007. All corresponding prior year periods presented in the Company's Consolidated Financial Statements and the accompanying notes have been reclassified to reflect the discontinued operations presentation. The Company now has four reportable segments.

On November 14, 2007, ABM acquired OneSource Services, Inc. (OneSource), a janitorial facilities company, formed under the laws of Belize, with US operations headquartered in Atlanta, Georgia. The consideration was \$365.0 million, which was paid by a combination of current cash and borrowings from the Company's line of credit. In addition, following the closing, the Company paid in full \$21.5 million outstanding under OneSource's then-existing line of credit. The Company also incurred \$4.0 million in direct acquisition costs. With annual revenues of approximately \$825 million in the year ended March 31, 2007 and approximately 30,000 employees, OneSource was a provider of janitorial and related services, including landscaping, for more than 10,000 commercial, industrial, institutional and retail accounts in the United States and Puerto Rico, as well as in British Columbia, Canada.

OneSource's operations are included in the Janitorial segment, the largest segment of the Company's business. Including OneSource, the Janitorial segment generated over 68.3% of the Company's sales and other income (hereinafter called Sales) and over 72.1% of its operating profit before Corporate expenses in the first nine months of 2008.

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The Company expects to achieve operating margins for the OneSource business consistent with its other operations in the Janitorial segment and attain annual cost synergies between \$45 million and \$50 million. The annual cost synergies are expected to be fully implemented within 18 months after the acquisition. In 2008, the Company expects to realize between \$28 million and \$32 million of synergies before giving effect to the costs to achieve these synergies, as discussed below. This will be achieved primarily through a reduction in duplicative positions and back office functions, the consolidation of facilities, and the reduction in professional fees and other services.

The Company's Sales are substantially based on the performance of labor-intensive services at contractually specified prices. The level of Sales directly depends on commercial real estate occupancy levels. Decreases in occupancy levels reduce demand and also create pricing pressures on building maintenance and other services provided by the Company.

Janitorial and other maintenance service contracts are either fixed-price, "cost-plus" (*i.e.*, the customer agrees to reimburse the agreed upon amount of wages and benefits, payroll taxes, insurance charges and other expenses plus a profit percentage), time-and-material based, or square footage based. In addition to services defined within the scope of the contract, the Company also generates Sales from extra services (or tags), such as additional cleaning requirements with extra services generally providing higher margins. The profitability of fixed-price contracts is impacted by the variability of the number of work days in the quarter and square footage-based contracts are impacted by changes in vacancy rates.

The majority of the Company's contracts are for one-year periods, but are subject to termination by either party after 30 to 90 days' written notice. Upon renewal of a contract, the Company may renegotiate the price, although competitive pressures and customers' price sensitivity could inhibit the Company's ability to pass on cost increases. Such cost increases include, but are not limited to, labor costs, workers' compensation and other insurance costs, any applicable payroll taxes and fuel costs. However, for some renewals the Company is able to restructure the scope and terms of the contract to maintain or increase profit margin.

Sales have historically been the major source of cash for the Company, while payroll expenses, which are substantially related to Sales, have been the largest use of cash. Hence operating cash flows primarily depend on the Sales level and timing of collections, as well as the quality of the related receivables. The timing and level of the payments to suppliers and other vendors, as well as the magnitude of self-insured claims, also affect operating cash flows. The Company's management views operating cash flows as a good indicator of financial strength. Strong operating cash flows provide opportunities for growth both internally and through acquisitions.

The Company's growth in Sales in the first nine months of 2008 compared to the same period in 2007 is primarily attributable to the acquisition of OneSource as described above. During the period ended July 31, 2008, the Company started to notice a general decline in discretionary spending in some customer sectors and regions. Despite this weakness, the Company did experience organic growth in Sales in the first nine months of 2008, which represented not only Sales from new customers, but also expanded services or increases in the scope of work for existing customers. Achieving the desired levels of Sales and profitability will depend on the Company's ability to gain and retain, at acceptable profit margins, more customers than it loses, pass on cost increases to customers, and keep overall costs down to remain competitive, particularly against privately owned facility services companies that typically have the lower cost advantage.

In the long term, the Company expects to focus its financial and management resources on those businesses in which it can grow to be a leading national service provider. It also plans to increase Sales by expanding its services into international markets.

In the short-term, management is focused on pursuing new business, increasing operating efficiencies, and integrating its most recent acquisitions, particularly OneSource. The Company is implementing a new payroll and human resources information system and upgrading its accounting systems and expects full implementation by the end of 2009. In addition, the Company has relocated its Janitorial headquarters to Houston, relocated its corporate headquarters to New York City and is in the process of concentrating its other business units in Southern California. During the remainder of 2008,

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the Company expects to incur expenses of approximately \$6 million associated with the upgrade of the existing accounting systems, implementation of a new payroll system and human resources information system, relocation of corporate headquarters and other costs to achieve synergies with OneSource.

Liquidity and Capital Resources

(in thousands)	July 31, 2008	October 31, 2007	Change
Cash and cash equivalents	\$ 5,293	\$136,192	\$(130,899)
Working capital of continuing operations	\$259,268	\$312,634	\$ (53,366)

(in thousands)	Nine Months Ended July 31,		Change
	2008	2007	
Net cash provided by (used in) operating activities	\$ 36,536	\$ (9,564)	\$ 46,100
Net cash used in investing activities	\$(446,519)	\$(24,261)	\$(422,258)
Net cash provided by financing activities	\$ 279,084	\$ 7,149	\$ 271,935

Cash provided by operations and bank borrowings have historically been used for meeting working capital requirements, financing capital expenditures and acquisitions, and paying cash dividends. As of July 31, 2008 and October 31, 2007, the Company's cash and cash equivalents totaled \$5.3 million and \$136.2 million, respectively. The cash balance at July 31, 2008 declined from October 31, 2007 primarily due to the acquisition of OneSource. The total purchase price for OneSource, including the payment in full of OneSource's pre-existing debt of \$21.5 million and direct acquisition costs of \$4.0 million, was \$390.5 million, which was paid by a combination of current cash and borrowings from the Company's line of credit. In addition, the Company paid \$27.3 million in cash, including \$0.4 million in direct acquisition costs, for the remaining equity of Southern Management Company (Southern Management). See Note 8 — Acquisitions of the Notes to the Consolidated Financial Statements contained in Item 1, "Financial Statements."

The Company believes that the current cash and cash equivalents, cash generated from operations and amounts available under its \$450 million line of credit will be sufficient to meet the Company's cash requirements for the long-term, except to the extent cash is required for significant acquisitions, if any.

Working Capital of Continuing Operations. Working capital of continuing operations decreased by \$53.4 million to \$259.3 million at July 31, 2008 from \$312.6 million at October 31, 2007, primarily due to the \$130.9 million decrease in cash and cash equivalents tied to the acquisition of OneSource. Additional working capital contributed by OneSource partially offset this decrease. Trade accounts receivable increased by \$132.4 million to \$481.6 million at July 31, 2008, of which \$101.0 million was attributable to OneSource. These amounts were net of allowances for doubtful accounts and sales totaling \$11.5 million and \$6.4 million at July 31, 2008 and October 31, 2007, respectively. At July 31, 2008, accounts receivable that were over 90 days past due had increased by \$14.8 million to \$42.6 million (8.6% of the total outstanding) from \$23.9 million (6.7% of the total outstanding) at October 31, 2007. Of the over 90 days past due trade receivables, \$10.2 million was attributable to OneSource.

Cash Flows from Operating Activities. Net cash provided by operating activities was \$36.5 million in the first nine months of 2008, compared to net cash used of \$9.6 million in the first nine months of 2007. The first nine months of 2007 included a \$34.9 million income tax payment relating to the \$80.0 million gain on the settlement of the World Trade Center insurance claims in the fourth quarter of 2006. Excluding the effects of the OneSource acquisition, accounts receivable in the nine months of 2008 increased \$37.8 million from the same period of 2007 primarily due to increased Sales and effects of the increases in past due accounts receivables as noted above. The effect of this increase to operating cash flows was partially offset by a \$5.7 million increase to accounts payable and accrued liabilities. Net cash provided by discontinued operating activities was \$5.9 million in the first nine months of 2008 compared to \$6.2 million used in the first nine months of 2007.

Cash Flows from Investing Activities. Net cash used in investing activities in the first nine months of 2008 was \$446.5 million, compared to \$24.3 million in the first nine months of 2007. The

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increase was primarily due to the \$390.5 million and \$27.3 million paid for OneSource and the remaining 50% of the equity of Southern Management, respectively. Cash paid for acquisitions in the first nine months of 2007 consisted of a \$7.1 million payment for the acquisition of the assets of HealthCare Parking Systems of America and \$3.0 million of contingent amounts (excluding \$0.5 million related to contingent amounts settled in stock issuances) for businesses acquired in periods prior to 2007. In addition, property, plant and equipment additions increased by \$12.7 million in the first nine months of 2008 compared to the first nine months of 2007, which mainly reflects capitalized costs associated with the upgrade of the Company's accounting systems and the implementation of a new payroll and human resources information system. Net cash provided by discontinued investing activities was \$0.2 million compared with net cash used of \$0.3 million for the nine months ended July 31, 2008 and July 31, 2007, respectively.

Cash Flows from Financing Activities. Net cash provided by financing activities was \$279.1 million in the first nine months of 2008, compared to \$7.1 million in the first nine months of 2007. In the first nine months of 2008, the Company borrowed \$285.0 million, net from the Company's line of credit primarily in connection with the acquisitions of OneSource and the remaining 50% of the equity of Southern Management.

Line of Credit. ABM has a \$450.0 million five-year syndicated line of credit that is scheduled to expire on November 14, 2012. The line of credit is available for working capital, the issuance of standby letters of credit, the financing of capital expenditures, and other general corporate purposes. See Note 10 — Line of Credit Facility of the Notes to the Consolidated Financial Statements contained in Item 1, "Financial Statements."

As of July 31, 2008, the total outstanding amounts under the line of credit in the form of cash borrowings and standby letters of credit were \$285.0 million and \$112.9 million, respectively. Available credit under the line of credit was \$52.1 million as of July 31, 2008.

Contingencies

The Company's operations are subject to various federal, state and/or local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment, such as discharge into soil, water and air, and the generation, handling, storage, transportation and disposal of waste and hazardous substances. These laws generally have the effect of increasing costs and potential liabilities associated with the conduct of the Company's operations, although historically they have not had a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company is also subject to various legal and arbitration proceedings and other contingencies that have arisen in the ordinary course of business, including the matters described in Part II, Item 1, Legal Proceedings. At July 31, 2008, the total amount of probable and estimable losses accrued for legal and other contingencies was \$4.6 million. However, the ultimate resolution of legal and arbitration proceedings and other contingencies is always uncertain. If actual losses materially exceed the estimates accrued, the Company's financial condition and results of operations could be materially adversely affected.

Off-Balance Sheet Arrangements

The Company is party to a variety of agreements under which it may be obligated to indemnify the other party for certain matters. Primarily, these agreements are standard indemnification arrangements in its ordinary course of business. Pursuant to these arrangements, the Company may agree to indemnify, hold harmless and reimburse the indemnified parties for losses suffered or incurred by the indemnified parties, generally its customers, in connection with any claims arising out of the services that the Company provides. The Company also incurs costs to defend lawsuits or settle claims related to these indemnification arrangements and in most cases these costs are included in its insurance program. The term of these indemnification arrangements is generally perpetual with respect to claims arising during the service period. Although the Company attempts to place limits on this indemnification reasonably related to the size of the contract, the maximum obligation may not be explicitly stated and, as

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a result, the maximum potential amount of future payments the Company could be required to make under these arrangements is not determinable.

ABM's certificate of incorporation and bylaws may require it to indemnify Company directors and officers against liabilities that may arise by reason of their status as such and to advance their expenses incurred as a result of any legal proceeding against them as to which they could be indemnified. ABM has also entered into indemnification agreements with its directors to this effect. The overall amount of these obligations cannot be reasonably estimated, however, the Company believes that any loss under these obligations would not have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company currently has directors' and officers' insurance, which has a deductible of up to \$1.0 million.

Acquisitions

The operating results of businesses acquired have been included in the accompanying consolidated financial statements from their respective dates of acquisition. Acquisitions, including OneSource, made during the nine months ended July 31, 2008, are discussed in Note 8 — Acquisitions of the Notes to Consolidated Financial Statements contained in Item 1. "Financial Statements."

Results of Continuing Operations

Three Months Ended July 31, 2008 vs. Three Months Ended July 31, 2007

(\$ in thousands)	Three Months Ended July 31, 2008	% of Sales	Three Months Ended July 31, 2007	% of Sales	Increase (Decrease) \$	Increase (Decrease) %
Revenues						
Sales and other income	\$930,635	100.0%	\$690,942	100.0%	\$239,693	34.7%
Expenses						
Operating expenses and cost of goods sold	825,855	88.7%	627,113	90.8%	198,742	31.7%
Selling, general and administrative	72,317	7.8%	46,249	6.7%	26,068	56.4%
Amortization of intangible assets	2,518	0.3%	1,435	0.2%	1,083	75.5%
Total operating expense	900,690	96.8%	674,797	97.7%	225,893	33.5%
Operating profit	29,945	3.2%	16,145	2.3%	13,800	85.5%
Interest expense	3,338	0.4%	105	NM*	3,233	NM*
Income from continuing operations before income taxes	26,607	2.9%	16,040	2.3%	10,567	65.9%
Provision for income taxes	10,263	1.1%	4,403	0.6%	5,860	133.1%
Income from continuing operations	16,344	1.8%	11,637	1.7%	4,707	40.4%
Income (loss) from discontinued operations, net of tax	68	NM*	362	0.1%	(294)	NM*
Net income	\$ 16,412	1.8%	\$ 11,999	1.7%	\$ 4,413	36.8%

* Not meaningful

Net Income. Net income in the third quarter of 2008 increased by \$4.4 million, or 36.8%, to \$16.4 million (\$0.32 per diluted share) from \$12.0 million (\$0.24 per diluted share) in the third quarter of 2007. Net income included income of \$0.1 million (\$0.00 per diluted share) and \$0.4 million (\$0.01 per diluted share) from discontinued operations in the third quarter of 2008 and 2007, respectively.

Income from continuing operations in the third quarter of 2008 increased by \$4.7 million, or 40.4%, to \$16.3 million (\$0.32 per diluted share) from \$11.6 million (\$0.23 per diluted share) in the third quarter of 2007. The increase was primarily a result of a \$12.5 million difference between a decrease in self-insurance reserves (\$7.6 million) in the third quarter of 2008 and an increase in self-insurance reserves (\$4.9 million) in the third quarter of 2007 from the Company's evaluation of the reserves (further

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described below). In addition, operating profit from the continuing operating segments increased \$11.9 million primarily due to the acquisition of OneSource and the organic increase in Janitorial Sales. As a result of the integration of OneSource's operations into the Janitorial segment, the Company has achieved synergies through a reduction of duplicative positions and back office functions, the consolidation of facilities, and the reduction in professional fees and other services. The positive impact of these items to net income was partially offset by a \$5.9 million increase in income taxes, \$3.3 million of interest expense attributable to the financing of the OneSource and Southern Management acquisitions, \$3.1 million of expenses associated with the integration of OneSource's operations, a \$2.8 million increase in payroll and payroll-related costs, a \$2.5 million increase in information technology costs, a \$1.0 million increase in expenses related to severance, retention bonuses and new hires associated with the move of the Company's corporate headquarters to New York and a \$0.8 million increase in share-based compensation expense.

The Company performs evaluations of its self-insurance reserves during the year. The May 31, 2008 evaluation indicated favorable developments for years prior to 2008 in the workers' compensation and general liability claims that resulted in a \$7.6 million benefit. This benefit was recorded in Corporate. The comparable evaluation on May 31, 2007 indicated adverse developments in the Company's workers' compensation and general liability claims that resulted in a \$4.9 million expense.

Revenues. Sales in the third quarter of 2008 increased \$239.7 million, or 34.7%, to \$930.6 million from \$690.9 million in the third quarter of 2007, primarily due to \$211.6 million of additional sales contributed by OneSource. Excluding the impact of the OneSource acquisition, Sales increased by \$28.1 million or 4.1%, during the third quarter of 2008 compared to the third quarter of 2007, which was primarily due to new business and expansion of services in all continuing operating segments.

Operating Expenses and Cost of Goods Sold. As a percentage of Sales, gross margin was 11.3% and 9.2% in the third quarters of 2008 and 2007, respectively. The increase in gross margin percentage was primarily the result of the \$12.5 million reduction in insurance expense associated with the difference in the insurance reserve adjustments between the third quarter of 2008 and the third quarter of 2007.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$26.1 million, or 56.4%, in the third quarter of 2008 compared to the third quarter of 2007 primarily due to an additional \$17.0 million of OneSource expenses in the third quarter of 2008. Excluding OneSource, selling, general and administrative expenses increased \$9.1 million which includes a \$3.1 million increase in costs associated with the integration of OneSource's operations, a \$2.5 million increase in information technology costs, a \$1.0 million increase in costs related to severance, retention bonuses and new hires associated with the move of the Company's corporate headquarters to New York, and a \$0.8 million increase in share based compensation costs.

Intangible Amortization. Intangible assets amortization expense increased \$1.1 million, or 75.5%, in the third quarter of 2008 compared to the third quarter of 2007, due to the amortization of \$34.4 million allocated to customer contracts and relationships in connection with the acquisition of OneSource.

Interest Expense. Interest expense in the third quarter of 2008 was \$3.3 million compared to \$0.1 million in the third quarter of 2007. The increase is primarily the result of amounts drawn on the Company's line of credit in connection with the acquisitions of OneSource and the remaining 50% of equity of Southern Management. Included in interest expense in the third quarter of 2008 was \$0.5 million of interest accretion related to OneSource insurance claim liabilities assumed as part of the OneSource acquisition. In accordance with Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," the insurance claim liabilities associated with the allocation of the purchase price have been recorded at their fair value at November 14, 2007, which is the present value of the expected future cash flows. These discounted liabilities are accreted to interest expense as the recorded values are brought to an undiscounted amount.

Income Taxes. The estimated annual effective tax rate on income from continuing operations, excluding discrete items, for the third quarter of 2008 was 38.0%, compared to the 37.5% used for the third quarter of 2007. The increase was largely due to a higher estimated overall state tax rate arising

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from the requirement to file a combined gross margin tax return in Texas. The effective tax rate on income from continuing operations was 38.6% and 27.5% in the third quarter of 2008 and 2007, respectively, due to certain discrete tax items.

The effective tax rate for the three month period in 2007 was lower than the expected annual rate primarily due to an increase in the Company's net deferred tax assets of \$1.5 million from the State of New York's requirement to file combined returns, of which \$1.2 million was included in the third quarter of 2007. In addition, another \$0.6 million tax benefit was recorded in the third quarter of 2007 mostly from the reversal of state tax liabilities for closed years.

Segment Information. The Company was previously organized into five separate reportable operating segments. In accordance with Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," Janitorial, Parking, Security, Engineering and Lighting were reportable segments. In connection with the discontinued operation of the Lighting business, the operating results of Lighting are classified as discontinued operations and, as such, are not reflected in the tables below.

Most Corporate expenses are not allocated. Such expenses include the adjustments to the Company's self-insurance reserves relating to prior years, employee severance costs associated with the integration of OneSource's operations into the Janitorial segment, certain information technology costs, and the Company's share-based compensation costs. Until damages and costs are awarded or a matter is settled, the Company also accrues probable and estimable losses associated with pending litigation in Corporate. Segment Sales and other income and operating profits of the continuing reportable segments (Janitorial, Parking, Security, and Engineering) were as follows:

(\$ in thousands)	Three Months Ended July 31,		Increase (Decrease)
	2008	2007	
Sales and other income			
Janitorial	\$638,508	\$408,923	56.1%
Parking	126,782	122,973	3.1%
Security	85,347	81,829	4.3%
Engineering	79,616	75,827	5.0%
Corporate	382	1,390	(72.5)%
	\$930,635	\$690,942	34.7%
Operating profit from continuing operations			
Janitorial	\$ 31,678	\$ 21,865	44.9%
Parking	5,464	4,838	12.9%
Security	2,068	1,937	6.8%
Engineering	5,523	4,174	32.3%
Corporate	(14,788)	(16,669)	(11.3)%
Operating profit from continuing operations	29,945	16,145	85.5%
Interest expense	(3,338)	(105)	NM *
Income from continuing operations before income taxes	\$ 26,607	\$ 16,040	65.9%

* Not meaningful

The results of operations from the Company's segments for the quarter ended July 31, 2008, compared to the same quarter in 2007, are more fully described below.

Janitorial. Janitorial Sales increased \$229.6 million, or 56.1%, in the third quarter of 2008 compared to the third quarter of 2007 primarily due to \$211.6 million of additional revenue contributed by OneSource. Excluding the impact of the OneSource acquisition, Janitorial Sales increased by \$18.0 million, or 4.4%. All Janitorial regions, except for the Southeast region, experienced Sales growth, which was due to increased business from new customers and price increases to pass through union wage

and benefit increases. The 2008 revenue growth included clean-up work related to Iowa floods in the third quarter of 2008.

Operating profit increased \$9.8 million, or 44.9%, during the third quarter of 2008 compared to the third quarter of 2007. The increase was primarily attributable to the acquisition of OneSource and increased Sales as noted above. The increase in operating profit includes synergies generated from the integration of OneSource's operations into the Janitorial segment. The synergies were achieved through a reduction of duplicative positions and back office functions, the consolidation of facilities, and professional fees and other services.

Parking. Parking Sales increased \$3.8 million, or 3.1%, during the third quarter of 2008 compared to the third quarter of 2007, primarily due to a \$3.3 million increase in allowance, lease and visitor parking revenues from new customers and an increased level of service to existing customers.

Operating profit increased \$0.6 million, or 12.9%, during the third quarter of 2008 compared to the third quarter of 2007 due to additional profit from higher revenues.

Security. Security Sales increased \$3.5 million, or 4.3%, in the third quarter of 2008 compared to the third quarter of 2007. The increase is primarily due to additional Sales generated from new customers specifically in the Northwest and Midwest regions and expansion of services to existing customers.

Operating profit increased \$0.1 million, or 6.8%, during the third quarter of 2008 compared to the third quarter of 2007 due to additional profit from higher sales and a reduction in insurance expense.

Engineering. Engineering Sales increased \$3.8 million, or 5.0%, during the third quarter of 2008 compared to the third quarter of 2007, primarily due to new business and expansion of services to existing customers, mainly in the Northern California and Eastern regions.

Operating profit increased by \$1.3 million, or 32.3%, in the third quarter of 2008 compared to the third quarter of 2007, primarily due to increased Sales, higher profit margins of new business compared to business replaced, and a decrease in insurance expense.

Corporate. Corporate expense decreased \$1.9 million, or 11.3%, in the third quarter of 2008 compared to the third quarter of 2007, which was primarily due to the \$12.5 million decrease in insurance expense associated with the difference in insurance reserve adjustments between the third quarter of 2008 and the third quarter of 2007 based on the Company's evaluation of the reserves. The decrease in insurance expense was partially offset by \$3.1 million in expenses associated with the integration of OneSource's operations, a \$2.8 million increase in payroll and payroll-related costs, a \$2.5 million increase in information technology expenses, a \$1.0 million increase in expenses related to severance, retention bonuses and new hires associated with the move of the Company's corporate headquarters to New York, and a \$0.8 million increase in share-based compensation expense. In accordance with EITF, Issue No. 87-24, general corporate overhead expenses of \$0.3 million for both the quarters ended July 31, 2008 and 2007 which were previously included in the operating results of the Lighting business have been reallocated to the Corporate segment.

[Table of Contents](#)*Nine Months Ended July 31, 2008 vs. Nine Months Ended July 31, 2007*

(\$ in thousands)	Nine Months Ended July 31, 2008	% of Sales	Nine Months Ended July 31, 2007	% of Sales	Increase (Decrease) \$	Increase (Decrease) %
Revenues						
Sales and other income	\$2,736,710	100.0%	\$2,032,362	100.0%	\$704,348	34.7%
Expenses						
Operating expenses and cost of goods sold	2,447,891	89.4%	1,830,622	90.1%	617,269	33.7%
Selling, general and administrative	207,694	7.6%	144,503	7.1%	63,191	43.7%
Amortization of intangible assets	7,443	0.3%	4,106	0.2%	3,337	81.3%
Total operating expense	2,663,028	97.3%	1,979,231	97.4%	683,797	34.5%
Operating profit	73,682	2.7%	53,131	2.6%	20,551	38.7%
Interest expense	11,928	0.4%	333	NM*	11,595	NM*
Income from continuing operations before income taxes	61,754	2.3%	52,798	2.6%	8,956	17.0%
Income taxes	23,839	0.9%	16,963	0.8%	6,876	40.5%
Income from continuing operations	37,915	1.4%	35,835	1.8%	2,080	5.8%
Income (loss) from discontinued operations, net of tax	(4,065)	-0.1%	1,590	0.1%	(5,655)	NM*
Net income	\$ 33,850	1.2%	\$ 37,425	1.8%	\$ (3,575)	-9.6%

* Not meaningful

Net Income. Net income in the first nine months of 2008 decreased by \$3.6 million, or 9.6%, to \$33.9 million (\$0.66 per diluted share) from \$37.4 million (\$0.74 per diluted share) in the first nine months of 2007. Net income included a loss of \$4.1 million (\$0.08 per diluted share) and income of \$1.6 million (\$0.03 per diluted share) from discontinued operations for the first nine months of 2008 and 2007, respectively. The loss from discontinued operations experienced in the first nine months of 2008 is primarily due to a \$4.5 million charge associated with the impairment of goodwill for the Lighting business.

Income from continuing operations in the first nine months of 2008 increased by \$2.1 million, or 5.8%, to \$37.9 million (\$0.74 per diluted share) from \$35.8 million (\$0.71 per diluted share) in the first nine months of 2007. This increase was primarily due to a \$23.4 million increase in operating profit from the continuing operating segments in the first nine months of 2008 compared to the first nine months of 2007, primarily due to the acquisition of OneSource and the organic increase in Janitorial Sales. As a result of the integration of OneSource's operations into the Janitorial segment, the Company has achieved synergies through a reduction in duplicative positions and back office functions, the consolidation of facilities and the reduction in professional fees and other services. In addition, insurance expense was \$15.5 million lower due to the difference between a decrease in self insurance reserves (\$14.8 million) in the first nine months of 2008 and an increase in self-insurance reserves (\$0.7 million) relating to prior year claims in the first nine months of 2007 as a result of the Company's evaluation of the reserves (further described below). The positive impact of these items on net income was partially offset by a \$11.7 million of interest expense attributable to the financing of the OneSource and Southern Management acquisitions, a \$6.9 million increase in income taxes, \$6.1 million of expenses associated with the integration of OneSource's operations, a \$3.9 million increase in information technology costs, a \$3.2 million increase in expenses related to severance, retention bonuses and new hires associated with the move of the Company's corporate headquarters to New York, a \$2.3 million decrease in interest income from lower cash balances and a \$1.7 million increase in costs associated with the operations of the Shared Services Center in Houston.

