



Third Quarter
Earnings Conference Call
September 1, 2010

Agenda

1

Introduction of Call Participants

2

Third Quarter 2010 Highlights

3

Financial Review

4

Operating Results

5

Fiscal 2010 Annual Guidance

Forward Looking Statement

This presentation contains forward-looking statements that set forth management's anticipated results based on management's current plans and assumptions. In addition, the financial results reported in this release continue to be subject to adjustment until filing of the Company's quarterly report on Form 10-Q for the quarter ended July 31, 2010. Any number of factors could cause the Company's actual results to differ materially from those anticipated. Factors that could cause actual results to differ include but are not limited to the following: (1) risks relating to our acquisition strategy may adversely impact our results of operations; (2) intense competition can constrain our ability to gain business, as well as our profitability; (3) we are subject to volatility associated with high deductibles for certain insurable risks; (4) an increase in costs that we cannot pass on to clients could affect our profitability; (5) we provide our services pursuant to agreements which are cancelable by either party upon 30 to 60 days' notice; (6) our success depends on our ability to preserve our long-term relationships with clients; (7) our transition to a shared services function could create disruption in functions affected; (8) we incur significant accounting and other control costs that reduce profitability; (9) a decline in commercial office building occupancy and rental rates could affect our revenues and profitability; (10) deterioration in economic conditions in general could further reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition; (11) the financial difficulties or bankruptcy of one or more of our major clients could adversely affect results; (12) our ability to operate and pay our debt obligations depends upon our access to cash; (13) because ABM conducts business operations through operating subsidiaries, we depend on those entities to generate the funds necessary to meet financial obligations; (14) certain future declines or fluctuations in the fair value of our investments in auction rate securities that are deemed other-than-temporarily impaired could negatively impact our earnings; (15) uncertainty in the credit markets and the financial services industry may impact our ability to collect receivables on a timely basis and may negatively impact our cash flow; (16) any future increase in the level of debt or in interest rates can affect our results of operations; (17) an impairment charge could have a material adverse effect on our financial condition and results of operations; (18) we are defendants in several class and representative actions or other lawsuits alleging various claims that could cause us to incur substantial liabilities; (19) since we are an attractive employer for recent émigrés