Evaluations covering the Company's prior years' workers' compensation, general liability and auto liability claims, excluding claims acquired from OneSource, as of January 31, 2008 and May 31, 2008 resulted in an aggregate reduction of \$14.8 million in the Company's self-insurance reserves

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recorded in the nine months ended July 31, 2008. In the nine months ended July 31, 2007, comparable January 31, 2007 evaluations resulted in a \$4.2 million reduction to insurance reserves, offset by \$4.9 million adverse developments from a May 31, 2007 evaluation. These claims were for workers' compensation outside of California for years prior to 2007 which exceeded the favorable developments in the California workers' compensation and general liability programs.

Revenues. Sales in the first nine months of 2008 increased \$704.3 million, or 34.7%, to \$2,736.7 million from \$2,032.4 million in the first nine months of 2007, primarily due to \$613.8 million and \$17.0 million of additional Sales contributed by OneSource and Healthcare Parking Services America, (HPSA), which was acquired on April 2, 2007, respectively. Excluding the OneSource and HPSA revenues, Sales increased by \$73.5 million or 3.6% during the first nine months of 2008 compared to the first nine months of 2007, which was primarily due to new business and expansion of services in all continuing operating segments. Parking Sales in 2007 included a \$5.0 million gain in connection with a termination of an off-airport parking garage lease.

Operating Expenses and Cost of Goods Sold. As a percentage of Sales, gross margin was 10.6% and 9.9% in the first nine months of 2008 and 2007, respectively. The increase in the gross margin percentage was primarily due to the \$15.5 million reduction in insurance expense associated with the difference in the insurance reserve adjustments between the first nine months of 2008 compared to the first nine months of 2007, partially offset by the absence of a \$5.0 million gain in Parking in connection with the termination of an off-airport parking garage lease recorded in the first nine months of 2007.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$63.2 million, or 43.7%, in the first nine months of 2008 compared to the first nine months of 2007, primarily due to an additional \$51.8 million of OneSource expenses in the first nine months of 2008. Excluding OneSource, selling, general and administrative expenses increased \$11.4 million, which was primarily due to \$6.1 million of expenses associated with the integration of OneSource's operations, a \$3.9 million increase in information technology expenses, a \$3.2 million increase in expenses related to severance, retention bonuses and new hires associated with the move of the Company's corporate headquarters to New York and a \$1.7 million increase in costs associated with the operations of the Shared Services Center in Houston. The impact of the increases in these items on selling, general and administrative expenses was partially offset by the absence of \$4.0 million of share-based compensation expense related to the acceleration of price-vested options recognized when target prices for ABM common stock were achieved, which was recorded in the first nine months of 2007.

Intangible Amortization. Intangible assets amortization expense increased \$3.3 million, or 81.3%, in the first nine months of 2008 compared to the first nine months of 2007, primarily due to the amortization of \$34.4 million allocated to customer contracts and relationships in connection with the acquisition of OneSource.

Interest Expense. Interest expense in the first nine months of 2008 was \$11.9 million compared to \$0.3 million in the first nine months of 2007. The increase is primarily the result of amounts drawn on the Company's line of credit in connection with the acquisitions of OneSource and the remaining 50% of equity of Southern Management. Included in interest expense in the first nine months of 2008 was \$1.5 million of interest accretion related to OneSource insurance claim liabilities assumed as part of the OneSource acquisition.

Income Taxes. The estimated annual effective tax rate on income from continuing operations, excluding discrete items, for the first nine months of 2008 was 38.0%, compared to the 37.5% used for the first nine months of 2007. The increase was largely due to a higher estimated overall state tax rate arising from the requirement to file a combined gross margin tax return in Texas. The effective tax rate on income from continuing operations was 38.6% and 32.1% in the first nine months of 2008 and 2007, respectively, due to certain discrete tax items. The nine months ended July 31, 2007 included a total deferred tax benefit of \$1.5 million due to an increase in the Company's net deferred tax assets from the state of New York requirement to file combined returns and an increase in the estimated overall state income tax rate. Of the \$1.5 million deferred tax benefit, \$1.2 million was recorded in the third quarter of 2007. A \$0.6 million tax benefit was recorded in the first quarter of 2007 primarily due to the inclusion in the period of Work Opportunity Tax Credits attributable to 2006, but not recognized in 2006 because the

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program had expired and was not extended until the first quarter of 2007. Another \$0.6 million tax benefit was recorded in the third quarter of 2007 mostly for the reversal of state tax liabilities for closed years. The Work Opportunity Tax Credits attributable to 2008 and 2007 were recorded in 2008 and 2007, respectively.

Segment Information.

(\$ in thousands)	Nine Months Ended July 31,		Increase (Decrease)
	2008	2007	
Sales and other income			
Janitorial	\$1,870,096**	\$1,208,667	54.7%
Parking	375,248	356,300	5.3%
Security	248,573	240,196	3.5%
Engineering	240,777	222,649	8.1%
Corporate	2,016	4,550	(55.7)%
	\$2,736,710	\$2,032,362	34.7%
Operating profit from continuing operations			
Janitorial	\$ 82,464**	\$ 62,465	32.0%
Parking	13,717	15,845	(13.4)%
Security	4,933	2,603	89.5%
Engineering	13,335	10,144	31.5%
Corporate	(40,767)	(37,926)	7.5%
Operating profit from continuing operations	73,682	53,131	38.7%
Interest expense	(11,928)	(333)	NM *
Income from continuing operations before income taxes	\$ 61,754	\$ 52,798	17.0%

* Not meaningful

** Includes OneSource from date of acquisition on November 14, 2007

The results of operations from the Company's segments for the nine months ended July 31, 2008, compared to the same period in 2007, are more fully described below.

Janitorial. Janitorial Sales increased \$661.4 million, or 54.7%, during the first nine months of 2008 compared to the first nine months of 2007 primarily due to \$613.8 million of additional Sales contributed by OneSource. Excluding the impact of the OneSource acquisition, Janitorial Sales increased by \$47.6 million. All Janitorial regions, except the Southeast region, experienced Sales growth which was due to increased business from new customers and price increases to pass through of union wage and benefit increases.

Operating profit increased \$20.0 million, or 32.0%, during the first nine months of 2008 compared to the first nine months of 2007. The increase was primarily attributable to the acquisition of OneSource and increased Sales as noted above. The increase in operating profit includes synergies generated from the integration of OneSource's operations into the Janitorial segment. The synergies were achieved through a reduction of duplicate positions and back office functions, the consolidation of facilities, and the reduction in professional fees and other services.

Parking. Parking Sales increased \$18.9 million, or 5.3%, during the first nine months of 2008 compared to the first nine months of 2007, primarily due to \$17.0 million of Sales contributed by HPSA and a \$7.0 million increase in allowance, lease and visitor parking revenues. These increases to Parking Sales, were partially offset by the absence of the \$5.0 million gain recorded in the first nine months of 2007 associated with the termination of an off-airport parking garage lease in Philadelphia.

Operating profit decreased \$2.1 million, or 13.4%, during the first nine months of 2008 compared to the first nine months of 2007 due to the absence of the \$5.0 million lease termination gain recorded in

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the first nine months of 2007, partially offset by \$1.6 million of additional profit earned on increased lease and visitor parking revenue and \$1.3 million of additional operating profit contributed by HPSA.

Security. Security Sales increased \$8.4 million, or 3.5%, during the first nine months of 2008 compared to the first nine months of 2007 primarily as a result new customers in the Northwest and Midwest regions.

Operating profit increased by \$2.3 million, or 89.5% in the first nine months of 2008 compared to the first nine months of 2007, primarily due to the absence of a \$1.7 million litigation settlement recorded in the nine months of 2007 and a reduction in insurance expense.

Engineering. Engineering Sales increased \$18.1 million, or 8.1%, during the first nine months of 2008 compared to the first nine months of 2007. All regions except for the Midwest region experienced growth in Sales primarily due to business from new customers and expansion of services to existing customers.

Operating profit increased by \$3.2 million, or 31.5%, in the first nine months of 2008 compared to the first nine months in 2007, primarily due to increased Sales, higher profit margins on the new business compared to business replaced, and a decrease in insurance expense.

Corporate. Corporate expense increased \$2.8 million, or 7.5%, in the first nine months of 2008 compared to the first nine months of 2007, which was primarily due to \$6.1 million in costs associated with the integration of OneSource's operations, a \$3.9 million increase in payroll and payroll related costs, a \$3.9 million increase in information technology costs, a \$3.2 million increase in expenses related to severance, retention bonuses and new hires associated with the move of the Company's corporate headquarters to New York and a \$1.7 million increase in costs associated with the operations of the Shared Services Center in Houston. The items that negatively impacted corporate expense were partially offset by the \$15.5 million decrease in insurance expense associated with the difference in insurance reserve adjustments between the first nine months of 2008 and the first nine months of 2007 based on the Company's evaluation of the reserves. In accordance with EITF, Issue No. 87-24, general corporate overhead expenses of \$1.0 million and \$1.1 million for the nine months ended July 31, 2008 and 2007, respectively, which were previously included in the operating results of the Lighting business have been reallocated to the Corporate segment.

Discontinued Operations

Sales from discontinued operations decreased \$1.3 million, or 5.0%, during the third quarter of 2008 compared to the third quarter of 2007, primarily due to a decrease in time and material, and special project business.

Income from discontinued operations, net of taxes was \$0.1 million in the third quarter of 2008 compared to a \$0.4 million in the third quarter of 2007.

Sales from discontinued operations decreased \$6.2 million, or 7.2%, during the first nine months of 2008 compared to the first nine months of 2007, primarily due to a decrease in time and material, and special project business. Discontinued operating loss was \$4.1 million in the first nine months of 2008 compared to a discontinued operating income of \$1.6 million in the first nine months of 2007. The difference of \$5.7 million is primarily due to the \$4.5 million charge associated with the impairment of goodwill, and the decrease in Sales. These decreases were partially offset by a decrease in selling, general, and administrative payroll expense due to fewer employees.

During the quarter ended April 30, 2008, in response to objective evidence about the implied value of goodwill relating to the Company's Lighting business, the Company performed an assessment of goodwill for impairment. The goodwill in the Company's Lighting business was determined to be impaired and a non-cash, pre-tax goodwill impairment charge of \$4.5 million was recorded on April 30, 2008, which is included in discontinued operations in the accompanying consolidated statements of income.

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The estimated annual effective tax rate on income from discontinued operations, excluding discrete items, for the three months ended July 31, 2008 was 47.6%, compared to the 41.4% for the three months ended July 31, 2007. The effective tax rate on income from discontinued operations was 47.6% and 41.4% in the three months ended July 31, 2008 and 2007, respectively, due to certain discrete tax items.

The estimated annual effective tax rate on income from discontinued operations, excluding discrete items, for the nine months ended July 31, 2008 was 47.6%, compared to the 41.4% used for the nine months ended July 31, 2007. The effective tax rate on income from discontinued operations was 10.5% and 41.4% in the nine months ended July 31, 2008 and 2007, respectively, due to certain discrete tax items. The effective tax rate for the nine month period in 2008 was a lower benefit than the expected annual rate primarily due to a portion of the goodwill impairment charge being non-deductible for tax purposes, which reduced the expected tax benefit by \$1.3 million.

Adoption of New Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Tax" (FIN 48). FIN 48 prescribes a recognition threshold and measurement standard, as well as criteria for subsequently recognizing, derecognizing, classifying and measuring uncertain tax positions for financial statement purposes. FIN 48 also requires expanded disclosure with respect to uncertainties as they relate to income tax accounting. FIN 48 became effective for the Company as of November 1, 2007. The adoption of FIN 48 did not have a material impact on the Company's financial statements. See Note 15 — Income Taxes of the Notes to Consolidated Financial Statements contained in Item 1. "Financial Statements."

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 was issued to provide guidance and consistency for comparability in fair value measurements and for expanded disclosures about fair value measurements. The Company does not anticipate that SFAS No. 157 will have a material impact on the Company's consolidated financial position, results of operations or disclosures in the Company's financial statements. SFAS No. 157 will be effective beginning in fiscal year 2009.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115" (SFAS No. 159). SFAS No. 159 was issued to permit entities to choose to measure many financial instruments and certain other items at fair value. The fair value option established by SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and includes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. If the Company chooses to adopt SFAS No. 159, the Company does not anticipate that SFAS No. 159 will have a material impact on the Company's consolidated financial position, results of operations or disclosures in the Company's financial statements. If adopted, SFAS No. 159 would be effective beginning in fiscal year 2009.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" (SFAS No. 141R). The purpose of issuing the statement was to replace current guidance in SFAS No. 141 to better represent the economic value of a business combination transaction. The changes to be effected with SFAS No. 141R from the current guidance include, but are not limited to: (1) acquisition costs will be recognized separately from the acquisition; (2) known contractual contingencies at the time of the acquisition will be considered part of the liabilities acquired measured at their fair value; all other contingencies will be part of the liabilities acquired measured at their fair value only if it is more likely than not that they meet the definition of a liability; (3) contingent consideration based on the outcome of future events will be recognized and measured at the time of the acquisition; (4) business combinations achieved in stages (step acquisitions) will need to recognize the identifiable assets and liabilities, as well as noncontrolling interests, in the acquiree, at the full amounts of their fair values; and (5) a bargain purchase (defined as a business combination in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any noncontrolling interest in the acquiree) will require that excess to be recognized as a gain attributable to

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the acquirer. The Company anticipates that the adoption of SFAS No.141R will have an impact on the way in which business combinations will be accounted for compared to current practice. SFAS No. 141R will be effective for any business combination that occurs beginning in 2010.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51” (SFAS No. 160). SFAS No. 160 was issued to improve the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way, that is, as equity in the consolidated financial statements. Moreover, SFAS No. 160 eliminates the diversity that currently exists in accounting for transactions between an entity and noncontrolling interests by requiring they be treated as equity transactions. SFAS No. 160 will be effective beginning in 2010. The Company is currently evaluating the impact that SFAS No. 160 will have on its financial statements and disclosures.

Critical Accounting Policies and Estimates

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require the Company to make estimates in the application of its accounting policies based on the best assumptions, judgments, and opinions of management. For a description of the Company’s critical accounting policies, see Item 7, Management’s Discussion and Analysis of Financial Conditions and Results of Operations, in the Company’s 2007 Annual Report on Form 10-K for the year ended October 31, 2007. There have been no significant changes to the Company’s critical accounting policies and estimates during the nine months ended July 31, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Sensitive Instruments

The Company’s primary market risk exposure is interest rate risk. The potential impact of adverse increases in this risk is discussed below. The following sensitivity analysis does not consider the effects that an adverse change may have on the overall economy nor does it consider actions the Company may take to mitigate its exposure to these changes. Results of changes in actual rates may differ materially from the following hypothetical results.

Interest Rate Risk

The Company’s exposure to interest rate risk relates primarily to its cash equivalents and London Interbank Offered Rate (LIBOR) and Interbank Offered Rate (IBOR) based borrowings under the \$450.0 million five-year syndicated line of credit that expires in November 2012. At July 31, 2008, outstanding LIBOR and IBOR based borrowings of \$285.0 million represented 100% of the Company’s total debt obligations. While these borrowings mature over the next 30 days, the line of credit facility the Company has in place will continue to allow it to borrow against the line of credit through November 2012. The Company anticipates borrowing similar amounts for periods of one week to one month. If interest rates increase 1% and the loan balance remains at \$285.0, the impact on the Company’s results of operations for the remainder of 2008 would be approximately \$0.7 million of additional interest expense.

At July 31, 2008, the Company held investments in auction rate securities. With the liquidity issues experienced in global credit and capital markets, the Company’s auction rate securities have experienced multiple failed auctions. The Company continues to earn interest at the maximum contractual rate for each security, which as a portfolio is higher than what the Company pays on outstanding borrowings. The estimated values of the five auction rate securities held by the Company are no longer at par. As of July 31, 2008, the Company had \$22.8 million in auction rate securities in the consolidated balance sheet, which is net of an unrealized loss of \$2.2 million. The unrealized loss is included in other comprehensive income as the decline in value is deemed to be temporary due primarily to the Company’s ability and intent to hold these securities long enough to recover its investments.

The Company continues to monitor the market for auction rate securities and consider its impact (if any) on the fair market value of its investments. If the current market conditions continue, or the

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anticipated recovery in market values does not occur, the Company may be required to record additional unrealized losses or record an impairment charge in 2008.

The Company intends and has the ability to hold these auction rate securities until the market recovers. Based on the Company's ability to access its cash, its expected operating cash flows, and other sources of cash, the Company does not anticipate that the lack of liquidity of these investments will affect the Company's ability to operate its business in the ordinary course.

Substantially all of the operations of the Company are conducted in the United States, and, as such, are not subject to material foreign currency exchange rate risk.

Item 4. Controls and Procedures

a. Disclosure Controls and Procedures. As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Securities Exchange Act of 1934 (the Exchange Act), the Company's principal executive officer and principal financial officer evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, these officers concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, these disclosure controls and procedures were effective to ensure that the information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and include controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

b. Changes in Internal Control Over Financial Reporting. There were no changes in the Company's internal control over financial reporting during the quarter ended July 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various claims and legal proceedings of a nature considered normal to its business, as well as, from time to time, in additional matters. The Company records accruals for contingencies when it is probable that a liability has been incurred and the amount can be reasonably estimated. These accruals are adjusted periodically as assessments change or additional information becomes available.

The Company is a defendant in the following purported class action lawsuits related to alleged violations of federal or California wage-and-hour laws: (1) the consolidated cases of Augustus, Hall and Davis v. American Commercial Security Services (ACSS) filed July 12, 2005, in the Superior Court of California, Los Angeles County (L.A. Superior Ct.); (2) the consolidated cases of Bucio and Martinez v. ABM Janitorial Services filed on April 7, 2006, in the Superior Court of California, County of San Francisco; (3) the consolidated cases of Batiz/Heine v. ACSS filed on June 7, 2006, in the U.S. District Court of California, Central District (Batiz); (4) the consolidated cases of Diaz/Morales/Reyes v. Ampco System Parking filed on December 5, 2006, in L.A. Superior Ct; (5) Castellanos v. ABM Industries filed on April 5, 2007, in the U.S. District Court of California, Central District; and (6) Villacres v. ABM Security filed on August 15, 2007, in the U.S. District Court of California, Central District (Villacres); (7) Chen v. Ampco System Parking and ABM Industries filed on March 6, 2008, in the U.S. District Court of California, Southern District; (8) Khadera v. American Building Maintenance Co.-West and ABM Industries filed on March 24, 2008, in U.S District Court of Washington, Western District; (9) Hickey v. ABM Security Services filed on March 25, 2008, in the U.S. District Court of Florida, Middle District; and

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(10) *Tan v. Ampco System Parking* filed on July 16, 2008, in San Francisco Superior Ct. The named plaintiffs in these lawsuits are current or former employees of ABM subsidiaries who allege, among other things, that they were required to work “off the clock,” were not paid for all overtime, were not provided work breaks or other benefits, and/or that they received pay stubs not conforming to California law. In all cases, the plaintiffs generally seek unspecified monetary damages, injunctive relief or both. The Company believes it has meritorious defenses to these claims and intends to continue to vigorously defend itself.

In August 2005, ABM filed an action for declaratory relief, breach of contract and breach of the implied covenant of good faith and fair dealing in U.S. District Court in The Northern District of California against its insurance carriers, Zurich American Insurance Company (Zurich American) and National Union Fire Insurance Company (National Union) relating to the carriers’ failure to provide coverage for ABM and one of its Parking subsidiaries. In September 2006, the Company settled its claims against Zurich American for \$400,000. Zurich American had provided \$850,000 in coverage. In early 2006, ABM paid \$6.3 million in settlement costs in the litigation with IAH-JFK Airport Parking Co., LLC and seeks to recover \$5.3 million of these settlement costs and legal fees from National Union. In September 2006, the Company lost a motion for summary adjudication filed by National Union on the issue of the duty to defend. The Company has appealed that ruling and filed its reply brief in March 2007; oral agreements were heard in July 2008. ABM’s claim includes “bad faith” allegations for National Union’s breach of its duty to defend the Company in the litigation with IAH-JFK Airport Parking Co., LLC.

Item 1A. Risk Factors

Factors That May Affect Future Results

(Cautionary Statements Under the Private Securities Litigation Reform Act of 1995)

The disclosure and analysis in this Quarterly Report on Form 10-Q contain some forward-looking statements that set forth anticipated results based on management’s plans and assumptions. From time to time, the Company (also referred to in these Risk Factors as “we” or “us”) also provides forward-looking statements in other written materials released to the public, as well as oral forward-looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales efforts, expenses, and the outcome of contingencies and other uncertainties, such as legal proceedings, and financial results. We try, wherever possible, to identify such statements by using words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project” and similar expressions.

Set forth below are factors that we think, individually or in the aggregate, could cause our actual results to differ materially from past results or those anticipated, estimated or projected. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. Investors should understand that it is not possible to predict or identify all such factors. Consequently, the following should not be considered to be a complete list of all potential risks or uncertainties.

OneSource and other acquisitions may divert our focus and lead to unexpected difficulties. On November 14, 2007, we acquired OneSource, which effectively increased our janitorial operations by approximately 45% (when measured by revenues). Realization of the benefits of the acquisition will depend, among other things, upon our ability to integrate the business with our Janitorial segment successfully and on schedule and to achieve the anticipated savings associated with reductions in offices, staffing and other costs. There can be no assurance that the acquisition of OneSource or any acquisition that we make in the future will provide the benefits that were anticipated when entering the transaction. The process of integrating an acquired business may create unforeseen difficulties and expenses. The areas in which we may face risks include:

- Diversion of management time and focus from operating the business to acquisition integration;
- The need to integrate the acquired business’s accounting, information technology, human resources and other administrative systems to permit effective management and reduce expenses;

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- The need to implement or improve internal controls, procedures and policies appropriate for a public company at a business that prior to the acquisition lacked some of these controls, procedures and policies;
- Inability to maintain relationships with customers of the acquired business or to renew contracts with those customers upon acceptable terms or at all;
- Inability to retain employees, particularly sales and operational personnel, of the acquired business;
- Write-offs or impairment charges relating to goodwill and other intangible assets from the acquisition;
- Larger than anticipated liabilities or unknown liabilities relating to the acquired business; and
- Lower than expected valuation for assets relating to the acquired business.

In addition, pursuit of our announced strategy of international growth will entail new risks associated with currency fluctuations, international economic fluctuations, and language and cultural differences.

Our transition to new information technology systems may result in functional delays and resource constraints. Although we use centralized accounting systems, we rely on a number of legacy information technology systems, particularly our payroll systems, as well as manual processes, to operate. These systems and processes may be unable to provide adequate support for the business and create excessive reliance upon manual rather than system controls. Use of the legacy payroll systems could result, for instance, in delays in meeting payroll obligations, in difficulty calculating and tracking appropriate governmental withholding and other payroll regulatory obligations, and in higher internal and external expenses to work around these systems. Additionally, the current technology environment is unable to support the integration of acquired businesses and anticipated organic growth. Effective October 2006, we entered into the Services Agreement with IBM to obtain information technology infrastructure and support services. With IBM's assistance, we are implementing a new payroll and human resources information system, and upgrading the existing accounting systems. The upgrade of the accounting systems includes the consolidation of multiple databases, the potential replacement of custom systems and business process redesign to facilitate the implementation of shared-services functions across the Company. In addition to the risk of potential failure in each project, supporting multiple concurrent projects may result in resource constraints and the inability to complete projects on schedule. The acquisition of OneSource will necessitate information technology system integration and consolidation. We plan to continue to use the OneSource information technology systems during a transition period and will then transfer OneSource operations to our new payroll and human resources information system and the upgraded accounting systems. IBM also supports our current technology environment. While we believe that IBM's experience and expertise will lead to improvements in our technology environment, the risks associated with outsourcing include the dependence upon a third party for essential aspects of our business and risks to the security and integrity of our data in the hands of third parties. We may also have potentially less control over costs associated with necessary systems when they are supported by a third party, as well as potentially less responsiveness from vendors than employees.

Transition to a Shared Services Function could create disruption in functions affected. We have historically performed accounting functions, such as accounts payable, accounts receivable collection and payroll, in a decentralized manner through regional accounting centers in our businesses. In 2007, we began consolidating these functions in a shared services center in Houston, Texas, and in 2008, an additional facility in Atlanta, Georgia. The consolidation has taken place in certain accounting functions for Janitorial (including OneSource), Security, Engineering and the Corporate Office, and over the next two years other functions and additional business units will be moved into the shared services centers. The timing of the consolidation of different functions is tied to the upgrade of the Company's accounting system, the introduction of ancillary software and implementation of a new payroll system and human resources information system. In addition to the risks associated with technology changes, the shared services centers implementation could lead to the turnover of personnel with critical knowledge, which could impede our ability to bill customers and collect receivables and might cause customer dissatisfaction associated with an inability to respond to questions about billings and other information until new employees can be retained and fully trained. Because the consolidation of functions in the shared services centers is tied to the upgrade of our accounting systems and implementation of a new

payroll system and human resources information system, delays in the implementation of the technology changes would lead to delays in our ability to realize the benefits associated with the shared services centers.

The move of our corporate headquarters has led and may lead to loss of personnel and institutional knowledge, and may disrupt the continuity of control functions. In January 2008, we began to move our corporate headquarters to New York City from San Francisco. Although substantially complete, the transition will continue over the next two years. In addition, certain functions that have operated centrally from corporate headquarters, such as the finance and legal organizations, will be dispersed in a combination of corporate headquarters, division headquarters and the shared services function. These moves are increasing employee turnover, particularly in finance, legal, insurance, and human resources. The loss of personnel could lead to disruptions in control functions stemming from delays in filling vacant positions and a lack of personnel with institutional knowledge.

The sale of our Lighting business may not occur or anticipated results of the sale may not be realized. One or more conditions to closing of the sale of our Lighting business may not occur or the agreement may terminate if closing has not occurred by October 31, 2008. In the event we are unable to dispose of our Lighting business in accordance with the terms of the asset purchase agreement, we will be forced to retain a business for which we recognized a \$4.1 million net loss in the nine months ended July 31, 2008, which included a goodwill impairment charge of \$4.5 million. Furthermore, in the event we are unable to dispose of our Lighting business, we cannot predict whether we will be able to retain employees who are willing to work for a business that has previously been the subject of a proposed sale. Such loss of employees could be disruptive generally and result in the loss of sales as well as the loss of personnel with institutional knowledge. In addition, even if the sale of the Lighting business occurs, we may not realize anticipated amounts related to retained accounts receivable of the Lighting business.

A change in the frequency or severity of claims, a deterioration in claims management, the cancellation or non-renewal of primary insurance policies or a change in our customers' insurance needs could adversely affect results. Many customers, particularly institutional owners and large property management companies, prefer to do business with contractors, such as us, with significant financial resources, who can provide substantial insurance coverage. In fact, many of our clients choose to obtain insurance coverage for the risks associated with our services by being named as additional insureds under our master liability insurance policies and by seeking contractual indemnification for any damages associated with our services. In addition, pursuant to our management and service contracts, we charge certain clients an allocated portion of our insurance-related costs, including workers' compensation insurance, at rates that, because of the scale of our operations and claims experience, we believe are competitive. A material change in insurance costs due to a change in the number of claims, costs or premiums could have a material effect on our operating profit. In addition, should we be unable to renew our umbrella and other commercial insurance policies at competitive rates, it would have an adverse impact on our business, as would catastrophic uninsured claims or the inability or refusal of our insurance carriers to pay otherwise insured claims. Furthermore, where we self-insure, a deterioration in claims management, whether by us or by a third party claims administrator, could increase claim costs, particularly in the workers' compensation area.

A change in estimated claims costs could affect results. We periodically evaluate estimated claims costs and liabilities to ensure that self-insurance reserves are appropriate. Additionally, we monitor new claims and claims development to assess the adequacy of insurance reserves. Trend analysis is complex and highly subjective. The interpretation of trends requires the knowledge of all factors affecting the trends that may or may not be reflective of adverse developments (*e.g.*, changes in regulatory requirements). If the trends suggest that the frequency or severity of claims incurred has increased, we might be required to record additional expenses for self-insurance liabilities. In addition, variations in estimates that cause changes in our insurance reserves may not always be related to changes in claims experience. Changes in insurance reserves as a result of our periodic evaluations of the liabilities can cause swings in operating results that may not be indicative of the operations of our ongoing business. In addition, because of the time required for the analysis, we may not learn of a deterioration in claims, particularly claims administered by a third party, until additional costs have been incurred or are projected. Because we base pricing in part on our estimated insurance costs, our prices could be higher

or lower than they otherwise might be if better information were available resulting in a competitive disadvantage in the former case and reduced margins or unprofitable contracts in the latter.

Debt to fund the acquisition of OneSource and Southern Management, as well as any future increase in the level of debt or in interest rates, can affect our results of operations. We incurred debt to acquire OneSource and Southern Management, and any future increase in the level of debt will increase the Company's interest expense. Unless the operating income associated with the use of these funds exceeds the debt expense, borrowing money will have an adverse impact on the Company's results. In addition, incurring debt requires that a portion of cash flow from operating activities be dedicated to interest payments and principal payments at maturity. Unless the cash flows generated by OneSource and Southern Management (or future acquisitions funded by debt) exceed the required payments, debt service requirements could reduce our ability to use our cash flow to fund operations and capital expenditures, and to capitalize on future business opportunities (including additional acquisitions). Because current interest rates on our debt are variable, an increase in prevailing rates would increase our interest costs. Further, our credit facility agreement contains both financial covenants and covenants that limit our ability to engage in specified transactions, which may also constrain our flexibility.

Our ability to operate and pay our debt obligations depends upon our access to cash. Because ABM conducts business operations through operating subsidiaries, we depend on those entities to generate the funds necessary to meet financial obligations. Delays in collections or legal restrictions could restrict ABM's subsidiaries' ability to make distributions or loans to ABM. The earnings from, or other available assets of, these operating subsidiaries may not be sufficient to make distributions to enable ABM to pay interest on debt obligations when due or to pay the principal of such debt at maturity. In addition, a substantial portion of our investment portfolio is invested in auction rate securities and, if an auction fails for securities in which we have invested, the investment will not be liquid. In 2007, auctions for \$25.0 million of these securities failed and such failure continued in the first nine months of 2008 and could occur in the future. In the event we need to access these funds, we will not be able to do so until a future auction is successful, the issuer redeems the outstanding securities or the securities mature (between 20 and 50 years). The estimated values of these securities are no longer at par and we have booked an unrealized loss of \$2.2 million. If the issuer of the securities is unable to successfully close future auctions and its credit rating deteriorates and if the insurers are not financially able to honor their obligations as insurer, we may be required to record additional unrealized losses or an impairment charge.

An impairment charge could have a material adverse effect on our financial condition and results of operations. Under SFAS No. 142, "Goodwill and Other Intangible Assets", we are required to test acquired goodwill for impairment on an annual basis based upon a fair value approach, rather than amortizing it over time. Goodwill represents the excess of the amount we paid to acquire our subsidiaries and other businesses over the fair value of their net assets at the dates of the acquisitions. We have chosen to perform our annual impairment reviews of goodwill at the beginning of the fourth quarter of each fiscal year. We also are required to test goodwill for impairment between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of any reporting unit below its carrying amount. In addition, we test certain intangible assets for impairment annually if events occur or circumstances change that would indicate the remaining carrying amount of these intangible assets might not be recoverable. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of one of our business, and other factors. If the fair market value of one of our businesses is less than its carrying amount, we could be required to record an impairment charge. The valuation of the businesses requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our businesses, including such factors as market performance, changes in our customer base and operating cash flows. The amount of any impairment could be significant and could have a material adverse effect on our reported financial results for the period in which the charge is taken.

In November 2007, we acquired OneSource for an aggregate purchase price of \$390.5 million including payment of its \$21.5 million line of credit and direct acquisition costs of \$4.0 million. We paid a premium in excess of fair value of the net tangible and intangible assets of \$285.2 million as of July 31, 2008, which is reflected as goodwill in our janitorial reporting unit. We were willing to pay this premium as a result of our identification of significant synergies that we anticipated we would realize, are realizing and expect to continue to

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realize through the acquisition. However, if we determine that we are not able to realize these expected synergies and we determine that the fair value of our janitorial reporting unit is less than its carrying amount, we would have to recognize an impairment to goodwill as a current-period expense. Because of the significant amount of goodwill recognized in connection with the OneSource acquisition, an impairment of goodwill could result in a material non-cash expense.

During the quarter ended April 30, 2008, in response to objective evidence about the implied value of goodwill relating to the Company's Lighting business, the Company performed an assessment of goodwill for impairment. The goodwill in the Company's Lighting business was determined to be impaired and a non-cash, pre-tax goodwill impairment charge of \$4.5 million was recorded on April 30, 2008, which is included in discontinued operations in the accompanying consolidated statements of income.

As of July 31, 2008, we had \$545.3 million of goodwill and \$52.2 million of other intangible assets net of accumulated depreciation. Our goodwill and other intangible assets collectively represented 37.1% of our total assets of \$1,611.5 million as of July 31, 2008. As of July 31, 2008, the Company had not completed the allocation of the purchase price of OneSource. Accordingly, further changes to the fair values of acquired goodwill and other intangible assets will be recorded as the valuation and purchase price allocations are finalized during the remainder of fiscal year 2008.

Labor disputes could lead to loss of sales or expense variations. At July 31, 2008, approximately 55% of our employees were subject to various local collective bargaining agreements, some of which will expire or become subject to renegotiation during the year. In addition, we are facing a number of union organizing drives. When one or more of our major collective bargaining agreements becomes subject to renegotiation or when we face union organizing drives, we and the union may disagree on important issues which, in turn, could lead to a strike, work slowdown or other job actions at one or more of our locations. In a market where we and a number of major competitors are unionized, but other competitors are not unionized, we could lose customers to competitors who are not unionized. A strike, work slowdown or other job action could in some cases disrupt us from providing services, resulting in reduced revenue. If declines in customer service occur or if our customers are targeted for sympathy strikes by other unionized workers, contract cancellations could result. The result of negotiating a first time agreement or renegotiating an existing collective bargaining agreement could be a substantial increase in labor and benefits expenses that we may be unable to pass through to customers for some period of time, if at all.

A decline in commercial office building occupancy and rental rates could affect sales and profitability. Our sales directly depend on commercial real estate occupancy levels. In certain geographic areas and service segments, our most profitable sales are known as tag jobs, which are services performed for tenants in buildings in which our business performs building services for the property owner or management company. A decline in occupancy rates could result in a decline in fees paid by landlords, as well as tag work, which would lower sales, and create pricing pressures and therefore lower margins. In addition, in those areas where the workers are unionized, decreases in sales can be accompanied by relative increases in labor costs if we are obligated by collective bargaining agreements to retain workers with seniority and consequently higher compensation levels and cannot pass through these costs to customers.

The financial difficulties or bankruptcy of one or more of our major customers could adversely affect results. Future sales and our ability to collect accounts receivable depend, in part, on the financial strength of customers. We estimate an allowance for accounts we do not consider collectible and this allowance adversely impacts profitability. In the event customers experience financial difficulty, and particularly if bankruptcy results, profitability is further impacted by our failure to collect accounts receivable in excess of the estimated allowance. Additionally, our future sales would be reduced by the loss of these customers.

Acquisition activity could slow. A significant portion of our historic growth has come through acquisitions and we expect to continue to acquire businesses in the future as part of our growth strategy. A slowdown in acquisitions could lead to a slower growth rate. Because new contracts frequently involve start-up costs, sales associated with acquired operations often have higher margins than sales

associated with organic growth. Therefore, a slowdown in acquisition activity could lead to constant or lower margins, as well as lower revenue growth.

Our success depends on our ability to preserve our long-term relationships with customers. Our contracts with our customers can generally be terminated upon relatively short notice. However, the business associated with long-term relationships is generally more profitable than that from short-term relationships because we incur start-up costs with many new contracts, particularly for training, operating equipment and uniforms. Once these costs are expensed or fully depreciated over the appropriate periods, the underlying contracts become more profitable. Therefore, our loss of long-term customers could have an adverse impact on our profitability even if we generate equivalent sales from new customers.

We are subject to intense competition that can constrain our ability to gain business, as well as our profitability. We believe that each aspect of our business is highly competitive, and that such competition is based primarily on price and quality of service. We provide nearly all our services under contracts originally obtained through competitive bidding. The low cost of entry to the facility services business has led to strongly competitive markets consisting primarily of regional and local owner-operated companies, with particularly intense competition in the janitorial business in the Southeast and South Central regions of the United States. We also compete with a few large, diversified facility services and manufacturing companies on a national basis. Indirectly, we compete with building owners and tenants that can perform internally one or more of the services that we provide. These building owners and tenants have a competitive advantage in locations where our services are subject to sales tax and internal operations are not. Furthermore, competitors may have lower costs because privately owned companies operating in a limited geographic area may have significantly lower labor and overhead costs. These strong competitive pressures could impede our success in bidding for profitable business and our ability to increase prices even as costs rise, thereby reducing margins. Further, if sales decline, we may not be able to reduce expenses correspondingly.

An increase in costs that we cannot pass on to customers could affect profitability. We negotiate many contracts under which our customers agree to pay certain costs at rates that we set, particularly workers' compensation and other insurance coverage where we self insure much of our risk. If actual costs exceed the rates we set, then our profitability may decline unless we can negotiate increases in these rates. In addition, if our costs, particularly workers' compensation, other insurance costs, labor costs, payroll taxes, and fuel costs, exceed those of our competitors, we may lose business unless we establish rates that do not fully cover our costs.

Natural disasters or acts of terrorism could disrupt services. Storms, earthquakes, drought, floods or other natural disasters or acts of terrorism may result in reduced sales or property damage. Disasters may also cause economic dislocations throughout the country. In addition, natural disasters or acts of terrorism may increase the volatility of financial results, either due to increased costs caused by the disaster with partial or no corresponding compensation from customers, or, alternatively, increased sales and profitability related to tag jobs, special projects and other higher margin work necessitated by the disaster. In addition, a significant portion of Parking sales is tied to the numbers of airline passengers and hotel guests and Parking results could be adversely affected if people curtail business and personal travel as a result of any such event.

We incur significant accounting and other control costs that reduce profitability. As a publicly traded corporation, we incur certain costs to comply with regulatory requirements. If regulatory requirements were to become more stringent or if accounting or other controls thought to be effective later fail, we may be forced to make additional expenditures, the amounts of which could be material. Most of our competitors are privately owned so our accounting and control costs can be a competitive disadvantage. Should sales decline or if we are unsuccessful at increasing prices to cover higher expenditures for internal controls and audits, the costs associated with regulatory compliance will rise as a percentage of sales.

Other issues and uncertainties may include:

- Unanticipated adverse jury determinations, judicial rulings or other developments in litigation or arbitration to which we are subject;

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- New accounting pronouncements or changes in accounting policies;
- Changes in federal (U.S.) or state immigration law that raise our administrative costs;
- Labor shortages that adversely affect our ability to employ entry level personnel;
- Legislation or other governmental action that detrimentally impacts expenses or reduces sales by adversely affecting our customers; and
- The resignation, termination, death or disability of one or more key executives that adversely affects customer retention or day-to-day management.

We believe that the Company has the human and financial resources for business success, but future profit and cash flow can be adversely (or advantageously) influenced by a number of factors, including those listed above, any and all of which are inherently difficult to forecast. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On November 1, 2004, the Company acquired substantially all of the operating assets of Sentinel Guard Systems (“Sentinel”), a Los Angeles-based company, from Tracerton Enterprises, Inc. The initial purchase price was \$5.3 million, which included a payment of \$3.5 million in shares of ABM’s common stock, the assumption of liabilities totaling approximately \$1.7 million and \$0.1 million of professional fees. Additional consideration includes contingent payments, based on achieving certain revenue and profitability targets over the three-year period beginning November 1, 2005, payable in shares of ABM’s common stock. On February 13, 2008, ABM issued 25,051 shares of ABM’s common stock as part of the post-closing consideration based on the performance of Sentinel for the year ended October 31, 2007. The estimated value of the shares was \$0.61 million, valued at the market price average over the year of performance. The issuance of the securities was exempt from registration under Section 4(2) and Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and were issued to the sole shareholder of Tracerton Enterprises, Inc. which is an “accredited investor” as that term is defined in Rule 501 of Regulation D under the Securities Act.

Item 5. Other Information

- (a) On September 3, 2008, the Company’s Board of Directors amended and restated the Company’s bylaws (the “Bylaws”). The amendments to the Bylaws included the following:
- Amendments to the advance notice provisions of Sections 2.4 and 3.7 of the Bylaws relating to the time periods for the timely submission by stockholders of business to be presented at annual meetings (submitted other than pursuant to the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) and the timely submission by stockholders of director nominations. Previously, Sections 2.4 and 3.7 of the Bylaws required that such submissions by stockholders be made not less than 60 days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year’s annual meeting of stockholders. As amended, Sections 2.4 and 3.7 of the Bylaws require that such submissions be made not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders;
 - Amendments to the general rule for timely submission by stockholders of business and director nominations as described above in the event that the date of the annual meeting is advanced or delayed by a specified number of days from the anniversary date of the prior year’s annual meeting of stockholders. Previously, Sections 2.4 and 3.7 of the Bylaws provided that if the date of the annual meeting was advanced by more than 30 days or delayed by more than 60 days from the prior year’s meeting’s anniversary date, stockholders were permitted to submit business or director nominations so long as such business or nomination was received by the Company no later than the close of business on the later of the 60th day prior to the date of mailing of proxy materials or the 10th day following the day on which public announcement of the date of the annual meeting was first made. As amended, Sections 2.4 and 3.7 of the Bylaws provide that if the date of the annual meeting of

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stockholders is called for a date that is not within 25 days before or after the anniversary date of the immediately preceding annual meeting, stockholders are permitted to submit business or director nominations so long as such business or nomination is received by the Company no later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or public announcement of the date of the annual meeting was made, whichever first occurs;

- Amendments to Sections 2.4 and 3.7 of the Bylaws to add a requirement that a stockholder submitting business or nominating directors fully disclose such stockholder's (or director nominee's, if applicable) beneficial ownership of the Company's common stock, as well as such stockholder's (or director nominee's, if applicable) ownership of, among other things, derivative instruments, swaps, options, warrants, short interests, hedges or profit interests or other transactions entered into by or on behalf of such stockholder (or director nominee, if applicable) with respect to the stock of the Company and whether any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made by or on behalf of such stockholder (or director nominee, if applicable), the effect or intent of any of the foregoing being to mitigate loss to, or manage risk of stock price changes for, such stockholder or to increase the voting power or pecuniary or economic interest of such stockholder with respect to the Company's stock;
- Certain other amendments to Sections 2.4 and 3.7 of the Bylaws;
- Amendment to Section 2.9 of the Bylaws permitting the chairman of any meeting of stockholders to adjourn the meeting at the request of the Company's Board of Directors if the Board determines that adjournment is necessary or appropriate to enable stockholders to fully consider information which the Board determines has not been made sufficiently or timely available to stockholders or is otherwise in the best interests of stockholders;
- Addition of a new Article IX of the Bylaws relating to the Company's stock, including procedures to be followed with respect to (i) the issuance of stock certificates, (ii) lost stock certificates, (iii) the transfer of stock on the books of the Company and (iv) the record date for the declaration of dividends; and
- Certain other changes throughout the Bylaws, including clarifying and conforming changes.

With respect to the Company's 2009 annual meeting of stockholders, as a result of an amendment to Section 2.4 of the Bylaws described above, in order for proposals of stockholders made other than pursuant to Rule 14a-8 under the Exchange Act to be considered "timely" within the meaning of Rule 14a-4(c) under the Exchange Act, such proposals must be received by the Company's Corporate Secretary at 551 Fifth Avenue, Suite 300, New York, New York 10176 not later than December 4, 2008. Additionally, with respect to the Company's 2009 annual meeting of stockholders, as a result of such amendment described above, Section 2.4 of the Bylaws requires that proposals of stockholders made other than pursuant to Rule 14a-8 under the Exchange Act must be submitted and received, in accordance with requirements of the Bylaws, not later than December 4, 2008 nor earlier than November 4, 2008.

In addition, as a result of an amendment to Section 3.7 of the Bylaws described above, Section 3.7 of the Bylaws requires that stockholder nominations of directors in connection with the 2009 annual meeting of stockholders be submitted and received, at the address set forth above, not later than December 4, 2008 nor earlier than November 4, 2008.

The foregoing description of the Bylaws does not purport to be complete and is qualified in its entirety by reference to the amended and restated Bylaws, a copy of which has been filed as an exhibit to this Quarterly Report on Form 10-Q and is expressly incorporated by reference herein.

- (b) On September 3, 2008, the Company's Board of Directors amended the Company's Corporate Governance Principles (the "Principles") to require that if a stockholder wishes to recommend a candidate to the Board for consideration by the Board's Governance Committee, such

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recommendation must be sent to the Corporate Secretary at 551 Fifth Avenue, Suite 300, New York, New York 10176, and must be received not less than 120 days before the anniversary of the date on which the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders. A copy of the Principles, as amended, appears on the Company's website at <http://www.abm.com>.

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABM Industries Incorporated

September 8, 2008

/s/ James S. Lusk

James S. Lusk
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer)

September 8, 2008

/s/ Joseph F. Yospe

Joseph F. Yospe
Senior Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

- 3.2 Bylaws, as amended September 3, 2008
- 10.1 2006 Equity Incentive Plan, as amended and restated June 3, 2008.
- 10.2 Statement of Terms and Conditions Applicable to Options, Restricted Stock, Restricted Stock Units and Performance Shares Granted to Employees Pursuant to the 2006 Equity Incentive Plan, as amended and restated June 3, 2008.
- 10.3 Statement of Terms and Conditions Applicable to Options, Restricted Stock and Restricted Stock Units Granted to Directors Pursuant to the 2006 Equity Incentive Plan, as amended and restated June 3, 2008.
- 10.4 Supplemental Executive Retirement Plan, as amended and restated June 3, 2008.
- 10.5 Service Award Benefit Plan, as amended and restated June 3, 2008.
- 10.6 Executive Officer Incentive Plan, as amended and restated June 3, 2008.
- 10.7 Executive Severance Pay Policy, as amended and restated June 3, 2008.
- 10.8 Amended and Restated Employment Agreement dated July 15, 2008 by and between ABM Industries Incorporated and Henrik C. Slipsager (incorporated by reference from Exhibit 10.1 to the registrant's Form 8-K Current Report dated July 15, 2008 (File No.1-8929)).
- 10.9 Amended and Restated Severance Agreement dated July 15, 2008 by and between ABM Industries Incorporated and Henrik C. Slipsager (incorporated by reference from Exhibit 10.2 to the registrant's Form 8-K Current Report dated July 15, 2008 (File No. 1-8929)).
- 10.10 Form of Amended Executive Employment Agreement (incorporated by reference from Exhibit 10.1 to the registrant's Form 8-K Current Report dated August 8, 2008 (File No.1-8929)).
- 31.1 Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certifications pursuant to Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

ABM INDUSTRIES INCORPORATED**(the "Corporation")****BYLAWS**

As Amended September 3, 2008

ARTICLE I**OFFICES**

Section 1.1. Registered Office. The registered office shall be located in the City of Wilmington, County of New Castle, State of Delaware.

Section 1.2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors of the Corporation (the "Board of Directors" or the "Board") may from time to time determine or the business of the Corporation may require.

ARTICLE II**MEETINGS OF STOCKHOLDERS**

Section 2.1. Place of Meeting. All meetings of stockholders shall be held at the principal executive office of the Corporation or at any other place, either within or without the State of Delaware, as may be designated by the Board of Directors.

Section 2.2. Annual Meeting. The annual meeting of stockholders shall be held on such date and at such time as the Board of Directors may designate. At each annual meeting the stockholders shall elect directors to succeed those whose terms expire in that year and to serve until their successors are duly elected and qualified, and shall transact such other business as may properly be brought before the meeting as set forth in these Bylaws.

Section 2.3. Notice of Stockholder Meetings. Written notice of an annual or special meeting shall be given to each stockholder entitled to vote, not less than ten nor more than sixty days prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage pre-paid, directed to the stockholder at his or her address as it appears on the records of the Corporation.

Section 2.4. Business at Annual Meetings. At an annual meeting of stockholders, only such business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 3.7) shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for

in this Section 2.4 and on the record date for the determination of stockholders entitled to notice of and to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 2.4.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 3.7), the stockholder must have given timely notice in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the date of the meeting is called for a date that is not within 25 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or public announcement of the date of the annual meeting was made, whichever first occurs. To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business to be brought before the annual meeting and the reasons for conducting such business at such meeting; (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, and the name and record address of the beneficial owner, if any, on whose behalf the proposal is made; (iii) as to the stockholder giving the notice, (A) the class, series and number of all shares of the Corporation's stock which are owned by such stockholder, (B) the name of each nominee holder of shares owned beneficially but not of record by such stockholder and the number of shares of stock held by each such nominee holder, and (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such stockholder with respect to stock of the Corporation and whether any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made by or on behalf of such stockholder, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, such stockholder or to increase the voting power or pecuniary or economic interest of such stockholder with respect to stock of the Corporation; (iv) a description of all agreements, arrangements, or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, including any anticipated benefit to the stockholder therefrom; (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting; and (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies with respect to business brought at an annual meeting of stockholders pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder. For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(b) of the Exchange Act.

Notwithstanding anything in these Bylaws to the contrary, no business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 3.7) shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 2.4; provided, however, that once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.4 shall be deemed to preclude discussion by any stockholder of any such business. The chairman of the meeting may, if the facts warrant, determine that the business was not properly brought before the meeting; and if the chairman should so determine, the chairman shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

Section 2.5. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may be called at any time by the Board of Directors, or by a committee of the Board of Directors that has been duly designated by the Board of Directors and whose power and authority, as provided in a resolution of the Board of Directors, include the power to call such meetings, but such special meetings may not be called by any other person or persons. The business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.6. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of the stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the entire meeting, and may be inspected by any stockholder who is present.

Section 2.7. Conduct of Meetings. The Board of Directors may adopt by resolution such rules or regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Unless and to the extent determined by the Board of Directors or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 2.8. Presiding Officer and Secretary. The Chairman of the Board of Directors shall call the meetings of the stockholders to order and shall act as the presiding officer thereof. The Secretary of the Corporation, if present, shall act as secretary of all meetings of the stockholders. In the absence of the Secretary, an Assistant Secretary, if present, shall act as secretary of the meetings of the stockholders. In the absence of the Secretary or any Assistant Secretary, the presiding officer may appoint a person to act as secretary of such meeting.

Section 2.9. Adjourned Meetings and Notice. Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority

of the shares represented either in person or by proxy, but in the absence of a quorum, no other business may be transacted at such meeting. In addition, the presiding officer of any meeting of stockholders shall have the power to adjourn the meeting at the request of the Board of Directors if the Board of Directors determines that adjournment is necessary or appropriate to enable stockholders to fully consider information which the Board of Directors determines has not been made sufficiently or timely available to stockholders or is otherwise in the best interests of stockholders. When a stockholders' meeting is adjourned to another time or place, notice of the adjourned meeting need not be given if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present and vote at such adjournment meeting, are announced at the meeting at which the adjournment is taken; except that if the adjournment is for more than thirty days or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

Section 2.10. Quorum. The holders of a majority of the shares issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"). The stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 2.11. Voting. At all meetings of stockholders for elections or votes for any purpose, there must be a quorum present. All elections for directors shall be determined by a plurality of the votes cast. Except as may otherwise be required by law, by the rules or regulations of any stock exchange on which the securities of the Corporation are listed, or by the Certificate of Incorporation, all other matters shall be decided by a majority of the votes cast.

Section 2.12. Voting Rights. Except as otherwise provided in the Certificate of Incorporation, each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 2.13. Stockholder Action and Waiver of Notice. Any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Attendance of a stockholder (or stockholder's proxy) at a meeting shall constitute a waiver of notice of such meeting, except when a stockholder (or stockholder's proxy) objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened; provided, that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law or these Bylaws to be included in the notice but not so included if such objection is expressly made at the meeting.

Section 2.14. Confidential Voting.

(a) Proxies and ballots that identify the votes of specific stockholders shall be kept in absolute confidence by the tabulators and the inspectors of election unless (i) there is an opposing solicitation with respect to the election or removal of directors, (ii) disclosure is required by applicable law, (iii) a stockholder expressly requests or otherwise authorizes disclosure of the vote(s) cast by that stockholder, or (iv) the Corporation concludes in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes. Otherwise, no person, group or entity (including but not limited to any past, present or prospective director, officer, employee, agent or stockholder of the Corporation) shall be shown, told or given any information about the vote(s) cast by any specific stockholder.

(b) Comments written on proxies, consents or ballots shall be transcribed and provided to the Secretary of the Corporation with the name and address of the stockholder. The vote of the stockholder shall not be disclosed at the time any such comment is provided to the Secretary except where such vote is included in the comment or disclosure is necessary, in the opinion of the inspector, for an understanding of the comment.

(c) The tabulators and inspectors of election and any authorized agents or other persons engaged in the receipt, count and tabulation of proxies and ballots shall be advised of this Bylaw and instructed to comply herewith.

(d) The inspectors of election shall certify, to the best of their knowledge based on due inquiry, that proxies and ballots have been kept in confidence as required by this Section 2.14.

(e) Nothing in this Bylaw shall prohibit the inspectors from making available to the Corporation, during the period prior to any annual or special meeting, information as to which stockholders have not voted and periodic status reports on the aggregate vote.

ARTICLE III DIRECTORS

Section 3.1. Number of Directors, Election and Term of Office. The number of directors which shall constitute the whole Board shall be not less than eight nor more than eleven, the exact number within such limits to be fixed from time to time by resolution of the Board, acting by the vote of not less than a majority of the directors then in office. The Board of Directors shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board of Directors, one class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1986, another class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1987, and another class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1988, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of stockholders, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Section 3.2. Vacancies. If the office of any director becomes vacant for any reason or any new directorship is created by any increase in the authorized number of directors, a majority of the directors then in office, although less than a quorum, may choose a successor or successors to fill the vacancy or newly created directorship. Any director so chosen shall hold office until the next election of the class for which he or she was chosen and until his or her successor is duly elected and qualified, unless sooner removed. The term “Entire Board” as used in these Bylaws means the total number of directors which the Corporation would have if there were no vacancies.

Section 3.3. Powers. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things except as may be otherwise prohibited by the General Corporation Law of the State of Delaware or by the Certificate of Incorporation.

Section 3.4. The Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and stockholders of the Corporation. The Chairman of the Board of Directors shall be a member of the Executive Committee. If an employee of the Corporation, the Chairman shall be an officer of the Corporation. At the request of the President and Chief Executive Officer, the Chairman shall assist such person in communications with stockholders, the press and the investment community. The Chairman shall exercise and perform such other powers and duties as may, from time to time, be assigned to such person by the Board of Directors or prescribed by these Bylaws. In the absence of the Chairman of the Board, or in the event of such person’s inability or refusal to act, the President, if a director of the Corporation, shall perform such duties and exercise such powers. In the absence of the President, or in the event of such person’s inability or refusal to act, a director chosen by a majority of the directors present shall perform such duties and exercise such powers.

Section 3.5. Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of directors.

Section 3.6. Resignation. Any director may resign effective upon giving notice in writing or by electronic transmission to the Chief Executive Officer, the Secretary of the Corporation, or the Board of Directors of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Section 3.7. Nominations of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (i) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (ii) by any stockholder of the Corporation (a) who is a stockholder of record on the date of the giving of the notice provided for in this Section 3.7 and

on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (b) who complies with the notice procedures set forth in this Section 3.7.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the date of the meeting is called for a date that is not within 25 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or public announcement of the date of the annual meeting was made, whichever first occurs; and (ii) in the case of a special meeting called for the purpose of electing directors, not later than the close of business on the 10th day following the day on which notice of the date of the special meeting was mailed or public announcement of the date of the special meeting was made, whichever first occurs. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) (A) the class, series and number of all shares of stock of the Corporation which are owned by such person, (B) the name of each nominee holder of shares owned beneficially but not of record by such person and the number of shares of stock held by each such nominee holder, and (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person with respect to stock of the Corporation and whether any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made by or on behalf of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, such person or to increase the voting power or pecuniary or economic interest of such person with respect to stock of the Corporation; (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of such stockholder; (ii) (A) the class, series and number of all shares of stock of the Corporation which are owned by such stockholder, (B) the name of each nominee holder of shares owned beneficially but not of record by such stockholder and the number of shares of stock held by each such nominee holder, and (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such stockholder with respect to stock of the Corporation and whether any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock) has been made by or on behalf of such stockholder, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk of stock price changes for, such stockholder or to increase the voting power or pecuniary or economic interest of such stockholder with respect to stock of the Corporation; (iii) a description of all agreements,

arrangements, or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, and any material interest of such stockholder in such nomination, including any anticipated benefit to the stockholder therefrom; (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice; and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. At the request of the Board of Directors (or any duly authorized committee thereof), any person nominated by the Board of Directors (or any duly authorized committee thereof) for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination that pertains to the nominee.

The chairman of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed in this Bylaw; and if the chairman should so determine, the chairman shall so declare to the meeting, and the defective nomination shall be disregarded.

ARTICLE IV MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1. Place of Meeting. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 4.2. Organization Meeting. Immediately after each annual meeting of stockholders, the Board of Directors shall hold a regular meeting for the purpose of organization, electing officers and transacting other business. No notice of such meeting need be given. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereafter provided for special meetings of the Board of Directors.

Section 4.3. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and at such place as shall from time to time be determined by the Board of Directors; provided, however, that if the date so designated falls upon a legal holiday, then the meeting shall be held at the same time and place on the next succeeding day which is not a legal holiday. Such regular meetings may be held without notice.

Section 4.4. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, Chairman of the Executive Committee of the Board of Directors, the President or on the written request of any two directors.

Section 4.5. Notice of Special Meetings. Notice of the time and place of special meetings of the Board of Directors shall be delivered to each director by overnight delivery service sent 48 hours before the meeting or by notifying each director of the meeting at least 24 hours prior to the time personally, by telephone, or by electronic transmission. Such notice shall not be

necessary if appropriate waivers, consents and/or approvals are filed in accordance with Section 4.6 of these Bylaws.

Section 4.6. Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though transacted at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or consent to holding the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 4.7. Quorum. At all meetings of the Board of Directors, the presence of a majority of the Entire Board shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meetings at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, by the Certificate of Incorporation or by these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 4.8. Adjournment. Any meeting of the Board of Directors, whether or not a quorum is present, may be adjourned to another time and place by the vote of a majority of the directors present. Notice of the time and place of the adjourned meeting need not be given to absent directors if said time and place are fixed at the meeting adjourned.

Section 4.9. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE V COMMITTEES OF DIRECTORS

Section 5.1. Committees of Directors. The Board of Directors may, by resolution passed by a majority of the Entire Board, establish committees of the Board with such powers, duties and rules of procedures as may be provided by the resolutions of the Board establishing such committees. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors who meets the criteria for membership on such committee to act at the meeting in the place of any such absent or disqualified member.

Section 5.2. Unless otherwise provided in a resolution adopted by the Board of Directors, at all meetings of committees of the Board, the presence of a majority of the members of the committee shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meetings at which there is a quorum shall be the act of the committee, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of a committee of the Board, the directors present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 5.3. Committee Minutes. Each committee shall keep minutes of its meetings and report the same to the Board of Directors.

Section 5.4. Audit Committee. There shall be an Audit Committee of the Board of Directors that shall include a minimum of three independent directors appointed from time to time by the Board. The Audit Committee shall oversee the corporate financial reporting process and the internal and external audits of the Corporation. The Audit Committee will undertake those specific duties, responsibilities and processes described in the Audit Committee Charter adopted by the Board and such other duties as the Board of Directors from time to time may prescribe.

Section 5.5. Executive Committee. There shall be an Executive Committee of the Board of Directors that shall include a minimum of three directors, at least one of whom shall be an independent director, appointed from time to time by the Board. The functions of the Executive Committee shall be to exercise all power and authority of the Board in the management of the business and affairs of the Corporation, except as may be provided in the resolution establishing the Executive Committee, delegated to another Committee of the Board in that Committee's Charter or in another resolution of the Board or as limited by the General Corporation Law of the State of Delaware.

Section 5.6. Compensation Committee. There shall be a Compensation Committee of the Board of Directors that shall include a minimum of three independent directors appointed from time to time by the Board. Except as otherwise determined by the Board of Directors, the functions of the Compensation Committee shall be to review and recommend to the Board the compensation and other contractual terms and conditions for employment of the Corporation's executive officers and administer the Corporation's equity-based compensation plans. The Compensation Committee will undertake those specific duties, responsibilities and processes described in the Compensation Committee Charter adopted by the Board and such other duties as the Board of Directors from time to time may prescribe.

Section 5.7. Governance Committee. There shall be a Governance Committee of the Board of Directors that shall include a minimum of three independent directors appointed from time to time by the Board. The functions of the Governance Committee shall be to review and make recommendations with respect to the nomination of director candidates and executive officer succession and planning and oversee corporate governance for the Corporation. The Governance Committee will undertake those specific duties, responsibilities and processes described in the

Governance Committee Charter adopted by the Board and such other duties as the Board of Directors from time to time may prescribe.

ARTICLE VI OFFICERS

Section 6.1. Officers. The officers of the Corporation shall be a Chief Executive Officer, a President, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Chief Financial Officer, a Treasurer, a Secretary, and a Controller. The Corporation may also have such other officers as the Board of Directors may in its discretion elect or as may be appointed under Section 6.3 of these Bylaws. Any two or more offices may be held by the same person.

Section 6.2. Election. The Board of Directors at its first meeting after each annual meeting of stockholders shall elect all executive officers for the ensuing year. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.3. Other Officers. In addition to the officers enumerated in Section 6.1, the Corporation may have one or more other officers which may include staff or division officers, as the Board may appoint. The Board may delegate its authority to appoint other officers to a Board Committee or the President. Each such other officer shall hold office for such period and have such title and responsibilities as the Board or its delegate shall determine and may be removed in accordance with Section 6.4.

Section 6.4. Term. Each officer shall hold office until his successor shall have been chosen and shall have been qualified or until his earlier death, resignation or removal.

Any officer may be removed at any time with or without cause by the Board of Directors. Any officer appointed by a delegate of the Board may be removed at any time with or without cause by such delegate. Any officer may resign at any time by giving written notice to the Board of Directors, to the Secretary of the Corporation, or to the officer's manager.

Section 6.5. The President. The President shall be the Chief Executive Officer of the Corporation, and, subject to the control of the Board of Directors, shall have general and active management over the business and affairs of the Corporation. In the absence of the Chairman of the Board, the President shall preside at all meetings of the stockholders and the Board of Directors. In general, he shall perform all other duties normally incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6.6. Vice Presidents. In the absence of the President, or in the event of his inability or refusal to act, any Vice President designated by the Board of Directors shall perform the duties and exercise the powers of the President. The Vice Presidents shall perform such other duties as from time to time may be assigned to them by the President or the Board of Directors.

Section 6.7. Chief Financial Officer. The Chief Financial Officer shall be the principal financial officer of the Corporation and shall consider the adequacy of, and make recommendations to the Board of Directors concerning, the capital resources available to the

Corporation to meet its projected obligations and business plans; report periodically to the Board of Directors on financial results and trends affecting the business; and, in general, shall perform all other duties normally incident to the office of Chief Financial Officer and shall have such powers and perform such other duties as may from time to time be granted or assigned to such officer by the President or the Board of Directors.

Section 6.8. The Secretary. The Secretary shall (a) keep or cause to be kept the minutes of the meetings of the stockholders, the Board of Directors and committees of the Board of Directors; (b) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) have general charge of the stock transfer books of the Corporation; and (e) in general, perform all duties normally incident to the office of Secretary and such other duties as from time to time may be assigned to such officer by the President or the Board of Directors.

Section 6.9. The Controller. The Controller of the Corporation shall be the principal accounting officer of the Corporation and shall be the general manager of the accounting, tax and internal audit functions of the Corporation and its subsidiaries, subject to the control of the Chief Financial Officer. The Controller shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or Chief Financial Officer.

Section 6.10. The Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all monies and other valuables in the name and to the credit of the Company. The Treasurer shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors, the President or the Chief Financial Officer.

ARTICLE VII INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 7.1. Actions, Suits or Proceedings Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding and any appeal therefrom, if such person acted in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful; provided, however, that the foregoing indemnity shall not be applicable as to any person who is or was or agreed to become an employee or agent of the Corporation (other than

employees or agents who also are or were or agreed to be officers or directors of the Corporation), or is or was serving or agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise (other than employees or agents who also are or were or agreed to be officers or directors of any such other corporation, partnership, joint venture, trust or enterprise), unless and until such indemnity is specifically approved by the Board of Directors. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 7.2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the defense or settlement of such action, suit or proceeding and any appeal therefrom, if such person acted in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action, suit or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such costs, charges and expenses which the Court of Chancery or such other court shall deem proper; provided, however, that the foregoing indemnity shall not be applicable as to any person who is or was or agreed to become an employee or agent of the Corporation (other than employees or agents who also are or were or agreed to be officers or directors of the Corporation), or is or was serving or agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise (other than employees or agents who also are or were or agreed to be officers or directors of any such other corporation, partnership, joint venture, trust or enterprise), unless and until such indemnity is specifically approved by the Board of Directors.

Section 7.3. Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of this Article (including, without limitation, Section 7.4), to the extent that a present or former director or officer (or employee or agent being indemnified pursuant to Section 7.1 or 7.2 of this Article), of the Corporation has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against all costs, charges

and expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7.4. Determination of Right to Indemnification. Any indemnification under Sections 7.1 and 7.2 of this Article (unless ordered by a court) shall be paid by the Corporation unless a determination is made (1) by the Board of Directors by a majority vote of the quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders, that indemnification of the director or officer (or employee or agent being indemnified pursuant to Section 7.1 or 7.2 of this Article) is not proper in the circumstances because he has not met the applicable standard of conduct set forth in Sections 7.1 and 7.2 of this Article.

Section 7.5. Advance of Costs, Charges and Expenses. To the extent permitted by law, costs, charges and expenses (including attorneys' fees) incurred by a person being indemnified pursuant to Section 7.1 or 7.2 of this Article in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as the Board of Directors deems appropriate; provided, however, that the payment of such costs, charges and expenses incurred by a person being identified pursuant to Section 7.1 or 7.2 of this Article in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article.

Section 7.6. Procedure for Indemnification. Any indemnification under Sections 7.1, 7.2 or 7.3 of this Article shall be made promptly, and in any event within 30 days, upon the written request of the director, officer, employee or agent. The right to indemnification as granted by this Article shall be enforceable by the director or officer (or employee or agent being indemnified pursuant to Section 7.1 or 7.2 of this Article) in any court of competent jurisdiction, if the Corporation denies such request, in whole or in part, or if no disposition is made within 30 days. The Corporation shall indemnify such persons against costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 7.5 of this Article) that the claimant has not, as provided in Section 7.4, met the standard of conduct set forth in Section 7.1 or 7.2 of this Article, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 7.1 or 7.2 of this Article, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall create a presumption that the claimant has not met the applicable standard of conduct.

Section 7.7. Other Rights; Continuation of Right to Indemnification and Advancement of Expenses. The rights to indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, and shall continue as to a person who has ceased to be a director or officer (or employee or agent being indemnified pursuant to Section 7.1 or 7.2 of this Article), and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification and advancement of expenses under this Article shall be deemed to be a contract between the Corporation and each director or officer (or employee or agent being indemnified pursuant to Section 7.1 or 7.2 of this Article) of the Corporation who serves or served in such capacity at any time while this Article is in effect. Any repeal or modification of this Article or any repeal or modification of relevant provisions of the Delaware General Corporation Law or any other applicable laws shall not in any way diminish any rights to indemnification or advancement of expenses to such director or officer (or employee or agent being indemnified pursuant to Section 7.1 or 7.2 of this Article), or the obligations of the Corporation arising hereunder.

Section 7.8. Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him or on his behalf in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the Entire Board.

Section 7.9. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director, officer, employee and agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE VIII GENERAL PROVISIONS

Section 8.1. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 8.2. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the name of the state of its incorporation. The seal may be used by causing it or a facsimile to be impressed or affixed or reproduced or otherwise.

ARTICLE IX
STOCK

Section 9.1. Shares of Stock. The shares of capital stock of the Corporation shall be represented by a certificate, unless and until the Board of Directors of the Corporation adopts a resolution permitting shares to be uncertificated. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of capital stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the Corporation signed by, or in the name of the Corporation by, (a) the Chairman of the Board, the Chief Executive Officer, the President or any Executive Vice President, and (b) the Chief Financial Officer, the Secretary or an Assistant Secretary, certifying the number of shares owned by such stockholder in the Corporation.

Section 9.2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 9.3. Lost Certificates. The Board of Directors may direct a new certificate or uncertificated shares be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

Section 9.4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be

valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 9.5. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 9.6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 9.7. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE X AMENDMENTS

Section 10.1. Amendments. Subject to the provisions of the Certificate of Incorporation, these Bylaws may be altered, amended or repealed at any regular meeting of the stockholders (or at any special meeting duly called for that purpose) by a vote of not less than 70% of the outstanding stock entitled to vote at such meeting; provided that in the notice of such special meeting, notice of such purpose shall be given. Subject to the laws of the State of Delaware, the Certificate of Incorporation and these Bylaws, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present amend these Bylaws, or enact such other bylaws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation.

2006 EQUITY INCENTIVE PLAN
As amended and restated June 3, 2008

1. PURPOSE.

This 2006 Equity Incentive Plan is intended to provide incentive to Employees and Directors of ABM Industries Incorporated (the "Company") and its eligible Affiliates, to encourage proprietary interest in the Company and to encourage Employees and Directors to remain in the service of the Company or its Affiliates.

2. DEFINITIONS.

(a) "Administrator" means the Board or the Committee appointed to administer the Plan, or a delegate of the Board as provided in Section 4(c).

(b) "Affiliate" means any entity, whether a corporation, partnership, joint venture or other organization that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Company.

(c) "After-Tax Amount" means any amount to be received by an Executive in connection with a Change in Control determined on an after-tax basis taking into account the excise tax imposed pursuant to Code Section 4999, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income and employment taxes.

(d) "Award" means any award of an Option, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares or an Other Share-Based Award under the Plan.

(e) "Award Agreement" means the agreement between the Company and the recipient of an Award which contains the terms and conditions pertaining to the Award.

(f) "Beneficiary" means a person designated as such by a Participant or a Beneficiary for purposes of the Plan or determined with reference to Section 20.

(g) "Board" means the Board of Directors of the Company.

(h) "Cause" means (i) theft or dishonesty, (ii) more than one instance of neglect or failure to perform employment duties, (iii) inability or unwillingness to perform employment duties for an Employer, (iv) insubordination, (v) abuse of alcohol or other drugs or substances affecting Participant's performance of his or her employment duties, (vi) the breach of an employment agreement, including covenants not to compete, or any other agreement between Participant and an Employer, (vii) the breach of fiduciary duties to an Employer or any securities laws applicable to the Company (viii) other misconduct, unethical or unlawful activity, (ix) being charged with a crime involving a fraud, embezzlement or theft in connection with Participant's duties or in the course of Participant's employment with an Employer, (x) a conviction of or plea

of “guilty” or “no contest” to a felony under the laws of the United States or any state thereof, or (xi) a conviction of or plea of “guilty” or “no contest” to a misdemeanor involving a crime of moral turpitude under the laws of the United States or any state thereof.

(i) “Change in Control” means, unless otherwise set forth in an award agreement, that any of the following events occurs:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) (A) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 35% of the combined voting power of the then-outstanding Voting Stock of the Company or succeeds in having nominees as directors elected in an “election contest” within the meaning of Rule 14a-12(c) under the Exchange Act and (B) within 18 months thereafter, individuals who were members of the Board of Directors of the Company immediately prior to either such event cease to constitute a majority of the members of the Board of Directors of the Company; or unlawful activity, (ix) being charged with a crime involving fraud, embezzlement or theft in connection with Participant’s duties or in the course of Participant’s employment with an Employer, (x) a conviction of or plea of “guilty” or “no contest” to a felony under the laws of the United States or any state thereof, or (xi) a conviction of or plea of “guilty” or “no contest” to a misdemeanor involving a crime of moral turpitude under the laws of the United States or any state thereof.

(ii) a majority of the Board ceases to be comprised of Incumbent Directors; or

(iii) the consummation of a reorganization, merger, consolidation, plan of liquidation or dissolution, recapitalization or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another Company, or other transaction (each, a “Business Transaction”), unless, in any such case, (A) no Person (other than the Company, any entity resulting from such Business Transaction or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Transaction) beneficially owns, directly or indirectly, 35% or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction and (B) at least one-half of the members of the Board of Directors of the entity resulting from such Business Transaction were Incumbent Directors at the time of the execution of the initial agreement providing for such Business Transaction.

(j) “Code” means the Internal Revenue Code of 1986, as amended.

(k) “Committee” means the Officer Compensation and Stock Option Committee of the Board.

(l) “Common Stock” means the \$.01 par value common stock of the Company.

(m) “Company” means ABM Industries Incorporated, a Delaware Company.

(n) “Covered Employee” shall have the meaning assigned in Code Section 162(m), as amended, which generally includes the chief executive officer or any Employee whose total compensation for the taxable year is required to be reported to shareholders under the Exchange Act by reason of such Employee being among the four highest compensated officers for the taxable year (other than the chief executive officer).

(o) “Director” means a director of the Company.

(p) “Disability” or “Disabled” means, unless otherwise set forth in an award agreement, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(q) “Employee” means an individual employed by the Company or an Affiliate (within the meaning of Code Section 3401 and the regulations thereunder).

(r) “Employer” means the Company or an Affiliate, which is the employer of a Participant.

(s) “Excess Parachute Payment” means a payment that creates an obligation for Executive to pay excise taxes under Code Section 280G or any successor provision thereto.

(t) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(u) “Exercise Price” means the price per Share of Common Stock at which an Option or Stock Appreciation Right may be exercised.

(v) “Fair Market Value” of a Share as of a specified date means the closing price at which Shares are traded on such date as reported in the New York Stock Exchange composite transactions published in the Wall Street Journal, or if no trading of Shares is reported for that day, on the next following day on which trading is reported; provided that for purposes of determining the exercise price of an Incentive Stock Option the Fair Market Value of a Share as of the date of grant means the average of the opening and closing price at which Shares are traded on such date as reported in the New York Stock Exchange composite transactions published in the Wall Street Journal, or if no trading of Shares is reported for that day, on the next preceding day on which trading was reported.

(w) “Family Member” means any person identified as an “immediate family” member in Rule 16(a)-1(c) of the Exchange Act, as such Rule may be amended from time to time. Notwithstanding the foregoing, the Administrator may designate any other person(s) or entity(ies) as a “family member.”

(x) "Full Value Award" means an Award denominated in Shares that does not provide for full payment in cash or property by the Participant.

(y) "Incentive Stock Option" means an Option described in Code Section 422(b).

(z) "Incumbent Directors" means the individuals who, as of the date of adoption of this Plan, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(aa) "Nonqualified Stock Option" means an Option not described in Code Section 422(b) or 423(b).

(bb) "Option" means a stock option granted pursuant to Section 7.

(cc) "Other Share-Based Award" means an Award granted pursuant to Section 12.

(dd) "Outside Director" means a Director who is not an Employee.

(ee) "Participant" means an Employee or Director who has received an Award.

(ff) "Performance Shares" means an Award denominated in Shares granted pursuant to Section 11 that may be earned in whole or in part based upon attainment of performance objectives established by the Administrator pursuant to Section 14.

(gg) "Plan" means this 2006 Stock Incentive Plan.

(hh) "Prior Plans" means the Company's 2002 Price-Vested Stock Option Plan, the 1996 Price-Vested Stock Option Plan and the Time-Vested Stock Option Plan

(ii) "Purchase Price" means the Exercise Price times the number of whole Shares with respect to which an Option is exercised.

(jj) "Restricted Stock" means Shares granted pursuant to Section 9.

(kk) "Restricted Stock Unit" means an Award denominated in Shares granted pursuant to Section 10 in which the Participant has the right to receive a specified number of Shares over a specified period of time.

(ll) "Retirement" means the voluntary termination of Employment by an Employee at (i) age 60 or (ii) age 55 or older at a time when age plus years of service equals or exceeds 65.

(mm) "Share" means one share of Common Stock, adjusted in accordance with Section 18 (if applicable).

(nn) "Share Equivalent" means a bookkeeping entry representing a right to the equivalent of one Share.

(oo) "Stock Right" means a right to receive an amount equal to the value of a specified number of Shares which will be payable in Shares or cash as established by the Administrator.

(pp) "Subsidiary" means any company in an unbroken chain of companies beginning with the Company if each of the companies other than the last company in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other Companies in such chain.

3. EFFECTIVE DATE.

This Plan was adopted by the Board on January 10, 2006, to be effective on the date the Plan is approved by the Company's shareholders.

4. ADMINISTRATION.

(a) Administration with respect to Outside Directors. With respect to Awards to Outside Directors, the Plan shall be administered by the Board or the Governance Committee of the Board. Notwithstanding the foregoing, all Awards made to members of the Governance Committee of the Board shall be approved by the Board.

(b) Administration with respect to Employees. With respect to Awards to Employees, the Plan shall be administered by the Board or the Committee.

(i) If any member of the Committee does not qualify as an "outside director" for purposes of Code Section 162(m), Awards under the Plan for the Covered Employees shall be administered by a subcommittee consisting of each Committee member who qualifies as an "outside director." If fewer than two Committee members qualify as "outside directors," the Board shall appoint one or more other Board members to such subcommittee who do qualify as "outside directors," so that the subcommittee will at all times consist of two or more members all of whom qualify as "outside directors" for purposes of Code Section 162(m).

(ii) If any member of the Committee does not qualify as a "non-employee director" for purposes of Rule 16b-3 promulgated under the Exchange Act, then Awards under the Plan for the executive officers of the Company and Directors shall be administered by a subcommittee consisting of each Committee member who qualifies as a "non-employee director." If fewer than two Committee members qualify as "non-

employee directors,” then the Board shall appoint one or more other Board members to such subcommittee who do qualify as “non-employee directors,” so that the subcommittee will at all times consist of two or more members all of whom qualify as “non-employee directors” for purposes of Rule 16b-3 promulgated under the Exchange Act.

(c) Delegation of Authority to an Officer of the Company. The Board may delegate to an officer or officers of the Company the authority to administer the Plan with respect to Awards made to Employees who are not subject to Section 16 of the Exchange Act.

(d) Powers of the Administrator. The Administrator shall from time to time at its discretion make determinations with respect to Employees and Directors who shall be granted Awards, the number of Shares or Share Equivalents to be subject to each Award, the vesting of Awards, the designation of Options as Incentive Stock Options or Nonqualified Stock Options and other conditions of Awards to Employees and Directors.

The interpretation and construction by the Administrator of any provisions of the Plan or of any Award shall be final. No member of a Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

(e) Claims Administration. Notwithstanding the foregoing, within 30 days after a Change in Control, the Committee shall appoint an independent committee consisting of at least three current (as of the effective date of such event) or former officers and Directors of the Company, which shall thereafter administer all claims for benefits under the Plan. Upon such appointment the Administrator shall cease to have any responsibility for claims administration under the Plan but shall continue to administer the Plan.

5. ELIGIBILITY.

Subject to the terms and conditions set forth below, Awards may be granted to Employees and Directors. Notwithstanding the foregoing, only employees of the Company and its Subsidiaries may be granted Incentive Stock Options.

(a) Ten Percent Shareholders. An Employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries is not eligible to receive an Incentive Stock Option pursuant to this Plan. For purposes of this Section 5(a) the stock ownership of an Employee shall be determined pursuant to Code Section 424(d).

(b) Number of Awards. A Participant may receive more than one Award, including Awards of the same type, but only on the terms and subject to the restrictions set forth in the Plan. Subject to adjustment as provided in Section 18, the maximum aggregate number of Shares or Share Equivalents that may be subject to Awards to a Participant in any calendar year is 1,000,000 Shares. Notwithstanding the foregoing, for any one Share granted pursuant to a Full Value Award, 3.3 fewer Shares may be made subject to Awards to that Participant in that calendar year.

6. STOCK.

The stock subject to Awards granted under the Plan shall be Shares of the Company's authorized but unissued or reacquired Common Stock. The aggregate number of Shares subject to Awards issued under this Plan shall not exceed 2.5 million Shares plus the number of shares previously authorized for issuance under the 2002 Price-Vested Stock Option Plan, the 1996 Price-Vested Stock Option Plan and the Time-Vested Stock Option Plan which are not required to be issued upon the exercise of outstanding options under those plans on the effective date of this Plan. Notwithstanding the foregoing, for any one Share issued in connection with a Full Value Award, 3.3 fewer Shares will be available for issuance in connection with future Awards. If any outstanding Option under the Plan or any outstanding stock option grant under the Prior Plans for any reason expires or is terminated or any Restricted Stock or Other Share-Based Award is forfeited and under the terms of the expired or terminated Award the Participant received no benefits of ownership during the period the Award was outstanding, then the Shares allocable to the unexercised portion of such Option or the forfeited Restricted Stock or Other Share-Based Award may again be subjected to Awards under the Plan. The following Shares may not again be made available for issuance under the Plan: Shares not issued or delivered as a result of the net exercise of a Stock Appreciation Right or Option and Shares used to pay the withholding taxes related to an Award.

The limitations established by this Section 6 shall be subject to adjustment as provided in Section 18.

7. TERMS AND CONDITIONS OF OPTIONS.

Options granted to Employees and Directors pursuant to the Plan shall be evidenced by written Option Agreements in such form as the Administrator shall determine, subject to the following terms and conditions:

(a) Number of Shares. Each Option shall state the number of Shares to which it pertains, which shall be subject to adjustment in accordance with Section 18.

(b) Exercise Price. Each Option shall state the Exercise Price, determined by the Administrator, which shall not be less than the Fair Market Value of a Share on the date of grant, except as provided in Section 18.

(c) Medium and Time of Payment. The Purchase Price shall be payable in full in United States dollars upon the exercise of the Option; provided that with the consent of the Administrator and in accordance with its rules and regulations, the Purchase Price may be paid by the surrender of Shares in good form for transfer, owned by the person exercising the Option and having a Fair Market Value on the date of exercise equal to the Purchase Price, or in any combination of cash and Shares, or in such acceptable form of payment as approved by the Administrator, so long as the total of the cash and the Fair Market Value of the Shares surrendered equals the Purchase Price. No Shares shall be issued until full payment has been made.

(d) Term and Exercise of Options; Nontransferability of Options. Each Option shall state the date after which it shall cease to be exercisable. No Option shall be exercisable after the expiration of seven years from the date it is granted or such lesser period established by the Administrator. An Option shall, during a Participant's lifetime, be exercisable only by the Participant. No Option or any right granted thereunder shall be transferable by the Participant by operation of law or otherwise, other than by will or the laws of descent and distribution. Notwithstanding the foregoing, (i) a Participant may designate a Beneficiary to succeed, after the Participant's death, to all of the Participant's Options outstanding on the date of death; (ii) a Nonstatutory Stock Option or any right granted thereunder may be transferable pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act; and (iii) any Participant may voluntarily transfer any Nonstatutory Stock Option to a Family Member as a gift or through a transfer to an entity domiciled in the United States in which more than 50% of the voting or beneficial interests are owned by Family Members (or the Participant) in exchange for an interest in that entity. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of an Option or of any right thereunder, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Option by notice to the Participant and the Option shall thereupon become null and void.

(e) Termination of Employment. In the event that a Participant who is an Employee ceases to be employed by the Company or any of its Affiliates for any reason, such Participant (or in the case of death, such Participant's designated Beneficiary) shall have the right (subject to the limitation that no option may be exercised after its stated expiration date) to exercise the Option either:

(i) within four months after such termination of employment; or

(ii) in the case of Retirement or death within one year after the date thereof; or

(iii) in the case of Disability, within one year from the date the Committee or its delegate determines that the Participant is Disabled, or

(iv) on such other terms established by the Committee in the Agreement or otherwise prior to termination to the extent that, at the date of termination of employment, the Option had vested pursuant to the terms of the Option Agreement with respect to which such Option was granted and had not previously been exercised. However, in addition to the rights and obligations established in Section 16 below, if the employment of a Participant is terminated by the Company or an Affiliate by reason of Cause, such Option shall cease to be exercisable at the time of the Participant's termination of employment. The Administrator (or its delegate) shall determine whether a Participant's employment is terminated by reason of Cause. In making such determination the Administrator (or its delegate) shall act fairly and shall give the Participant an opportunity to be heard and present evidence on his or her behalf. If a Participant's employment terminates for reasons other than Cause, but Cause is discovered after the termination and is determined to have occurred by the Administrator

(or its delegate), all outstanding Options shall cease to be exercisable upon such determination.

For purposes of this Section, the employment relationship will be treated as continuing while the Participant is on military leave, sick leave (including short term disability) or other bona fide leave of absence (to be determined in the sole discretion of the Administrator, in accordance with rules and regulations construing Code Sections 422(a)(2) and 409A). Notwithstanding the foregoing, in the case of an Incentive Stock Option, employment shall not be deemed to continue beyond three months after the Participant ceased active employment, unless the Participant's reemployment rights are guaranteed by statute or by contract. In the event that an Incentive Stock Option is exercised after the period following termination of employment that is required for qualification under Code Section 422(b), such option shall be treated as a Nonqualified Stock Option for all Plan purposes.

In the event an Outside Director terminates service as a Director, the former Director (or his or her designated Beneficiary in the event of the Outside Director's death) shall have the right (subject to the limitation that no option may be exercised after its stated expiration date) to exercise the Option (to the extent vested pursuant to the terms of the Option Agreement and not previously exercised) within one year after such termination or on such other terms established by the Board in the Agreement or otherwise prior to termination of service.

(f) Rights as a Shareholder. A Participant or a transferee of a Participant shall have no rights as a shareholder with respect to any Shares covered by his or her Option until the date of issuance of a stock certificate for such Shares. No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 18.

(g) Modification, Extension and Renewal of Options. Subject to the terms and conditions and within the limitations of the Plan, including the limitations of Section 22, the Administrator may modify, extend or renew outstanding Options granted to Employees and Directors under the Plan. Notwithstanding the foregoing, however, no modification of an Option shall, without the consent of the Participant, alter or impair any rights or obligations under any Option previously granted under the Plan or cause any Option to fail to be exempt from the requirements of Code Section 409A.

(h) Limitation of Incentive Stock Option Awards. If and to the extent that the aggregate Fair Market Value (determined as of the date the Option is granted) of the Shares with respect to which any Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under this Plan and all other plans maintained by the Company, its parent or its Subsidiaries exceeds \$100,000, the excess (taking into account the order in which they were granted) shall be treated as Nonqualified Stock Options.

(i) No Reload Options. Options that provide for the automatic grant of another option upon exercise of the original option may not be granted under the Plan.

(j) Other Provisions. The Option Agreement shall contain such other provisions that are consistent with the terms of the Plan, including, without limitation, restrictions upon the exercise of the Option, as the Administrator shall deem advisable.

8. STOCK APPRECIATION RIGHTS.

Stock Appreciation Rights granted to Participants pursuant to the Plan may be granted alone, in addition to, or in conjunction with, Options.

(a) Number of Shares. Each Stock Appreciation Right shall state the number of Shares or Share Equivalents to which it pertains, which shall be subject to adjustment in accordance with Section 18.

(b) Calculation of Appreciation; Exercise Price. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be equal to the excess of (i) the aggregate Fair Market Value (on the day before the date of exercise of the Stock Appreciation Right) of a number of Shares equal to the number of Shares or Share Equivalents in which the Participant is vested under such Stock Appreciation Right on such date, over (ii) the Exercise Price determined by the Administrator on the date of grant of the Stock Appreciation Right which shall not be less than 100% of the Fair Market Value of a Share on the date of grant.

(c) Term and Exercise of Stock Appreciation Rights. Each Stock Appreciation Right shall state the time or times when it may become exercisable. No Stock Appreciation Right shall be exercisable after the expiration of seven years from the date it is granted or such lesser period established by the Administrator.

(d) Payment. The appreciation distribution in respect of a Stock Appreciation Right may be paid in Common Stock or in cash, or any combination of the two, or in any other form of consideration as determined by the Administrator and contained in the Stock Appreciation Right Agreement.

(e) Limitations on Transferability. A Stock Appreciation Right shall, during a Participant's lifetime, be exercisable only by the Participant. No Stock Appreciation Right or any right granted thereunder shall be transferable by the Participant by operation of law or otherwise, other than by will or the laws of descent and distribution. Notwithstanding the foregoing, (i) a Participant may designate a beneficiary to succeed, after the Participant's death, to all of the Participant's Stock Appreciation Rights outstanding on the date of Termination of Employment. Each Stock Appreciation Right Agreement shall set forth the extent to which the Participant shall have the right to exercise the Stock Appreciation Right following termination of the Participant's employment or service with the Company and its Affiliates. Such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all Stock Appreciation Right Agreements entered into pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment.

(f) Termination of Employment. Each Stock Appreciation Right Agreement shall set forth the extent to which the Participant shall have the right to exercise the Stock Appreciation Right following termination of the Participant's employment or service with the

Company and its Affiliates. Such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all Stock Appreciation Rights Agreements entered into pursuant to the Plan, and may reflect distinctions based on the reasons for termination of employment.

(g) Rights as a Shareholder. A Participant or a transferee of a Participant shall have no rights as a shareholder with respect to any Shares covered by his or her Stock Appreciation Right until the date of issuance of such Shares. Except as provided in Section 18, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such Shares are issued.

(h) Other Terms and Conditions. The Stock Appreciation Right Agreement may contain such other terms and conditions, including restrictions or conditions on the vesting of the Stock Appreciation Right or the conditions under which the Stock Appreciation Right may be forfeited, as may be determined by the Administrator that are consistent with the Plan.

9. RESTRICTED STOCK.

(a) Grants. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the Employees and Directors to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares of Restricted Stock to be awarded, the price (if any) to be paid by the recipient of Restricted Stock, the time or times within which such Awards may be subject to forfeiture, and all other terms and conditions of the Awards. The Administrator may condition the grant of Restricted Stock upon the attainment of specified performance objectives established by the Administrator pursuant to Section 14 or such other factors as the Administrator may determine, in its sole discretion.

The terms of each Restricted Stock Award shall be set forth in a Restricted Stock Agreement between the Company and the Participant, which Agreement shall contain such provisions as the Administrator determines to be necessary or appropriate to carry out the intent of the Plan. Each Participant receiving a Restricted Stock Award shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award. The Administrator shall require that stock certificates evidencing such shares be held by the Company until the restrictions lapse and that, as a condition of any Restricted Stock Award, the Participant shall deliver to the Company a stock power relating to the stock covered by such Award. Notwithstanding any other provision of the Plan to the contrary, except with respect to a maximum of 5% of the shares authorized for issuance under Section 6, any Awards of Restricted Stock which vest on the basis of the Participant's length of service with the Company or its subsidiaries shall not provide for vesting that is any more rapid than annual pro rata vesting over a three-year period and any Awards of Restricted Stock which provide for vesting upon the attainment of performance goals shall provide for a performance period of at least 12 months.

(b) Restrictions and Conditions. The shares of Restricted Stock awarded pursuant to this Section 9 shall be subject to the following restrictions and conditions:

(i) During a period set by the Administrator commencing with the date of such Award (the "Restriction Period"), the Participant shall not be permitted to sell, transfer, pledge, assign or encumber shares of Restricted Stock awarded under the Plan. Within these limits, the Administrator, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, performance, or such other factors or criteria as the Administrator may determine in its sole discretion.

(ii) Except as provided in this paragraph (ii) and paragraph (i) above, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a shareholder of the Company, including the right to vote the shares and the right to receive any cash dividends. The Administrator, in its sole discretion, as determined at the time of Award, may provide that the payment of cash dividends shall or may be deferred and, if the Administrator so determines, invested in additional shares of Restricted Stock to the extent available under Section 6, or otherwise invested. Stock dividends issued with respect to Restricted Stock shall be treated as additional shares of Restricted Stock that are subject to the same restrictions and other terms and conditions that apply to the shares with respect to which such dividends are issued.

(iii) The Administrator shall specify the conditions under which shares of Restricted Stock shall vest or be forfeited and such conditions shall be set forth in the Restricted Stock Agreement.

(iv) If and when the Restriction Period applicable to shares of Restricted Stock expires without a prior forfeiture of the Restricted Stock, certificates for an appropriate number of unrestricted shares shall be delivered promptly to the Participant, and the certificates for the shares of Restricted Stock shall be cancelled.

10. RESTRICTED STOCK UNITS.

(a) Grants. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the Employees and Directors to whom, and the time or times at which, grants of Restricted Stock Units will be made, the number of Restricted Stock Units to be awarded, the price (if any) to be paid by the recipient of the Restricted Stock Units, the time or times within which such Restricted Stock Units may be subject to forfeiture, and all other terms and conditions of the Restricted Stock Unit Awards. The Administrator may condition the grant of Restricted Stock Unit Awards upon the attainment of specified performance objectives established by the Administrator pursuant to Section 14 or such other factors as the Administrator may determine, in its sole discretion.

The terms of each Restricted Stock Unit Award shall be set forth in a Restricted Stock Unit Award Agreement between the Company and the Participant, which Agreement shall contain such provisions as the Administrator determines to be necessary or appropriate to carry out the intent of the Plan. With respect to a Restricted Stock Unit Award, no certificate for shares of stock shall be issued at the time the grant is made (nor shall any book entry be made in the records of the Company) and the Participant shall have no right to or interest in shares of stock of the Company as a result of the grant of Restricted Stock Units.

(b) Restrictions and Conditions. The Restricted Stock Units awarded pursuant to this Section 10 shall be subject to the following restrictions and conditions:

(i) At the time of grant of a Restricted Stock Unit Award, the Administrator may impose such restrictions or conditions on the vesting of the Restricted Stock Units, as the Administrator deems appropriate. Within these limits, the Administrator, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, performance, a Change in Control or such other factors or criteria as the Administrator may determine in its sole discretion. The foregoing notwithstanding, no action pursuant to the preceding sentence may alter the time of payment of the Restricted Stock Unit Award, if such alteration would cause the Award to be subject to penalty under Code Section 409A.

(ii) Dividend equivalents may be credited in respect of Restricted Stock Units, as the Administrator deems appropriate. Such dividend equivalents may be paid in cash or converted into additional Restricted Stock Units by dividing (1) the aggregate amount or value of the dividends paid with respect to that number of Shares equal to the number of Restricted Stock Units then credited by (2) the Fair Market Value per Share on the payment date for such dividend. The additional Restricted Stock Units credited by reason of such dividend equivalents will be subject to all of the terms and conditions of the underlying Restricted Stock Unit Award to which they relate.

(iii) The Administrator shall specify the conditions under which Restricted Stock Units shall vest or be forfeited and such conditions shall be set forth in the Restricted Stock Unit Agreement.

(c) Deferral Election. Each recipient of a Restricted Stock Unit Award may be eligible, subject to Administrator approval, to elect to defer all or a percentage of any Shares he or she may be entitled to receive upon the lapse of any restrictions or vesting period to which the Award is subject. This election shall be made by giving notice in a manner and within the time prescribed by the Administrator and in compliance with the requirements of Code Section 409A. Each Participant must indicate the percentage (expressed in whole percentages) he or she elects to defer of any Shares he or she may be entitled to receive. If no notice is given, the Participant shall be deemed to have made no deferral election. Each deferral election filed with the Administrator shall become irrevocable on and after the prescribed deadline.

11. PERFORMANCE SHARES.

(a) Grants. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the Employees and Directors to whom, and the time or times at which, grants of Performance Shares will be made, the number of Performance Shares to be awarded, the price (if any) to be paid by the recipient of the Performance Shares, the time or times within which such Performance Shares may be subject to forfeiture, and all other terms and conditions of the Performance Share Awards. The Administrator may condition the grant of Performance Share Awards upon the attainment of specified performance objectives established

by the Administrator pursuant to Section 14 or such other factors as the Administrator may determine, in its sole discretion.

The terms of each Performance Share Award shall be set forth in a Performance Share Award Agreement between the Company and the Participant, which Agreement shall contain such provisions as the Administrator determines to be necessary or appropriate to carry out the intent of the Plan. With respect to a Performance Share Award, no certificate for shares of stock shall be issued at the time the grant is made (nor shall any book entry be made in the records of the Company) and the Participant shall have no right to or interest in shares of stock of the Company as a result of the grant of Performance Shares.

(b) Restrictions and Conditions. The Performance Shares awarded pursuant to this Section 11 shall be subject to the following restrictions and conditions: At the time of grant of a Performance Share Award, the Administrator may set performance objectives in its discretion which, depending on the extent to which they are met, will determine the number of Performance Shares that will be paid out to the Participant. The time period during which the performance objectives must be met will be called the "Performance Period." After the applicable Performance Period has ended, the recipient of the Performance Shares will be entitled to receive the number of Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives have been achieved. After the grant of a Performance Share Award, the Administrator, in its sole discretion, may reduce or waive any performance objective for such Performance Share Award; provided, however, that no performance objective may be waived or reduced for a Covered Employee and further provided that no such action may alter the time of payment of the Performance Share Award, if such alteration would cause the award to be subject to penalty under Code Section 409A.

12. OTHER SHARE-BASED AWARDS.

(a) Grants. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares ("Other Share-Based Awards"), may be granted either alone or in addition to or in conjunction with other Awards under this Plan. Awards under this Section 12 may include (without limitation) Stock Rights, the grant of Shares conditioned upon some specified event, the payment of cash based upon the performance of the Shares or the grant of securities convertible into Shares.

Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the Employees and Directors to whom and the time or times at which Other Share-Based Awards shall be made, the number of Shares or other securities, if any, to be granted pursuant to Other Share-Based Awards, and all other conditions of the Other Share-Based Awards. The Administrator may condition the grant of an Other Share-Based Award upon the attainment of specified performance goals or such other factors as the Administrator shall determine, in its sole discretion. In granting an Other Share-Based Award, the Administrator may determine that the recipient of an Other Share-Based Award shall be entitled to receive, currently or on a deferred basis, interest or dividends or dividend equivalents with respect to the Shares or other securities covered by the Award, and the Administrator may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares

or otherwise reinvested. The terms of any Other Share-Based Award shall be set forth in an Other Share-Based Award Agreement between the Company and the Participant, which Agreement shall contain such provisions as the Administrator determines to be necessary or appropriate to carry out the intent of the Plan.

(b) **Terms and Conditions.** In addition to the terms and conditions specified in the Other Share-Based Award Agreement, Other Share-Based Awards shall be subject to the following:

(i) Any Other Share-Based Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Shares are issued or the Award becomes payable, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(ii) The Other Share-Based Award Agreement shall contain provisions dealing with the disposition of such Award in the event of termination of the Employee's employment or the Director's service prior to the exercise, realization or payment of such Award, and the Administrator in its sole discretion may provide for payment of the Award in the event of the Participant's retirement, Disability or death or a Change of Control, with such provisions to take account of the specific nature and purpose of the Award.

13. OTHER PAYMENTS IN SHARES.

Shares may be issued under this Plan to satisfy the payment of all or part of an award pursuant to the Company's annual bonus plan. In addition, all or part of any Director's fees may be paid in Shares or Share Equivalents issued under this Plan. Any Shares issued pursuant to this Section 13 shall reduce the number of Shares authorized under Section 6 but shall not be considered an Award for purposes of the maximum grant limitation in Section 5(b).

14. PERFORMANCE OBJECTIVES.

(a) **Authority to Establish.** The Administrator shall determine the terms and conditions of Awards at the date of grant or thereafter; provided that performance objectives for each year, if any, shall be established by the Administrator not later than the latest date permissible under Code Section 162(m).

(b) **Criteria.** To the extent that such Awards are paid to Employees the performance objectives to be used, if any, shall be expressed in terms of one or more of the following: total shareholder return; earnings per share; stock price; return on equity; net earnings; income from continuing operations; related return ratios; cash flow; net earnings growth; earnings before interest, taxes, depreciation and amortization (EBITDA); gross or operating margins; productivity ratios; expense targets; operating efficiency; market share; customer satisfaction; working capital targets (including, but not limited to days sales outstanding); return on assets; increase in revenues; decrease in expenses; increase in funds from operations (FFO); and increase in FFO per share. Awards may be based on performance against objectives for more than one Subsidiary or segment of the Company. For example, awards for an Executive

employed by the Company may be based on overall corporate performance against objectives, but awards for an Executive employed by a Subsidiary may be based on a combination of corporate, segment, and Subsidiary performance against objectives. Performance objectives, if any, established by the Administrator may be (but need not be) different from year-to-year, and different performance objectives may be applicable to different Participants. Performance objectives may be determined on an absolute basis or relative to internal goals or relative to levels attained in prior years or related to other companies or indices or as ratios expressing relationships between two or more performance objectives. In addition, performance objectives may be based upon the attainment of specified levels of Company performance under one or more of the measures described above relative to the performance of other corporations.

(c) Adjustments. The Committee shall specify the manner of adjustment of any performance objectives to the extent necessary to prevent dilution or enlargement of any award as a result of extraordinary events or circumstances, as determined by the Committee, or to exclude the effects of extraordinary, unusual, or non-recurring items; changes in applicable laws, regulations, or accounting principles; currency fluctuations; discontinued operations; non-cash items, such as amortization, depreciation, or reserves; asset impairment; or any recapitalization, restructuring, reorganization, merger, acquisition, divestiture, consolidation, spin-off, split-up, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction. Any adjustment to performance objectives pursuant to this Section 14(c) shall be done in accordance with Code Section 162(m).

15. CHANGE IN CONTROL.

(a) Discretion to Accelerate. An Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the applicable Award Agreement and determined by the Administrator on a grant by grant basis or as may be provided in any other written agreement between the Company and any Affiliate or Subsidiary and the Participant; provided, however, that in the absence of such provision, no such acceleration shall occur and any such acceleration shall be subject to the limits set forth in Section 15(b).

(b) Limitation on Acceleration. In connection with any acceleration of vesting or change in exercisability upon or after a Change in Control, if any amount or benefit to be paid or provided under an Award or under any other agreement between a Participant and Company would be an Excess Parachute Payment (including after taking into account the value, to the maximum extent permitted by Code Section 280G, of covenants by or restrictions on Participant following the Change in Control), then the payments and benefits to be paid or provided will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction will not be made if such reduction would result in a Participant receiving an After-Tax Amount less than 90% of the After-Tax Amount of the payments Participant would have received under such Awards or any other agreement without regard to this limitation. Whether requested by a Participant or the Company, the determination of whether any reduction in such payments or benefits is required pursuant to the preceding sentence, and the value to be assigned to any covenants by or restrictions on Participant, for purposes of determining the amount, if any, of the Excess Parachute Payment

will be made at the expense of the Company by the Company's independent accountants or benefits consultant. The fact that a Participant's right to payments or benefits may be reduced by reason of the limitations contained in this paragraph will not of itself limit or otherwise affect any other rights of a Participant under any other agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this paragraph, a Participant will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this paragraph, provided, however, that payments that do not constitute deferred compensation within the meaning of Section 409A will be reduced first. The Company will provide Participant with all information reasonably requested by Participant to permit Participant to make such designation. In the event that Participant fails to make such designation within 10 business days after receiving notice from the Company of a reduction under this paragraph, the Company may effect such reduction in any manner it deems appropriate.

16. FORFEITURE FOR CAUSE.

Notwithstanding any other provision of this Plan to the contrary, if the Participant engages in conduct which constitutes Cause prior to, or during the twelve month period following, the exercise of the Option or the vesting of the Award, the Administrator (or its delegate) may

(a) rescind the exercise of any Option exercised during the period beginning twelve months prior to through 24 months after the Participant's termination of employment or service with the Company or its Affiliates and cancel all outstanding Awards within 24 months after the Participant's termination of employment or service with the Company or its Affiliates, and

(b) demand that the Participant pay over to the Company the proceeds (less the Participant's purchase price, if any) received by the Participant upon (i) the sale, transfer or other transaction involving the Shares acquired upon the exercise of any Option exercised during the period beginning twelve months prior to through 24 months after the Participant's termination of employment or service with the Company or its Affiliates or (ii) the vesting of any Award within twelve months prior to through 24 months after the Participant's termination of employment or service with the Company or its Affiliates, in such manner and on such terms and conditions as may be required, and, without limiting any other remedy the Company or its Affiliates may have, the Company shall be entitled to set-off against the amount of any such proceeds any amount owed the Participant by the Company or its Affiliates to the fullest extent permitted by law.

17. TERM OF PLAN.

Awards may be granted pursuant to the Plan until the termination of the Plan on January 10, 2016.

18. RECAPITALIZATION.

Subject to any required action by the shareholders, the number of Shares covered by this Plan as provided in Section 6, the maximum grant limitation in Section 5(b), the number

of Shares or Share Equivalents covered by or referenced in each outstanding Award, and the Exercise Price of each outstanding Option or Stock Appreciation Right and any price required to be paid for Restricted Stock or Other Share-Based Award shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares, the payment of a stock dividend (but only of Common Stock) or any other increase or decrease in the number of such Shares effected without receipt of consideration by the Company or the declaration of a dividend payable in cash that has a material effect on the price of issued Shares.

Subject to any required action by the shareholders, if the Company shall be a party to any merger, consolidation or other reorganization, each outstanding Award shall pertain and apply to the securities to which a holder of the number of Shares or Share Equivalents subject to the Award would have been entitled. In the event of a change in the Common Stock as presently constituted, which is limited to a change of all of its authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive, provided that each Incentive Stock Option granted pursuant to this Plan shall not be adjusted in a manner that causes the Option to fail to continue to qualify as an incentive stock option within the meaning of Code Section 422 or subject the Option to the requirements of Code Section 409A.

Except as expressly provided in this Section 18, a Participant shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another Company, and any issue by the Company of shares of stock of any class or securities convertible into shares of stock of any class, shall not affect the number or price of Shares subject to the Option.

The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business assets.

19. SECURITIES LAW REQUIREMENTS AND LIMITATION OF RIGHTS.

(a) Securities Law. No Shares shall be issued pursuant to the Plan unless and until the Company has determined that: (i) it and the Participant have taken all actions required to register the Shares under the Securities Act of 1933 or perfect an exemption from registration; (ii) any applicable listing requirement of any stock exchange on which the Common Stock is listed has been satisfied; and (iii) any other applicable provision of state or federal law has been satisfied.

(b) Employment Rights. Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain employed by the Company or an Affiliate or to remain a Director. The Company and its Affiliates reserve the right to terminate the employment of any employee at any time, with or without cause or for no cause, subject only to a written employment contract (if any), and the Board reserves the right to terminate a Director's membership on the Board for cause in accordance with the Company's Restated Certificate of Incorporation.

(c) Shareholders' Rights. Except as provided by the Administrator in accordance with or Section 12, a Participant shall have no dividend rights, voting rights or other rights as a shareholder with respect to any Shares covered by his or her Award prior to the issuance of a stock certificate for such Shares. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date when such certificate is issued.

(d) Creditors' Rights. A holder of an Other Share-Based Award shall have no rights other than those of a general creditor of the Company. An Other Share-Based Award shall represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Other Share-Based Award Agreement. An Other Share-Based Award shall not be deemed to create a trust for the benefit of any individual.

20. BENEFICIARY DESIGNATION.

Participants and their Beneficiaries may designate on the prescribed form one or more Beneficiaries to whom distribution shall be made of any Award outstanding at the time of the Participant's or Beneficiary's death. A Participant or Beneficiary may change such designation at any time by filing the prescribed form with the Administrator. If a Beneficiary has not been designated or if no designated Beneficiary survives the Participant or Beneficiary, distribution will be made to the residuary beneficiary under the terms of the Participant's or Beneficiary's last will and testament or, in the absence of a last will and testament, to the Participant's or Beneficiary's estate as Beneficiary.

21. AMENDMENT OF THE PLAN.

The Board may suspend or discontinue the Plan or revise or amend it with respect to any Shares at the time not subject to Awards except that, without approval of the shareholders of the Company, no such revision or amendment shall:

- (a) Increase the number of Shares subject to the Plan;
- (b) Change the designation in Section 5 of the class of Employees eligible to receive Awards;
- (c) Decrease the price at which Incentive Stock Options may be granted;
- (d) Remove the administration of the Plan from the Administrator; or
- (e) Amend this Section 21 to defeat its purpose.

22. NO AUTHORITY TO REPRICE.

Without the consent of the shareholders of the Company, except as provided in Section 18, the Administrator shall have no authority to effect either (i) the repricing of any outstanding Options or Stock Appreciation Rights under the Plan or (ii) the cancellation of any outstanding Options or Stock Appreciation Rights under the Plan and the grant in substitution therefor of new Options or Stock Appreciation Rights under the Plan covering the same or different numbers of shares of Common Stock.

23. NO OBLIGATION TO EXERCISE OPTION.

The granting of an Option shall impose no obligation upon the Participant to exercise such Option.

24. APPROVAL OF SHAREHOLDERS.

This Plan and any amendments requiring shareholder approval pursuant to Section 21 shall be subject to approval by affirmative vote of the shareholders of the Company. Such vote shall be taken at the first annual meeting of shareholders following the adoption of the Plan or of any such amendments, or any adjournment of such meeting.

25. WITHHOLDING TAXES.

(a) General. To the extent required by applicable law, the person exercising any Option granted under the Plan or the recipient of any payment or distribution under the Plan shall make arrangements satisfactory to the Company for the satisfaction of any applicable withholding tax obligations. The Company shall not be required to make such payment or distribution until such obligations are satisfied.

(b) Other Awards. The Administrator may permit a Participant who exercises Nonqualified Stock Options or who vests in Restricted Stock Awards to satisfy all or part of his or her withholding tax obligations by having the Company withhold a portion of the Shares that otherwise would be issued to him or her under such Nonqualified Stock Options or Restricted Stock Awards. Such Shares shall be valued at the Fair Market Value on the day preceding the day when taxes otherwise would be withheld in cash. The payment of withholding taxes by surrendering Shares to the Company, if permitted by the Administrator, shall be subject to such restrictions as the Administrator may impose, including any restrictions required by rules of the Securities and Exchange Commission.

26. SUCCESSORS AND ASSIGNS.

The Plan shall be binding upon the Company, its successors and assigns, and any parent Company of the Company's successors or assigns. Notwithstanding that the Plan may be binding upon a successor or assign by operation of law, the Company shall require any successor or assign to expressly assume and agree to be bound by the Plan in the same manner and to the same extent that the Company would be if no succession or assignment had taken place.

27. EXECUTION.

To record the adoption of the Plan as amended and restated on June 3, 2008, the Company has caused its authorized officer to execute the same.

ABM INDUSTRIES INCORPORATED

By: /s/ Erin Andre

Its: Senior Vice President,
Human Resources

ABM INDUSTRIES INCORPORATED
STATEMENT OF TERMS AND CONDITIONS APPLICABLE TO
OPTIONS, RESTRICTED STOCK, RESTRICTED STOCK UNITS
AND PERFORMANCE SHARES GRANTED TO EMPLOYEES
PURSUANT TO THE 2006 EQUITY INCENTIVE PLAN
(As Amended and Restated June 3, 2008)

I. INTRODUCTION

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

II. DEFINITIONS

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

- A. “Grant Date” means the date the Administrator grants the Award.
- B. “Option Period” means the period commencing on the Grant Date of an Option and, except at otherwise provided in Section III.E, ending on the Termination Date.
- C. “Termination Date” means the date that an Option expires as set forth in the Option Agreement.

III. OPTIONS

- A. Option Notice and Agreement. An Option granted under the Plan shall be evidenced by an Option Agreement setting forth the terms and conditions of the Option, including whether the Option is an Incentive Stock Option or a Nonqualified Stock Option and the number of Shares subject to the Option. Each Option Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan.
 - B. Exercise Price. The Exercise Price of an Option, as specified in the Option Agreement, shall be equal to or greater than the Fair Market Value of the Shares underlying the Option on the Grant Date.
 - C. Option Period. An Option shall be exercisable only during the applicable Option Period, and during such Option Period the exercisability of the Option shall be subject to the
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vesting provisions of Section III.D as modified by the rules set forth in Sections III.E, V and VI. The Option Period shall be not more than seven years from the Grant Date.

D. Vesting of Right to Exercise Options.

1. Except as provided in Sections V and VI, an Option shall be exercisable during the Option Period in accordance with the following vesting schedule: (i) 25 percent of the Shares subject to the Option shall vest on the first anniversary of the Grant Date; (ii) an additional 25 percent of the Shares shall vest on the second anniversary of the Grant Date; (iii) an additional 25 percent of the Shares shall vest on the third anniversary of the Grant Date; and (iv) the remaining 25 percent of the Shares subject to the Option shall vest on the fourth anniversary of the Grant Date. Notwithstanding the foregoing, the Administrator may specify a different vesting schedule at the time the Option is granted and as specified in the Option Agreement.
2. Any vested portion of an Option not exercised hereunder shall accumulate and be exercisable at any time on or before the Termination Date, subject to the rules set forth in Sections III.E, V and VI. No Option may be exercised for less than 5 percent of the total number of Shares then available for exercise under such Option. In no event shall the Company be required to issue fractional shares.

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

1. If a Participant ceases to be a bona fide employee of the Company or an Affiliate due to his or her Retirement, Disability or death during the Option Period, in addition to any Shares vested under the Option Agreement prior to the date of Disability or death, the Option shall vest in the number of Shares equal to 25 percent of the number of Shares originally subject to the Option, multiplied by the number of whole months between the most recent anniversary date of the Option grant and the date of Retirement, Disability or death, and divided by 12.
2. If a Participant who ceases to be a bona fide employee of the Company or an Affiliate is subsequently rehired prior to the expiration of his or her Option, then the Option shall continue to remain outstanding until such time as the Participant subsequently terminates employment or the Option otherwise terminates pursuant to this Statement of Terms and Conditions. Upon the Participant's subsequent termination of employment, the post-termination exercise period calculated pursuant to the terms and conditions of this Section III.E shall be reduced by the number days between the date of the Participant's initial termination of employment and his or her rehire date; provided, however, that if the rehired Participant continues to be employed by the Company or an Affiliate for at least one year from his or her rehire date, then the post-termination exercise period for the Option shall be determined in accordance with the Plan and shall not be adjusted as described above.

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

1. By giving the Company, or its authorized representative designated for this purpose, written notice of such exercise specifying the number of Shares as to which the Option is so exercised. Such notice shall be accompanied by an amount equal to the Exercise Price of such Shares, in the form of any one or combination of the following:
 - a. cash or certified check, bank draft, postal or express money order payable to the order of the Company in lawful money of the United States;
 - b. if approved by the Company at the time of exercise, personal check of the Participant;
 - c. if approved by the Company at the time of exercise, a “net exercise” pursuant to which the Company will not require a payment of the exercise price from the Participant but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares that has a Fair Market Value that does not exceed the aggregate exercise price. With respect to any remaining balance of the aggregate exercise price, the Company shall accept payment in a form identified in (a) or (b) of this section;
 - d. if approved by the Company at the time of exercise, by tendering to the Company or its authorized representative Shares which have been owned by the Participant for at least six months prior to said tender, and having a Fair Market Value, as determined by the Company, equal to the Exercise Price. In the event a Participant tenders Shares to pay the Exercise Price, tender of Shares acquired through exercise of an Incentive Stock Option may result in unfavorable income tax consequences unless such Shares are held for at least two years from the Grant Date of the Incentive Stock Option and one year from the date of exercise of the Incentive Stock Option;
 - e. if approved by the Company at the time of exercise, delivery (including by FAX transmission) to the Company or its authorized representative of an executed irrevocable option exercise form together with irrevocable instructions to an approved registered investment broker to sell Shares in an amount sufficient to pay the Exercise Price plus any applicable withholding taxes and to transfer the proceeds of such sale to the Company; and
2. If required by the Company, by giving satisfactory assurance in writing, signed by the Participant, the Participant shall give his or her assurance that the Shares subject to the Option are being purchased for investment and not with a view to the distribution thereof; provided that such assurance shall be deemed

inapplicable to (i) any sale of the Shares by such Participant made in accordance with the terms of a registration statement covering such sale, which has heretofore been (or may hereafter be) filed and become effective under the Securities Act of 1933, as amended (the "Securities Act") and with respect to which no stop order suspending the effectiveness thereof has been issued, and (ii) any other sale of the Shares with respect to which, in the opinion of counsel for the Company, such assurance is not required to be given in order to comply with the provisions of the Securities Act.

- G. Limitations on Transfer. An Option shall, during a Participant's lifetime, be exercisable only by the Participant. No Option or any right granted thereunder shall be transferable by the Participant by operation of law or otherwise, other than as set forth in the Plan. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of an Option or of any right thereunder, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Option by notice to the Participant and the Option shall thereupon become null and void.
- H. No Shareholder Rights. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Shares subject to an Option except to the extent that an Option has been exercised.

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

- A. Agreement. A Restricted Stock Award, Restricted Stock Unit Award, or Performance Share Award granted under the Plan shall be evidenced by an Agreement to be executed by the Participant and the Company setting forth the terms and conditions of the Award. Each Award Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan.
- B. Special Restrictions. Each Restricted Stock Award, Restricted Stock Unit Award, or Performance Share Award made under the Plan shall contain the following terms, conditions and restrictions and such additional terms, conditions and restrictions as may be determined by the Administrator; provided, however, that no Award shall be subject to additional terms, conditions and restrictions which are more favorable to a Participant than the terms, conditions and restrictions set forth in the Plan, the Restricted Stock Agreement, Restricted Stock Unit Award Agreement, Performance Share Award Agreement, or this Statement of Terms and Conditions.
 - 1. Restrictions. Until the restrictions imposed on any Restricted Stock Award shall lapse, shares of Restricted Stock granted to a Participant: (a) shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of, and (b) shall, if the Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) from the Company or an Affiliate for any reason (except as otherwise provided in the Plan or in Section IV.B.2) be returned

to the Company forthwith, and all the rights of the Participant to such Shares shall immediately terminate. A Participant shall not be permitted to sell, transfer, pledge, assign or encumber such Restricted Stock Units or Performance Shares, other than pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act. If a Participant experiences a “separation from service” (within the meaning of Section 409A of the Code) from the Company or an Affiliate (except as otherwise provided in the Plan or in Section IV.B.2) prior to the lapse of the restrictions imposed on a Restricted Stock Unit Award or Performance Share Award, the unvested portion of the Restricted Stock Unit Award or Performance Share Award shall be forfeited to the Company, and all the rights of the Participant to such Award shall immediately terminate. If a Participant is absent from work with the Company or an Affiliate because of his or her short-term disability or because the Participant is on an approved leave of absence, if the period of such leave does not exceed six months (or if longer, so long as the individual retains a right to reemployment with the Company under an applicable statute or by contract), the Participant shall not be deemed during the period of any such absence, by virtue of such absence alone, to have experienced a “separation from service” (within the meaning of Section 409A of the Code) from the Company or an Affiliate except as the Administrator may otherwise expressly determine. Notwithstanding the foregoing, if the Participant is on a voluntary leave of absence for the purpose of serving the government of the country of which the Participant is a citizen or in which the Participant’s principal place of employment is located such leave shall be considered an approved leave of absence.

2. Termination of Employment by Reason of Retirement, Disability or Death.

- a. Restricted Stock Awards and Restricted Stock Unit Awards. Notwithstanding any provision contained herein or in the Plan or the Restricted Stock Agreement or Restricted Stock Unit Agreement to the contrary, if a Participant who has been in the continuous employment of the Company or an Affiliate since the Grant Date of a Restricted Stock Award or Restricted Stock Unit Award ceases to be a bona fide employee of the Company or an Affiliate, which cessation constitutes a “separation from service” under Section 409A of the Code and which is a result of Retirement, Disability or death, then the restrictions shall lapse as to the number of Shares or Share Equivalents equal to: (i) 50 percent of the number of Shares or Share Equivalents originally subject to the Award, multiplied by (ii) the number of whole months between the Grant Date (or if the Grant Date occurred more than two years prior to the date of Retirement, Disability or death, the second anniversary of the Grant Date) and the date of Retirement, Disability or death, divided by (iii) 24.
- b. Performance Share Awards. Notwithstanding any provision contained herein or in the Plan or the Performance Share Agreement to the contrary, if a Participant who has been in the continuous employment of the Company or an Affiliate since the Grant Date of a Performance Share

Award ceases to be a bona fide employee of the Company or an Affiliate as a result of Retirement, Disability or death, then at the end of the performance period the restrictions shall lapse as to the number of Share Equivalents equal to: (i) the number of Performance Shares vested in accordance with the performance objectives established by the Administrator for the Award, multiplied by (ii) the number of whole months between the Grant Date and the date of Retirement, Disability or death, divided by (iii) the number of months in the performance period.

- C. Dividends, Dividend Equivalents, and Business Transactions. Upon cash dividends being paid on outstanding shares of ABM common stock, dividends shall be paid with respect to Restricted Stock during the Restriction Period and shall be converted to additional shares of Restricted Stock, which shall be subject to the same restrictions as the original Award for the duration of the Restriction Period. Upon cash dividends being paid on outstanding shares of ABM common stock, dividend equivalents shall be credited in respect of Restricted Stock Units and Performance Shares, which shall be converted into additional Restricted Stock Units or Performance Shares, which will be subject to all of the terms and conditions of the underlying Restricted Stock Unit Award or Performance Share Award, including the same vesting restrictions as the underlying Award. Upon stock dividends being paid on outstanding shares of ABM common stock or a Business Transaction, the Administrator is authorized to take such actions and make such changes with respect to outstanding Awards, including the performance criteria for the termination of restrictions on Awards, as are consistent with the Plan and this Statement of Terms and Conditions to effect the terms of the Awards.
- D. Election to Recognize Gross Income in the Year of Grant. If any Participant validly elects within thirty days of the Grant Date, to include in gross income for federal income tax purposes an amount equal to the Fair Market Value of the Shares of Restricted Stock granted on the Grant Date, such Participant shall pay to the Company, or make arrangements satisfactory to the Administrator to pay to the Company in the year of such grant, any federal, state or local taxes required to be withheld with respect to such shares in accordance with Section VII.F.
- E. No Shareholder Rights for Restricted Stock Units or Performance Shares. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Share Equivalents subject to a Restricted Stock Unit Award or Performance Share Award except to the extent that a stock certificate has been issued with respect to such Shares upon the payment of any vested Restricted Stock Unit Award or Performance Share Award.
- F. Time of Payment of Restricted Stock Units and Performance Shares.
 - 1. Subject to Section (IV)(F)(2) below, upon the lapse of the restriction imposed on Restricted Stock Unit Awards or Performance Share Award, all Restricted Stock Units and Performance Shares that were not forfeited pursuant to Sections IV.B. 1 or V shall be paid to the Participant as soon as reasonably practicable after the

restrictions lapse but not later than 75 days following the date on which the restrictions lapse. Payment shall be made in Shares in the form of a stock certificate. The foregoing notwithstanding, the Participant may elect to defer payment of the Restricted Stock Units in the manner described in Section IV.G;

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

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

V. SPECIAL FORFEITURE AND REPAYMENT RULES

Any other provision of this Statement of Terms and Conditions to the contrary notwithstanding, if the Administrator determines that a Participant has engaged in conduct which constitutes Cause prior to, or during the 12 month period following, the exercise of an Option or the vesting of an Award, the consequences set forth in Section 16 of the Plan govern and the following consequences shall apply:

- A. Any outstanding Option shall immediately and automatically terminate, be forfeited and shall cease to be exercisable, without limitation. In addition, any shares of Restricted Stock, Restricted Stock Units or Performance Shares as to which the restrictions have not lapsed shall immediately and automatically be forfeited, all of the rights of the Participant to such shares or share equivalents shall immediately terminate, and any Restricted Stock shall be returned to the Company.
- B. Any exercise of an Option during the period beginning 12 months prior to through 24 months after the Participant's termination of employment with the Company or an Affiliate shall be rescinded and all outstanding Awards shall be canceled up to 24 months after the Participant's termination of employment with the Company or an Affiliate. The Participant shall deliver to the Company the Shares received by the Participant upon

exercise of an Option if such exercise has been rescinded and the Shares retained by the Participant.

- C. The lapse of restrictions on or vesting of Restricted Stock, Restricted Stock Units, or Performance Shares that have vested or upon which the restrictions have lapsed during the period beginning 12 months prior to through 24 months after the Participant's termination of employment with the Company or an Affiliate shall be rescinded and all outstanding Awards shall be cancelled up to 24 months after the Participant's termination of employment with the Company or an Affiliate. The Participant shall deliver to the Company the Shares delivered upon vesting or lapse of restrictions if such vesting or lapse of restrictions has been rescinded and the Shares retained by the Participant.
- D. The Participant shall pay over to the Company the proceeds (less the Participant's purchase price, if any) received by the Participant upon (1) the sale, transfer or other transaction involving the Shares acquired upon the exercise of any Option exercised during the period beginning 12 months prior to through 24 months after the Participant's termination of employment with the Company or an Affiliate or (2) the sale, transfer or other transaction involving the Shares acquired upon the vesting of any Award or lapse of restrictions on any Award within 12 months prior to through 24 months after the Participant's termination of employment with the Company or an Affiliate in such manner and on such terms and conditions as may be required, and, without limiting any other remedy the Company or an Affiliate may have, the Company shall be entitled to set-off against the amount of any such proceeds any amount owed the Participant by the Company or an Affiliate to the fullest extent permitted by law.

The Administrator shall determine in its sole discretion whether the Participant has engaged in conduct that constitutes Cause.

Any provision of Section 16 of the Plan and this Section V which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section V.

VI. CHANGE IN CONTROL

- A. Effect of Change in Control on Options. Subject to the limitations set forth in Section VI.C, in the event of a Change in Control, the surviving, continuing, successor, or purchasing Company or other business entity or parent thereof, as the case may be (the "Acquiror") may, without the consent of any Participant, either assume or continue the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options covering the Acquiror's stock. Options that are so assumed, continued or substituted in connection with a Change in Control shall, to the extent not previously vested and exercisable, become fully vested and exercisable immediately upon the Participant's termination of employment without Cause following

the Change in Control. Any Options granted one year or more prior to the Change in Control that are not assumed, continued or substituted by the Acquiror in connection with the Change in Control shall, contingent on the Change in Control, become fully vested and exercisable immediately prior to the Change in Control. Any Option granted less than one year prior to the Change of Control that is not assumed, continued or substituted by the Acquiror in connection with the Change in Control shall, to the extent not previously vested and exercisable, become vested and exercisable immediately prior to the Change in Control as to the number of Shares subject to such Option equal to (i) the number of Shares originally subject to such Option, multiplied by (ii) the number of whole months between the Grant Date and the Change in Control, divided by (iii) the number of months between the Grant Date and the date on which all Shares originally subject to such Option would have been fully vested and exercisable; and such Option shall terminate with respect to all remaining Shares subject to such Option.

- B. Effect of Change in Control on Awards Other than Options. Subject to the limitations set forth in Section VI.C, in the event of a Change in Control, the Acquiror may, without the consent of any Participant, either assume or continue the Company's rights and obligations under outstanding Awards other than Options or substitute for such Awards substantially equivalent awards covering the Acquiror's stock. Any Awards other than Options that are so assumed, continued or substituted in connection with a Change in Control shall, to the extent not previously vested or to the extent then subject to restrictions, become fully vested and all restrictions shall be released immediately upon the Participant's termination of employment without Cause following the Change in Control. Any Awards other than Options granted one year or more prior to the Change in Control that are not assumed, continued or substituted by the Acquiror in connection with the Change in Control shall, upon the Change in Control, become fully vested and all restrictions shall be released immediately prior to the Change in Control. Restricted Unit Awards and Performance Share Awards granted one year or more prior to such Change in Control also shall become immediately payable. Any Awards other than Options granted less than one year prior to the Change in Control that are not assumed, continued or substituted by the Acquiror in connection with the Change in Control shall, immediately prior to the Change of Control, become vested and all restrictions shall to the extent not previously released be released with respect to the number of Shares equal to (i) the number of Shares originally subject to such Award, multiplied by (ii) the number of whole months between the Grant Date and the Change in Control, divided by (iii) the number of months between the Grant Date and the date on which the restrictions on such Award would otherwise have terminated. To the extent such restrictions are released, Restricted Unit Awards and Performance Share Awards also shall become immediately payable. Awards shall terminate to the extent such Awards do not become vested and restrictions do not terminate. Notwithstanding anything in this Section VI.B to the contrary, if the Change in Control does not constitute a "change in effective ownership or control" of the Company within the meaning of Code Section 409A, the Restricted Stock Units and Performance Shares granted pursuant to this Statement of Terms and Conditions will vest as provided in this Section VI.B, but will be payable to the Participant in accordance with the provisions of Section IV.

- C. Excess Parachute Payments. Subject to a Severance Agreement between the Participant and the Company approved by the Board of Directors or the Compensation Committee, if any amount or benefit to be paid or provided under an Award or any other agreement between a Participant and the Company would be an Excess Parachute Payment but for the application of this sentence, then the payments and benefits to be paid or provided under the Award and any other agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment. The determination of whether any reduction in such payments or benefits to be provided under the Award or any other agreement or otherwise is required pursuant to the preceding sentence will be made at the expense of the Company by independent accountants or the Company's benefits consultant. The fact that the Participant's right to payments or benefits may be reduced by reason of the limitations contained in this paragraph will not of itself limit or otherwise affect any other rights of the Participant under any other agreement. In the event that any payment or benefit intended to be provided is required to be reduced pursuant to this paragraph, the Participant will be entitled to designate the payments and/or benefits to be so reduced in order to give effect to this paragraph. The Company will provide the Participant with all information reasonably requested by the Participant to permit the Participant to make such designation. In the event that the Participant fails to make such designation within 10 business days after receiving notice from the Company of a reduction under this paragraph, the Company may effect such reduction in any manner it deems appropriate.

VII. MISCELLANEOUS

- A. No Effect on Terms of Employment. Subject to the terms of any employment contract entered into by the Company and a Participant to the contrary, the Company (or an Affiliate which employs him or her) shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever.
- B. Grants to Participants in Foreign Countries. In making grants to Participants in foreign countries, the Administrator has the full discretion to deviate from this Statement of Terms and Conditions in order to adjust Awards under the Plan to prevailing local conditions, including custom and legal and tax requirements.
- C. Information Notification. Any information required to be given under the terms of an Award Agreement shall be addressed to the Company in writing by mail, overnight delivery service, or by electronic transmission to the Senior Vice President, Human Resources and the Assistant Vice President & Director of Compensation. Any notice to be given to a Participant shall be given in writing by mail, overnight delivery service, or by electronic transmission.
- D. Administrator Decisions Conclusive. All decisions of the Administrator administering the Plan upon any questions arising under the Plan, under this Statement of Terms and Conditions, or under an Award Agreement, shall be conclusive.

- E. No Effect on Other Benefit Plans. Nothing herein contained shall affect a Participant's right to participate in and receive benefits from and in accordance with the then current provisions of any pensions, insurance or other employment welfare plan or program offered by the Company.
- F. Withholding. Each Participant shall agree to make appropriate arrangements with the Company and his or her employer for satisfaction of any applicable federal, state or local income tax withholding requirements or payroll tax requirements. If approved by the Company at the time of exercise, such arrangements may include an election by a Participant to have the Company retain some portion of the Stock acquired pursuant to exercise of an Option to satisfy such withholding requirements. The election must be made prior to the date on which the amount to be withheld is determined. If a qualifying election is made, then upon exercise of an Option, in whole or in part, the Company will retain the number of Shares having a value equal to the amount necessary to satisfy any withholding requirements. Calculation of the number of Shares to be withheld shall be made based on the Fair Market Value of the Stock. In no event, however, shall the Company be required to issue fractional shares of Stock. The Administrator shall be authorized to establish such rules, forms and procedures as it deems necessary to implement the foregoing.
- With respect the vesting of an Award other than an Option, if the Participant does not make an arrangement with Company and his or her employer for satisfaction of the applicable income and withholding requirements or social security requirements in advance of the vesting date, the Company shall retain the number of Shares (that otherwise would have been payable to the Participant) having a value equal to the amount necessary to satisfy any withholding requirements. Calculation of the number of such Shares shall be as described above.
- G. Successors. This Statement of Terms and Conditions and the Award Agreements shall be binding upon and inure to the benefit of any successor or successors of the Company. "Participant" as used herein shall include the Participant's Beneficiary.
- H. Governing Law. The interpretation, performance, and enforcement of this Statement of Terms and Conditions and all Award Agreements shall be governed by the laws of the State of Delaware.

ABM INDUSTRIES INCORPORATED
STATEMENT OF TERMS AND CONDITIONS APPLICABLE
TO OPTIONS, RESTRICTED STOCK AND RESTRICTED STOCK UNITS
GRANTED TO DIRECTORS PURSUANT TO
THE 2006 EQUITY INCENTIVE PLAN
(As Amended and Restated June 3, 2008)

I. INTRODUCTION

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

II. DEFINITIONS

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

- A. “Grant Date” means the date the Administrator grants the Award.
- B. “Option Period” means the period commencing on the Grant Date of an Option and, except as otherwise provided in Section III.E, ending on the Termination Date.
- C. “Retirement” means the voluntary termination of service by a non-employee Director at (i) age 65 or older or (ii) age 55 or older at a time when age plus years of service equals or exceeds 65.
- D. “Termination Date” means the date that an Option expires as set forth in the Option Agreement.

III. OPTIONS

- A. Option Notice and Agreement. An Option granted under the Plan shall be evidenced by an Option Agreement setting forth the terms and conditions of the Option and the number of Shares subject to the Option. Each Option Agreement shall incorporate by reference and be subject to this Statement of Terms and Conditions and the terms and conditions of the Plan.
 - B. Exercise Price. The per Share Exercise Price of an Option, as specified in the Option Agreement, shall be equal to or greater than the per Share Fair Market Value of the Shares underlying the Option on the Grant Date.
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C. Option Period. An Option shall be exercisable only during the applicable Option Period, and during such Option Period the exercisability of the Option shall be subject to the vesting provisions of Section III.D as modified by the rules set forth in Sections III.E and V. The Option Period shall be not more than seven years from the Grant Date.

D. Vesting of Right to Exercise Options.

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

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

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

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

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

- a. cash or a certified check, bank draft, postal or express money order payable to the order of the Company in lawful money of the United States;
- b. if approved by the Company at the time of exercise, personal check of the Participant;
- c. if approved by the Company at the time of exercise, a "net exercise" pursuant to which the Company will not require a payment of the exercise price from the Participant but will reduce the number of Shares issued

upon the exercise by the largest number of whole Shares that has a Fair Market Value that does not exceed the aggregate exercise price. With respect to any remaining balance of the aggregate exercise price, the Company shall accept a payment in a form identified in (a) or (b) of this section;

- d. if approved by the Company at the time of exercise, by tendering to the Company or its authorized representative Shares which have been owned by the Participant for at least six months prior to said tender, and having a fair market value, as determined by the Company, equal to the Exercise Price; or
- e. if approved by the Company at the time of exercise, delivery (including by FAX transmission) to the Company or its authorized representative of an executed irrevocable option exercise form together with irrevocable instructions to an approved registered investment broker to sell Shares in an amount sufficient to pay the Exercise Price and to transfer the proceeds of such sale to the Company.

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

- G. Limitations on Transfer. An Option shall, during a Participant's lifetime, be exercisable only by the Participant. No Option or any right granted under the Plan shall be transferable by the Participant by operation of law or otherwise, other than as set forth in the Plan. In the event of any attempt by a Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of an Option or of any right under the Plan, except as provided herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the affected Option by notice to the Participant and the Option shall thereupon become null and void.
- H. No Shareholder Rights. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Shares subject to an Option except to the extent that an Option has been exercised.

IV. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

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

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

1. Restrictions. Until the restrictions imposed on any Restricted Stock Award or Restricted Stock Unit Award shall lapse, shares of Restricted Stock or Restricted Stock Units granted to a Participant: (a) shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of, and (b) shall, if the Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) from the Company for any reason (except as otherwise provided in the Plan or in Sections IV.B.2 or V) be returned to the Company forthwith, and all the rights of the Participant to such Shares or Restricted Stock Units shall immediately terminate. A Participant shall not be permitted to sell, transfer, pledge, assign or encumber such Restricted Stock or Restricted Stock Units, other than pursuant to a qualified domestic relations order as defined in the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act. If a Participant experiences a "separation from service" (within the meaning of Section 409A of the Code) (except as otherwise provided in the Plan or in Sections IV.B.2 or V prior to the lapse of the restrictions imposed on Restricted Stock or a Restricted Stock Unit Award), the unvested portion of the Restricted Stock or Restricted Stock Unit Award shall be forfeited to the Company, and all the rights of the Participant to such Award shall immediately terminate.

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

- C. Dividends or Dividend Equivalents. Upon dividends being paid on outstanding shares of ABM common stock, dividends shall be paid with respect to Restricted Stock during the Restriction Period and shall be converted to additional shares of Restricted Stock at the Fair Market Value on the date of payment, which shall be subject to the same restrictions as the original Award for the duration of the Restricted Period. Upon dividends being paid on outstanding shares of ABM common stock, dividend equivalents shall be credited in respect of Restricted Stock Units, which shall be converted into additional Restricted Stock Units at the Fair Market Value on the date of payment, which will be subject to all of the terms and conditions of the underlying Restricted Stock Unit Award, including the same vesting restrictions as the underlying Award.
- D. No Shareholder Rights for Restricted Stock Units. Neither a Participant nor any person entitled to exercise a Participant's rights in the event of the Participant's death shall have any of the rights of a shareholder with respect to the Share Equivalents subject to a Restricted Stock Unit Award except to the extent that restrictions have lapsed and Shares have been issued upon the payment of any vested Restricted Stock Unit Award.
- E. Time of Payment of Restricted Stock Units.
1. Subject to Section IV(E)(2) below, upon the lapse of the restriction imposed on Restricted Stock Unit Awards, all Restricted Stock Units that were not forfeited pursuant to Section IV(B)(1) shall be paid to the Participant as soon as reasonably practicable after the restrictions lapse but not later than 75 days following the date on which the restrictions lapse. Payment shall be made in Shares.
 2. To the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable pursuant to Section (IV)(F) of this Statement of Terms and Conditions during the six-month period immediately following a Participant's termination of employment shall instead be paid on the first business day after the date that is six months following the Participant's cessation of service as a director (or upon the Participant's death, if earlier).

V. CHANGE IN CONTROL

In the event of a Change in Control, all Options that are outstanding at the time of such Change in Control shall become 100% vested and immediately exercisable, all restrictions with respect to outstanding shares of Restricted Stock shall lapse, such Shares shall become 100% vested, and all outstanding Restricted Stock Unit Awards shall become 100% vested and immediately payable. Notwithstanding anything in this Section V to the contrary, if the Change in Control does not constitute a "change in effective ownership or control" of the Company within the meaning of Code Section 409A, the Restricted Stock Units granted pursuant to this

Statement of Terms and Conditions will vest as provided in this Section V, but will be payable to the Participant in accordance with the provisions of Section IV.

VI. MISCELLANEOUS

- A. Grants to Participants in Foreign Countries. In making grants to Participants in foreign countries, the Administrator has the full discretion to deviate from this Statement of Terms and Conditions in order to adjust Awards under the Plan to prevailing local conditions, including custom and legal and tax requirements.
- B. Information Notification. Any information required to be given under the terms of an Award Agreement shall be addressed to the Company in care of Senior Vice President, Human Resources, 160 Pacific Ave., Suite 222, San Francisco, CA 94111, and any notice to be given to a Participant shall be addressed to him or her at the address indicated beneath his or her name on the Award Agreement or such other address as either party may designate in writing to the other. Any such notice shall be deemed to have been duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified and deposited (postage or registration or certification fee prepaid) in a post office or branch post office regularly maintained by the United States.
- C. Administrator Decisions Conclusive. All decisions of the Administrator administering the Plan upon any questions arising under the Plan, under this Statement of Terms and Conditions, or under an Award Agreement, shall be conclusive.
- D. No Effect on Other Benefit Plans. Nothing herein contained shall affect a Participant's right to participate in and receive benefits from and in accordance with the then current provisions of any pensions, insurance or other employment welfare plan or program offered by the Company to its non-employee directors.
- E. Tax Payments. Each Participant shall agree to satisfy any applicable federal, state or local income taxes associated with an Award.
- F. Successors. This Statement of Terms and Conditions and the Award Agreements shall be binding upon and inure to the benefit of any successor or successors of the Company. "Participant" as used herein shall include the Participant's Beneficiary.
- G. Governing Law. The interpretation, performance, and enforcement of this Statement of Terms and Conditions and all Award Agreements shall be governed by the laws of the State of Delaware.

ABM INDUSTRIES INCORPORATED
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
PLAN DOCUMENT AS AMENDED AND RESTATED JUNE 3, 2008

Preamble

This plan is an unfunded arrangement for a select group of management or highly-compensated personnel of ABM Industries Incorporated ("ABM") and its subsidiaries. All rights under this Plan shall be governed by and construed in accordance with the laws of the State of California.

ARTICLE I

DEFINITIONS

Section 1.01 Section 1.01.

(a) "ABM" means ABM Industries Incorporated, a Delaware corporation, its Subsidiaries and its corporate successors.

(b) "Administrative Committee" means the committee of persons designated by the Compensation Committee with authority to manage and administer the operation of the Plan.

(c) "Beneficiary" means the person, institution or trust designated by the Participant pursuant to 3.05 below to receive the Participant's interest in the Plan after the Participant's death.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Compensation Committee" means the Compensation Committee of the Board of Directors of ABM Industries Incorporated.

(f) "Fiscal Year" or "Year" (unless otherwise specified) means ABM's fiscal year as now constituted or as it may be changed hereafter from time to time.

(g) "Participant" means an employee of ABM, or of a Subsidiary, designated by the Administrative Committee for participation in the benefits of the Plan, or a person who was such at the time of his resignation, termination, retirement or death and who retains, or whose Beneficiaries obtain, benefits under the Plan in accordance with its terms.

(h) "Payment Event" means a Participant's Retirement or in the event of earlier resignation, termination or death, the date the Participant attains or would have attained age 65.

(i) "Plan" means this Supplemental Executive Retirement Plan as it may be amended from time to time.

(j) "Retirement" means separation from service (within the meaning of Code Section 409A) at or after attaining age 65.

(k) "Supplemental Benefit" means the total amount allocated to the benefit of a Participant under the Plan.

(l) "Subsidiary," means a company of which ABM owns, directly or indirectly, at least a majority of the shares having voting power in the election of directors.

ARTICLE II

DESIGNATION OF PARTICIPANTS AND ALLOCATION OF TOTAL FUND

Section 2.01 The Administrative Committee shall at least once in each Fiscal Year irrevocably specify:

(a) The name of each employee who shall be entitled to participate in the Plan for such Year; and

(b) The amount to be allocated for the benefit of each Participant for such Year.

Effective December 31, 2002, there shall be no new Participants in the Plan and designations by the Administrative Committee shall be limited to allocations to active employees of ABM who are participants in the Plan.

Section 2.02 The amount to be allocated for the benefit of each Participant shall be determined in accordance with the terms of the most recent Grant Certificate in existence for each Participant, which Grant Certificates have been approved by the Administrative Committee. The Administrative Committee shall report to the Compensation Committee the amounts allocated and Participants for such Year.

ARTICLE III
FUTURE PAYMENTS

Section 3.01 The Administrative Committee shall cause an accrual account to be kept in the name of each Participant and each Beneficiary of a deceased Participant. The accrual account shall reflect the value of the Supplemental Benefits payable to such Participant or Beneficiary under the Plan.

Section 3.02 Until and except to the extent that Supplemental Benefits hereunder are distributed to the Participants or Beneficiaries from time to time in accordance with orders of the Administrative Committee, the interest of each Participant and Beneficiary herein is that of a general creditor of ABM and is contingent on and subject to forfeiture as provided in Section 3.06. Title to and beneficial ownership of any assets, whether cash or investments, which ABM may set aside or accrue to meet its obligations hereunder, shall at all times remain the property of ABM. No Participant or Beneficiary shall under any circumstances acquire any property interest in any specific assets of ABM.

Section 3.03 Upon resignation, termination, Retirement or death of a Participant, the value of the Supplemental Benefits payable to such Participant or Beneficiary shall be determined with reference to the accrual account maintained for such Participant.

Section 3.04 Payment of the amount allocated to a Participant shall be deferred until the occurrence of a Payment Event. If the Participant dies before receiving any or all of the payments due the Participant, any remaining amount shall be paid, but not before the Participant would have reached age 65, to the Beneficiary. After determining the value of the Supplemental Benefit for a Participant entitled to payment, the Administrative Committee shall arrange to pay 1/120th of the value of the account to the Participant or Beneficiary each month for a period of 10 years from the date of the Payment Event, subject to Section 5.01 of this Plan. There shall be no gains or losses allocated to the account during the 10 year period of payment.

Section 3.05 Each Participant shall have the right to designate a Beneficiary or Beneficiaries who are to succeed to his right to receive future payments hereunder in the event of his death. In case of a failure of designation or the death of a designated Beneficiary without a designated successor, distribution shall be made to the Participant's estate or trust, if a trust for such purpose is in existence. No designation of Beneficiary shall be valid unless in writing signed by the Participant, dated, and filed with the Administrative Committee. Beneficiaries may be changed without consent of any prior Beneficiaries.

Section 3.06 The right of a Participant or Beneficiary to receive future payments hereunder shall be vested at all times; provided, however, that such right shall be forfeited immediately upon the occurrence of either of the following events: If the Participant is

discharged from employment by ABM or a subsidiary for acts which, in the opinion of the ABM, constitute embezzlement of corporate funds or if, following the Participant's termination of employment, it is determined that he or she has embezzled corporate funds.

Section 3.07 Nothing contained herein shall be deemed to create a trust of any kind for the benefit of any Participant or Beneficiary, or create any fiduciary relationship. Funds accrued hereunder shall continue for all purposes to be a part of the general funds of ABM, and no person other than ABM shall, by virtue of the provisions of this Plan, have any interest in such funds. To the extent that any person acquires a right to receive payments from ABM under this Plan, such right shall be no greater than the right of any unsecured general creditor of ABM.

Section 3.08 The adoption of this Plan shall not confer upon any employee of ABM or any of its subsidiaries or Participant any right to continued employment, nor shall it interfere in any way with the right of ABM or any of its Subsidiaries to terminate the employment or change the compensation of any of its employees at any time.

ARTICLE IV

ADMINISTRATION

Section 4.01 The books and records to be maintained for the purpose of the Plan shall be maintained by the officers and employees of ABM at its expense and subject to the supervision and control of the Administrative Committee. ABM shall pay all expenses of administering the Plan.

Section 4.02 To the extent permitted by law, the right of any Participant or any Beneficiary in any benefit or to any payment hereunder shall not be subject in any manner to attachment or other legal process for the debts of such Participant or Beneficiary; and any such benefit or payment shall not be subject to anticipation, alienation, sale, transfer, assignment or encumbrance. In the event that the Plan is presented with an appropriate order from a family court or other court of competent jurisdiction dividing the right to benefits under this Plan or to receiving continuing payments under this Plan between the Participant and the Participant's spouse, the Administrative Committee shall establish such accounts and sub-accounts and make arrangement for such payments as the order may require. In no event shall the Plan be required to pay a benefit in a greater amount or earlier than would otherwise be required by the Plan for payments to the Participant.

Section 4.03 No member of the Compensation Committee or the Administrative Committee and no officer or employee of ABM shall be liable to any person for any action taken or omitted in connection with the administration of this Plan unless attributable to his own fraud or willful misconduct; nor shall ABM be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of ABM.

Section 4.04 The Administrative Committee shall establish procedures for handling claims for benefits under the Plan and appeals from denied claims.

ARTICLE V

CONDITIONS TO PAYMENT; CODE SECTION 409A

Section 5.01 Notwithstanding anything contained herein to the contrary, a Participant shall not be considered to have terminated employment with the Company for purposes of the Plan and no payments shall be due to a Participant under Section 3 of the Plan unless the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Code Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six-month period immediately following a Payment Event shall instead be paid on the first business day after the date that is six months following the occurrence of such Payment Event (or upon the Participant's death, if earlier).

ARTICLE VI

AMENDMENT OF PLAN

Section 6.01 The Compensation Committee, or to the extent provided below, the Administrative Committee may at any time modify or amend any or all of the provisions of the Plan. The Administrative Committee may amend the Plan to bring the Plan into compliance with applicable law or, to make such other changes as the Administrative Committee deems desirable, provided that such changes do not materially increase the cost of the Plan to ABM or take the Plan out of compliance with applicable law; and provided further that the Committee may not admit new participants to the plan or amend this Section 6.01.

Section 6.02 Notice of every such amendment shall be given in writing to each Participant and Beneficiary of each deceased Participant.

ARTICLE VII
ENTIRE AGREEMENT

This Supplemental Executive Retirement Plan Document and the most recently dated Grant Certificate delivered to a Participant and properly signed by an officer of ABM, shall supersede all prior plans, documents, agreements, offers, contracts or clauses, whether designated as "Executive Retirement", "Post Employment Consultancy" or by any other term, which refer to the benefit of such Participant which is the subject matter of this Plan Document.

Encls: SERP Grant Certificate
SERP Designation of Beneficiary Form

ABM Industries Incorporated
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
DESIGNATION OF BENEFICIARY

It is important that each Participant in the Company's Supplemental Executive Retirement Plan (SERP) designate a beneficiary for the payment of Plan benefits in the event of the Participant's death prior to a full distribution of benefits.

Please return a copy of this completed Designation of Beneficiary form to ABM Industries, Attn: Executive Compensation Administrative Committee, 160 Pacific Avenue, San Francisco, California 94111.

This form should be promptly updated by the Participant whenever there is a change of address or designated beneficiary.

SECTION I: PERSONAL INFORMATION

Name _____ Spouse's Name _____

SSN: _____ Company/Location _____

Home Address _____ City/State/Zip _____

SECTION II: DESIGNATION OF BENEFICIARY

Pursuant to the terms and conditions of the Plan, I hereby designate the following as my beneficiary(ies), to whom any benefits I may then have in the Plan may be paid upon my death. This designation supersedes any prior beneficiary designation made by me with respect to these benefits.

Primary: I name the following person(s) or entity(ies) as my Primary Beneficiary(ies):

Name: _____ SSN _____

Address _____

Name: _____ SSN _____

Address _____

Secondary: If my Primary beneficiary(ies) is (are) unable to receive this distribution, I Name the following Secondary person(s) or entity(ies) as my Secondary Beneficiary(ies):

Name: _____ SSN _____

Address _____

Name: _____ SSN _____

Address _____

I HEREBY CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT. THE COMPANY, PLAN ADMINISTRATIVE COMMITTEE AND ANY OTHER PERSONS ASSOCIATED WITH THE ADMINISTRATION OF THE PLAN ARE ENTITLED TO RELY ON THIS DOCUMENT AND SHALL BE FREE OF LIABILITY FOR ANY ACTION TAKEN UNDER THE PROVISIONS OF THE PLAN AND IN RELIANCE ON THIS DOCUMENT.

Participant's Signature/Date

Spouse's Signature/Date

Witness to Signatures: _____

ABM INDUSTRIES INCORPORATED
SERVICE AWARD BENEFIT PLAN
As Amended and Restated June 3, 2008

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ARTICLE 1

NAME, EFFECTIVE DATE, PURPOSE AND CONSTRUCTION

1.1 Plan Name. The Plan set forth in this document shall be designated the ABM Industries Incorporated Service Award Benefit Plan.

1.2 Effective Date. The Effective Date of this Plan was November 1, 1989. This document reflects amendments and changes made through April 6, 2005.

1.3 Purpose. The Plan is intended to qualify as a severance pay plan described in Department of Labor Regulations 2510.3-1 (a) (2) and 2510.3-2 (b) and is intended to be treated as a employee welfare plan under ERISA. The Plan is intended to provide benefits to terminating employees based upon their loyal and dedicated service to the Company and its Affiliates.

1.4 Construction. The following miscellaneous provisions shall apply in the construction of this Plan document:

(a) State Jurisdiction. All matters respecting the validity, effect, interpretation and administration of this Plan shall be determined in accordance with the laws of the State of California except where preempted by ERISA or other federal statutes.

(b) Gender. Wherever appropriate, words used in the singular may include the plural or the plural may be read as the singular, the masculine may include the feminine, and the neuter may include both the masculine and the feminine.

(c) Application of References to Law. All references to sections of ERISA, or the Internal Revenue Code, other federal or state statutes, any regulations or rulings thereunder, shall be deemed to refer to such sections as they may subsequently be modified, amended, replaced or amplified by any federal statutes, regulations or rulings of similar application and import enacted by the Government of the United States, any duly authorized agency of the United States Government, any State Government or duly authorized agency thereunder.

(d) Enforceable Provisions Remain Effective. If any provision of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Plan shall continue to be fully effective.

(e) Headings. Headings are inserted for reference only and constitute no part of the construction of this Plan.

1.5 Employment Relationship Not Affected. Nothing in this Plan document shall be deemed a contract between the Employer and any Employee, nor shall the rights or obligations of the Employer or any Employee to continue or terminate employment at any time be affected hereby.

ARTICLE 2

DEFINITIONS

2.1 "Account" means the aggregate of all records maintained by the Committee for purposes of determining a Participant's or Beneficiary's benefits under the Plan.

2.2 "Affiliated Employer" means any corporation which is so designated by the Board, which may include any corporation or business determined to be affiliated under Code Section 414 or any other corporation or business which is affiliated to some degree with the Employer.

2.3 "Award Date" means October 31, 1990, each succeeding October 31 and any other date elected by the Board at its discretion. Effective January 1, 1991, "Award Date" shall mean December 31, 1991 and each succeeding December 31.

2.4 "Beneficiary" means any person designated by a Participant.

2.5 "Board" shall mean the Board of Directors of the Employer.

2.6 "Code" means the Internal Revenue code of 1986, as amended (and regulations issued thereunder).

2.7 "Committee" means the Administrative Committee designated under Article 9.

2.8 "Compensation" for any calendar year means all amounts paid to the Employee and reported as wages on the Employee's form W-2 for the year for services rendered for the Employer or Affiliated Employers during the calendar year, and all amounts which an Employee elected to have the Employer or affiliated Employer contribute on his behalf to the ABM 401(k) Employee Savings Plan or the ABM Deferred Compensation Plan for the calendar year. Compensation in excess of \$175,000 shall not be considered in the calculation of benefits; provided, however, the \$175,000 limit shall not replace any limit in place for any year prior to 1996 under this Plan.

2.9 "Date of Eligibility" shall mean (1) for Eligible Employees hired after October 31, 1989, the date on which the Employee first performs any service for the Employer, (2) for Eligible Employees employed on or before October 31, 1989, November 1, 1989. Effective January 1, 1992, "Date of Eligibility" shall mean the January 1 following the date on which the Employee has Compensation in excess of \$50,000, or such other dollar amount as the Committee may from time to time announce.

2.10 "Date of Hire" shall mean the date on which the Employee becomes an employee of the Employer or an Affiliated Employer within the meaning of Code Section 3121(d).

2.11 "Disability" shall mean the Participant is (1) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (2) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer.

2.12 "Eligible Employee" shall have the meaning as defined in Article 3.

2.13 "Eligible Participant" shall mean:

(a) An Eligible Employee who was employed continuously throughout the Fiscal Year, or

(b) an Eligible Employee who terminated employment during the Fiscal Year due to death, disability or after having reached his Normal Retirement Date.

2.14 "Employee" means any person considered under the rules of common law or appropriate statute to be employed by the Employer or an Affiliated Employer, except:

(a) Employees whose wages are determined by collective bargaining agreements,

(b) Employee Employees who are receiving pension contributions under a union retirement plan, and

(c) Contract workers of the Employer or an Affiliated Employer who are employed to perform principally manual work, including but not limited to elevator operator, janitor, security worker, guard, window washer, stationary engineer, painter, warehouseman, driver, parking attendant, mechanic, electrician, laundry worker or service technician.

2.15 "Employer" means ABM Industries Incorporated, a Delaware corporation, and such of its successors or assigns as may expressly adopt this Plan and agree in writing to continue this Plan.

2.16 "Entry Date" means November 1, 1989, and each succeeding November 1. Effective January 1, 1991, "Entry Date" means January 1 and each succeeding January 1.

2.17 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.18 "Fiscal Year" means the accounting year of the Plan, which is the 12-month period ending October 31. Effective January 1, 1991, "Fiscal year" means the 12-month period ending December 31.

2.19 "Normal Retirement Date" means the date of the Participant's 62nd birthday.

2.20 "Participant" means any Employee who has entered the Plan and been credited with Service Award Benefits but has not yet had such benefits distributed.

2.21 "Plan" means the arrangement created by this document.

2.22 "Plan Administrator" means the Administrative Committee, discussed in Article 9.

2.23 "Service Award Benefit" means the benefit calculated under Section 4.2.

ARTICLE 3

ELIGIBILITY, PARTICIPATION AND BENEFICIARY DESIGNATION

3.1 Definitions.

(a) "Eligible Employee" means any Employee of the Employer or an Affiliated Employer whose Compensation is \$50,000 or greater in any calendar year. The \$50,000 dollar amount may be adjusted from time to time as the Plan Administrator may deem necessary. The foregoing notwithstanding, an Employee shall not be an Eligible Employee during any Fiscal Year the Employee is also eligible to receive contributions under or make 401(k) contributions to the ABM 401(k) Employee Savings Plan.

(b) There shall be no additional Eligible Employees designated after December 31, 2001.

3.2 Participation.

(a) Initial Participants. Employees who are Eligible Employees as of October 31, 1989 shall become Participants as of November 1, 1989.

(b) Newly Hired Employees. Employees who are hired after October 31, 1989, shall become Participants as of the first November 1, or such earlier date, after certification by the Committee that the Employee is an Eligible Employee. Employees hired

after January 1, 1991 shall become Participants as of the first January 1, or such earlier date, after certification by the Committee that the Employee is an Eligible Employee.

(c) Other Employees. Other Employees shall become Participants as of the first November 1, or such earlier date, after certification by the Committee that the Employee is an Eligible Employee. Effective January 1, 1991, the November 1 participation date in this Article shall be changed to January 1.

(d) Rehired Employees. A rehired Employee shall be treated as an Employee hired after October 31, 1989, unless the Employee was a Participant in the Plan. Section 2.16 of the Plan notwithstanding, former Plan Participants shall renew their participation in the Plan as of the July 1 or January 1 coinciding with or next following their date of rehire provided they are otherwise eligible for the Plan.

3.3 Beneficiary Designation.

(a) Designation Procedure. Each Eligible Employee, upon becoming a Participant shall designate a Beneficiary or Beneficiaries to receive benefits under the Plan after his death. A Participant may change his beneficiary designation at any time. Each beneficiary designation shall be in a form prescribed by the Committee and will be effective only when filed with the Committee during the Participant's lifetime. Each beneficiary designation filed with the Committee will cancel all previously filed Beneficiary designations.

(b) Lack of Designation. In the absence of a valid designation, the Participant's benefits under the Plan shall be distributed to the Participant's surviving spouse, or if there is no surviving spouse to the Participant's estate.

3.4 Committee Determines Eligibility. Compliance with the eligibility requirements shall be determined by the Committee, which shall also inform each Eligible Employee of his becoming a Participant. The Committee shall provide each participant with a summary plan description in compliance with ERISA and regulations thereunder.

ARTICLE 4

BENEFITS

4.1 Credits for Service Award Benefits.

(a) On each Award Date, commencing October 31, 1990, the Board shall Credit the Account of each Eligible Participant with 7 days, to be used in the calculation of Benefits under Article 4.2. For the short Fiscal Year beginning October 1, 1991 and ending

December 31, 1991, the Board shall determine the number of days to be credited to each Eligible Participant, if any.

(b) In addition to (a) above, on each Award Date, commencing October 31, 1990, the Board may, in its sole discretion, designate an additional number of days to be credited to the Account of each Eligible Participant.

(c) If an employee reenters the Plan on July 1 of any year, the Employee/Participant shall be to 1/2 the number of days awarded under (a) and (b) above to other Employees who participated for the entire year.

4.2 Calculation of Service Award Benefit. Upon termination of employment, the Committee shall determine the benefit payable to the Participant. The benefit shall be equal to the number of days credited to the Account of the eligible Employee multiplied by the average annual Compensation received in the three full calendar years of full-time employment preceding the year of termination converted to a daily rate of pay. For purposes of this calculation, a year shall consist of 260 days.

4.3 Limitation on Benefits. In no event shall the benefits payable under this Plan combined with the benefits under the severance pay plan of the Employer, as described in Chapter 3, III, (b) of the ABMI Personnel Policy and Procedure Manual, as it may be amended or revised from time to time, exceed two times the Compensation received by the Participant in the twelve month period preceding the Participant's termination from employment.

ARTICLE 5

FORFEITURES OF BENEFITS

5.1 Forfeiture for Short Service. A Participant who terminates employment prior to completing 5 full years of service, measured from the Employee's Date of Hire, for the Employer or an Affiliated Employer shall forfeit all benefits under this Plan. A Participant will be credited with one year of service for each 12 month period of continuous employment with the Employer or an Affiliated Employer.

5.2 Exceptions.

(a) Death. Notwithstanding Article 5.1 above, a Participant's benefits under this Plan shall not be forfeitable if the termination of employment is due to the death of the Participant.

(b) Disability. Notwithstanding Article 5.1 above, a Participant's benefits under this Plan shall not be forfeitable upon a finding by the Committee that the Participant's termination of employment is due to Disability defined in Article 2.11.

(c) Normal Retirement. Notwithstanding Article 5.1 above, a Participant's benefits under this Plan shall not be forfeited if the Participant's termination occurs after the Participant's Normal Retirement Date under this Plan.

(d) Notwithstanding Article 5.1 above, if a Participant's employment is terminated by action of the Employer as part of the divestiture of Amtech Elevator Services, the Participant's Account under the Plan shall become fully vested on the closing of the divestiture transaction.

5.3 Unallocatable Participants. If all or any portion of a Participant's benefits become payable under this Plan, and the Committee after a reasonable search cannot locate the Participant or his Beneficiary (if such Beneficiary is entitled to payment) the Account shall be Forfeited as of the end of the third Fiscal Year following the Participant's termination from employment.

5.4 Forfeiture for Cause. A Participant who is terminated from employment because of theft, defalcation, or embezzlement from the Employer, an Affiliated Employer, or a customer or client of either the Employer or an Affiliated Employer, shall forfeit all benefits under this Plan.

ARTICLE 6

PARTICIPANTS ACCOUNTS

6.1 Service Award Account. The Committee shall maintain an accounting of the number of days and weeks, or portions thereof, awarded to each Participant along with a record of the Compensation received by the Participant for the current calendar year and the two preceding calendar years.

6.2 Statement of Accounts. At least annually, the Committee will provide the Participant with a statement of the status of the Participant's Account and the record of Compensation in that Account. In the event of any error, the Participant is entitled to request the Committee to correct either the number of days or weeks credited, or the Compensation credited.

ARTICLE 7

DISTRIBUTION OF BENEFITS

7.1 General. Benefits under the Plan are paid solely from the assets of the Employer. This Plan document grants the Participants no greater right to the assets of the Employer and Affiliated Employers than that enjoyed by any unsecured creditor of the Employer and Affiliated employers.

7.2 Administrative Rules.

(a) Authority. Distributions to Participants shall be made only in accordance with the directions of the Committee, which shall be governed by the terms of this Plan documents.

(b) Claims. A Participant's Beneficiary has the right to file a claim for benefits as set forth in Article 9.7.

7.3 Timing and Amount of Distributions. Subject to Section 7.4, below, a Participant shall receive his or her benefits in a single lump payment soon as administratively feasible following the termination of employment by the Participant, but in no event later than 90 days following such termination.

7.4 Conditions to Distributions; Code Section 409A. Notwithstanding anything contained herein to the contrary, a Participant shall not be considered to have terminated employment with the Company for purposes of the Plan and no payments shall be due to a Participant under this Section 7 unless the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Code Section 409A. To the extent required in order to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six-month period immediately following a Participant's termination of employment shall instead be paid on the first business day after the date that is six months following the Participant's termination of employment (or upon the Participant's death, if earlier).

ARTICLE 8

FIDUCIARY RESPONSIBILITY

8.1 Named Fiduciary. The authority to control and manage the operation and administration of the Plan shall be allocated between the Employer, the Affiliated Employer and the Committee, all of whom are named fiduciaries under ERISA.

8.2 Fiduciary Standards. Each fiduciary shall discharge its duties with respect to the Plan solely in the interest of the Participants and Beneficiaries as follows:

(a) For the exclusive purpose of providing benefits to Participants and their Beneficiaries;

(b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) In accordance with the Plan document.

8.3 Fiduciaries Liable for Breach of Duty. A fiduciary shall be liable, as provided in ERISA, for any breach of his fiduciary responsibilities. In addition, a fiduciary under this Plan shall be liable for a breach of fiduciary responsibility of another fiduciary under this Plan as provided under ERISA Section 405.

8.4 Fiduciary May Employ Agents. Any person or group of persons may serve in more than one fiduciary capacity with regard to the Plan. A fiduciary, with the consent of the Employer, may employ one or more persons to render advice and assistance with regard to any function such fiduciary has under the Plan. The expenses of such persons shall be paid by the Employer.

8.5 Authority Outlined.

(a) Employer Authority. The Employer has the authority to amend and terminate the Plan, and to appoint and remove members of the Committee.

(b) Committee Authority. The Committee has the authority to:

- (i) Maintain the records of Accounts of the Participants;
- (ii) Furnish and correct errors in statements of Accounts;
- (iii) Establish the standards for determining Disability under the Plan;
- (iv) Construe the Plan document and questions thereunder; and
- (v) Employ advisors and assistants.

8.6 Fiduciaries Not to Engage in Prohibited Transactions. A fiduciary shall not cause the Plan to engage in a transaction if he knows or should know that such transaction constitutes a prohibited transaction under ERISA Section 406 or code Section 4975, unless such transaction is exempted under ERISA Section 408 or Code Section 4975.

ARTICLE 9

ADMINISTRATIVE COMMITTEE

9.1 Appointment of Administrative Committee. The Compensation Committee of the Board of Directors of Employer shall appoint an Administrative Committee to manage and administer this Plan in accordance with the provisions hereof, each member to serve

for such term as the Compensation Committee of the Board of Directors of Employer may designate or until a successor member has been appointed or until removed by the Compensation Committee of the Board of Directors of Employer. Members shall serve without compensation for committee services. All reasonable expenses of the Committee shall be paid by the Employer.

9.2 Committee Operating Rules. The Committee shall act by agreement of a majority of its members, either by vote at a meeting or in writing without a meeting. By such action, the Committee may authorize one or more members to execute documents on its behalf. In the event of a deadlock or other situation which prevents agreement of a majority of the Committee members, the matter shall be decided by the Employer.

9.3 Duties of Plan Administrator. The Committee is the Plan Administrator under ERISA and shall have the duty and authority to comply with the reporting and disclosure requirements of ERISA which are specifically required of the Plan Administrator.

9.4 Duties of the Committee. The Committee shall keep on file a copy of this Plan, including any subsequent amendments and the latest annual report required under Title I of ERISA for examination by Participants during the business hours.

9.5 Committee Powers. The Committee has the power and duty to do all things necessary or convenient to effect the intent and purpose of this Plan, whether or not such powers and duties are specifically set forth herein. Not in limitation but in amplification of the foregoing, the Committee shall have the power to construe the Plan document and to determine all questions hereunder. Decisions of the Committee made in good faith upon any matters within the scope or its authority shall be final and binding on the Employer, the Affiliated Employers, the Participants, their Beneficiaries and all others. The Committee shall at all times act in a uniform and nondiscriminatory manner in making and carrying out its decisions, and may from time to time prescribe and modify uniform rules of interpretation and administration.

9.6 Committee May Retain Advisors. With the approval of the Employer, the Committee may from time to time or on a continuing basis, retain such agents and advisors including, specifically, attorneys, accountants, actuaries, consultants and administrative assistants, as it considers necessary to assist it in the proper performance of its duties. The expenses of such agents or advisors shall be paid by the Employer.

9.7 Claims Procedure.

(a) Claims Must Be Submitted Within 60 Days. The Committee shall determine Participants' and Beneficiaries' rights and benefits under the Plan. In the event of a dispute over benefits, a Participant or Beneficiary may file a written claim for benefits with the Committee, provided that such claim is filed within 60 days of the date the Participant or Beneficiary receives notification of the Committee's determination.

(b) Requirements for Notice of Denial. If a claim is wholly or partially denied, the Committee shall provide the claimant, setting forth:

- (i) The specific reason for the denial;
- (ii) Specific references to the pertinent provisions on which the denial is based;
- (iii) A description of any additional material or information necessary for the claimant to perfect the claim with an explanation of why such material or information is necessary; and

(iv) Appropriate information as to the steps to be taken if the claimant wishes to submit his or her claim for review. The notice of denial shall be given within a reasonable time period but not later than 90 days of the date the claim is filed, unless special circumstances require an extension of time for processing the claim. If such extension is required, written notice shall be furnished to the claimant within 90 days of the date the claim was filed stating the special circumstances requiring an extension of time and the date by which a decision on the claim can be expected, which shall be no more than 180 days from the date the claim was filed. If no notice of denial is provided as herein described, the claimant may appeal the claim as though the claim had been denied.

(c) Claimant's Rights if Claim Denied. The claimant and/or his representative may appeal the denied claim and may:

- (i) Request a review upon written request to the Committee;
- (ii) Review pertinent documents; and
- (iii) Submit issues and comments in writing; provided that such appeal is made within 60 days of the date the claimant received notification of the denied claim.

(d) Time Limit on Review of Denied Claim. Upon receipt of a request for review, the committee shall provide written notification of its decision to the claimant stating the specific reasons and referencing specific Plan provisions on which its decision is based, within a reasonable time period but not later than 60 days after receiving the request, unless special circumstances require an extension for processing the review. If such an extension is required, the Committee shall notify the claimant of such special circumstances and of the date, no later than 120 days after the original date the review was requested, on which the Committee will notify the claimant of its decision.

(e) No Legal Recourse Until Claims Procedure Exhausted. In the event of any dispute over benefits under this Plan, all remedies available to the disputing individual under this Article 9.7 must be exhausted before legal recourse of any type is sought.

9.8 Committee Indemnification. To the fullest extent permitted by law, the Employer agrees to indemnify, to defend, and hold harmless the members of the Committee, individually and collectively, against any liability whatsoever for any (1) action taken or omitted by them in good faith in connection with this Plan or their duties hereunder, and (2) expenses or losses for which they may become liable as a result of any such actions or non-actions, unless resultant from their own willful misconduct. The Employer may purchase insurance for the Committee to cover any of their potential liabilities with regard to the Plan.

ARTICLE 10

AMENDMENT AND TERMINATION

10.1 Employer May Amend Plan. The Compensation Committee of the Board of Directors of Employer or to the extent provided below, the Administrative Committee, may at any time modify or amend any or all of the provisions of the Plan. The Administrative Committee may amend the Plan to bring the Plan into compliance with applicable law or, to make such other changes as the Administrative Committee deems desirable, provided that such changes do not materially increase the cost of the Plan to Employer or take the Plan out of compliance with applicable law; and provided further that the Committee may not admit new participants to the Plan or amend this Article 10.

10.2 Employer May Terminate Plan. The Employer has established the Plan with the bona fide intention and expectation that the Plan will continue indefinitely, but the Employer shall be under no obligation to maintain the Plan for any given length of time and the Compensation Committee of the Board of Directors of Employer may, in its sole discretion, terminate the Plan at any time (provided that such termination is done in accordance with Code Section 409A) without any liability, except as to the payment of benefits earned under this Plan prior to the date this Plan is terminated.

ABM EXECUTIVE OFFICER INCENTIVE PLAN**1. PURPOSE.**

The purpose of this ABM Executive Officer Incentive Plan (“Incentive Plan”) is to motivate and reward eligible employees for strong financial performance by making a portion of their cash compensation dependent on the pre-tax operating income of ABM Industries Incorporated.

2. DEFINITIONS.

Capitalized terms used in this Incentive Plan shall have the following meanings:

- (a) “Aggregate Fund” means three percent of the Pre-Tax Operating Income for the Award Year.
 - (b) “Award Year” shall mean the fiscal year of the Company.
 - (c) “CEO Committee” means a committee of independent directors that is designated by the Board of Directors to establish the compensation of the Chief Executive Officer of the Company.
 - (d) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.
 - (e) “Committee” means the Compensation Committee of the Board of Directors of the Company.
 - (f) “Company” means ABM Industries Incorporated.
 - (g) “Covered Employees” shall have the meaning assigned in Section 162(m), which employees generally include the Chief Executive Officer of the Company and any executive officer whose total compensation for the taxable year is required to be reported to stockholders under the Securities Exchange Act of 1934 by reason of such employee being among the four highest compensated officers for the taxable year (other than the Chief Executive Officer).
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- (h) "PIP" means the Company's executive performance incentive program as such program may be amended from time to time.
- (i) "Pre-Tax Operating Income" means income from continuing operations before income taxes as reported in the Company's Annual Report on Form 10-K for the Award Year.
- (j) "Section 162(m)" shall mean Section 162(m) of the Code and the regulations and guidance promulgated thereunder, as may be amended from time to time.
- (k) "Section 409A" shall mean Section 409A of the Code, and the regulations and guidance promulgated thereunder, as may be amended from time to time.

3. ADOPTION AND EFFECTIVE DATE.

This Incentive Plan was amended and restated by the Board of Directors of the Company on June 3, 2008, to ensure that the annual bonuses paid hereunder to Covered Employees are not subject to Section 409A and are deductible without limitations under Section 162(m). This Incentive Plan is subject to and will be effective upon stockholder approval, retroactive to the first day of the Award Year in which such approval is obtained.

4. ELIGIBLE EXECUTIVES.

The individuals eligible for bonus payments hereunder shall be the Covered Employees.

5. THE COMMITTEE AND THE CEO COMMITTEE.

The Committee shall consist of at least two outside directors of the Company who satisfy the requirements of Section 162(m). The CEO Committee shall consist of the members of the Committee and any additional outside directors of the Company designated by the Board of Directors of the Company who satisfy the requirements of Section 162(m). The Committee shall have the sole discretion and authority to administer and interpret this Incentive Plan in accordance with Section 162(m); provided however that awards to the Chief Executive Officer under this Incentive Plan shall be determined by the CEO Committee.

6. AWARDS UNDER THE PLAN.

Awards under the Plan shall be made in the sole discretion of the Committee; provided however that awards to the Chief Executive Officer under this Incentive Plan shall be determined by the CEO Committee. After the close of an Award Year, the CEO Committee shall determine the dollar amount of the award to be made to the Chief Executive Officer and the Committee shall determine the dollar amount of the award to be made to each other Covered Employee for that Award Year; provided, however, that the award amounts shall be subject to the following limitations:

- (a) The Aggregate Fund shall be set aside for awards to Covered Employees.
- (b) The maximum award payable to any one Covered Employee in the 2006 Award Year shall be the following:
 - (i) no more than 35% of the Aggregate Fund to the Chief Executive Officer of the Company;
 - (ii) no more than 20% of the Aggregate Fund to one additional Covered Employee;
 - (iii) no more than 15% of the Aggregate Fund to the third, fourth and fifth additional Covered Employees.

The aggregate awards to such Covered Employees shall not exceed 100% of the Aggregate Fund set forth in (a) above.

- (c) For Award Years after 2006, prior to the beginning of the Award Year, or at a later time as permitted by Section 162(m), the Committee shall establish maximum percentages of the Aggregate Fund to be awarded to each of the Covered Employees. In each Award Year, (i) the aggregate percentages of the Aggregate Fund awarded to such Covered Employees shall not exceed 100% of the Aggregate Fund set forth in (a) above for such Award Year and the percentage allocated to any Covered Employee will not exceed 40% of the Aggregate Fund.
- (d) The CEO Committee and the Committee in their sole discretion may reduce the awards authorized above for the Chief Executive and the other Covered Employees respectively. In determining the amount of any reduced bonus, the CEO Committee and the Committee reserve the right to apply objective criteria utilizing measures other than Pre-Tax Operating Income and/or to apply subjective, discretionary criteria (including but not limited to those measures and

criteria utilized under the PIP) to determine a reduced bonus amount. The Committee's exercise of discretion to reduce the award to any Covered Employee may not result in an increase in the amount payable to another Covered Employee.

- (e) The Committee shall specify the manner of adjustment of Pre-Tax Operating Income to the extent necessary to prevent dilution or enlargement of any award as a result of extraordinary events or circumstances, as determined by the Committee, or to exclude the effects of extraordinary, unusual, or non-recurring items; changes in applicable laws, regulations, or accounting principles; currency fluctuations; discontinued operations; non-cash items, such as amortization, depreciation, or reserves; asset impairment; or any recapitalization, restructuring, reorganization, merger, acquisition, divestiture, consolidation, spin-off, split-up, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction. Any adjustment pursuant to this Section 6(e) shall be done in accordance with Section 162(m).

7. PAYMENT OF BONUSES.

The bonuses payable hereunder shall be paid in lieu of any bonus payable under the Company's PIP. Except as otherwise provided in this Section 7, the bonuses payable hereunder shall be paid as soon as reasonably practicable after the amount thereof has been determined pursuant to Section 6, but in any event within ten days of the filing of the Annual Report on Form 10-K for the fiscal year for which the amount of the bonus is determined; provided, however, the bonus payable hereunder shall be paid no later than March 15th of the year following the end of the calendar year in which the bonus is earned. Notwithstanding the foregoing, a Covered Employee may elect to defer all or any portion of the bonus pursuant to the terms of the Company's Deferred Compensation Plan by making an election in the manner and within the time prescribed by the Deferred Compensation Plan and in compliance with Code Section 409A.

8. ADMINISTRATION.

Decisions and selections of the Committee and the CEO Committee shall be made by a majority of their members and, if made pursuant to the provisions of the Plan, shall be final.

9. INTERPRETATION AND SEVERABILITY.

The Plan is intended to comply with Section 162(m), and all provisions contained herein shall be construed and interpreted in a manner to so comply. In case any one or more of the provisions contained in the Plan shall for any reason be held to be invalid, illegal or

unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Plan, but the Plan shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

10. AMENDMENT OR TERMINATION.

The Board of Directors may terminate or suspend the Plan at any time. The Committee may amend the Plan at any time; provided that (i) to extent required under Section 162(m), the Plan will not be amended without approval of the Company's stockholders, (ii) no amendment shall be made to the roles and responsibilities of the CEO Committee without the approval of the Board of Directors, and (iii) no amendment shall retroactively and adversely affect the payment of any award previously made.

Executive Severance Pay Policy

The severance pay policy of ABM Industries Incorporated (the “Company”) provides financial benefits to eligible officers in the event of an involuntary termination of employment resulting from job elimination, reduction in force or certain other changes in the Company’s operations or organization, as defined in the policy. The policy is not intended to provide severance benefits for executives who have not met performance requirements or who are terminated for cause. The policy sets forth the circumstances in which severance pay is available, the requirements for receipt of severance pay and the amount of severance pay.

Business Situations

An officer may be part of a reduction in force or job elimination due to various changes in the Company’s operations and organization (excluding those caused by natural disaster or catastrophe), including, but not limited to:

- Relocation or dissolution of a part of the business
- Withdrawal from a segment of the market
- Elimination of one or more product or service lines
- Elimination, reduction or change in the need for specialized skills
- Organizational change such as business redesign, reorganization or consolidation
- Change in systems or technology
- Reduction in staffing levels
- Sale of any portion of the business, where a position at substantially the same pay level is not offered
- Significant involuntary reduction in the employee’s regularly scheduled work week, or
- Involuntary decrease in the employee’s regularly scheduled work week or employment classification that causes the employee to lose eligibility for medical benefits.

All reductions in force or job eliminations must be approved in advance by the business unit CEO or President and the ABM Senior Vice President of Human Resources.

Eligible Officers

Subject to the conditions set forth below, officers eligible for benefits under this policy are employees of the Company who are (1) officers of the Company elected by the Board of Directors and (2) the officers of the Company’s subsidiaries with the titles President, Executive Vice President, Regional Vice President, Vice President and Controller. A regular full-time or part-time employee who is an eligible officer is eligible for severance pay under provisions of this policy if the officer’s employment is terminated as a result of operational or organizational changes.

Individuals who are not regular employees of the Company and, therefore, are not eligible include but are not limited to:

- Temporary employees;
- Individuals on an unpaid leave of absence who have not been offered a position upon completion of the leave;
- Persons who are independent contractors.

Severance Pay

Officers who are provided with formal notice of eligibility for severance pay are eligible to receive severance pay, provided the officer signs a separation agreement and release, described below. Officers who have six months or more service with the Company are eligible for the following:

Level	Severance
ABM Executive Vice Presidents	18 months base pay and target bonus
Other Direct Reports to the CEO Business Unit Presidents other than ABM Executive Vice Presidents	12 months base pay and target bonus
Corporate Vice Presidents Business Unit Vice Presidents	9 months base pay
Corporate Assistant Vice Presidents	6 months base pay

Officers who have less than six months service with the Company will receive severance equal to six months base pay, provided the employee signs a separation agreement and release within 60 days following the officer's termination of employment.

In addition, the Company will pay the officer an amount equal to the Company portion of medical insurance for the length of the severance period, not to exceed eighteen months and the Company will pay the officer a prorated portion of the bonus, for the fraction of the fiscal year that has been completed prior to the date of termination, based on the Company's actual performance for the entire fiscal year. The pro-rated portion of the bonus shall be paid at such time as bonuses are paid to employees generally, but in no event later than March 15th of the year following the end of the fiscal year in which the bonus is no longer subject to a substantial risk of forfeiture.

Any severance payments in excess of the above listed amounts require advance approval of the Senior Vice President of Human Resources and the CEO or President of the business unit or their designee.

Except as set forth below, severance payments will be made in semi-monthly installments for the duration of the severance period.

For purposes of the above calculations:

- Base pay means annual base pay and does not include shift differentials, commissions, overtime or bonuses unless specified in the chart above.
- Length of service includes all service with the Company or its subsidiaries, including active service prior to acquisition.
- For officers who have terminated employment and been rehired, service prior to a break in service is included unless the prior break in service resulted in severance payments to the employee.

Benefits

Officers whose positions have been eliminated through a reduction in force or job elimination are eligible for COBRA coverage, in accordance with Company policy and federal regulations.

Separation Agreement

To receive severance pay under provisions of this policy, an eligible officer is required to execute a separation agreement and release within 60 days (or such shorter period as provided in the separation agreement) following the officer's termination of employment. The Human Resources Department and General Counsel's office will prepare all separation agreements. No payment will be made unless and until the separation agreement and release is signed and returned in accordance with the policy.

Section 409A

Notwithstanding the above, the officer shall not be considered to have terminated employment with the Company for purposes of this policy and no payments shall be due to the officer under this policy unless the officer would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Internal Revenue Code ("Section 409A"). Each amount to be paid or benefit to be provided under this policy shall be construed as a separate identified payment for purposes of Section 409A, and any payments described in the Severance Pay section of this policy that are due within the "short term deferral period" as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this policy during the six-month period immediately following the officer's termination of employment shall instead be paid on the first business day after the date that is six months following the officer's termination of employment (or upon the officer's death, if earlier). In addition, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, if the officer terminates employment after October 15th, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this policy prior to December 31st of the year in which the termination of employment occurs shall, subject to the previous sentence of this section, instead be paid on the

first business day following January 1st of the year following the officer's termination of employment.

Responsibilities

Manager To Whom The Officer Reports:

- Assess the case for change based on the business situation;
- Identify jobs/functions to be eliminated or consolidated;
- Review analysis and preliminary recommendations with Human Resources;
- Identify officer(s) to be affected;
- Seek CEO or business unit President approvals.

Human Resources

- Provide guidance to managers in identifying the jobs/functions to be eliminated and the affected officer(s);
- Participate in workforce analysis;
- Prepare termination materials for affected officer(s);
- Assist managers with the employee meeting(s) and communicate severance pay and other benefits and transition assistance to affected employee(s).

Office of General Counsel

- Provide guidance to managers pertaining to job eliminations or reductions in force;
- Prepare all separation agreements and releases.

Officer

- Review paperwork provided with notice of eligibility for severance pay;
- Determine whether to sign the separation agreement and release within the established time frame;
- Comply with terms of the severance agreement.

This policy is approved by the Chief Executive Officer in accordance with the approval of the ABM Severance Program for Executives by the Compensation Committee of the Board of Directors on June 3, 2008.

Executed the 3rd day of June, 2008

/s/ Henrik Slipsager

/s/ Erin Andre

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

I, Henrik C. Slipsager, certify that:

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

September 8, 2008

/s/ Henrik C. Slipsager

Henrik C. Slipsager
Chief Executive Officer
(Principal Executive Officer)

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

I, James S. Lusk, certify that:

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

September 8, 2008

/s/ James S. Lusk

James S. Lusk
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of ABM Industries Incorporated (the "Company") for the quarter ended July 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Henrik C. Slipsager, Chief Executive Officer of the Company, and James S. Lusk, Chief Financial Officer of the Company, each certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 8, 2008

/s/ Henrik C. Slipsager

Henrik C. Slipsager
Chief Executive Officer
(Principal Executive Officer)

September 8, 2008

/s/ James S. Lusk

James S. Lusk
Chief Financial Officer
(Principal Financial Officer)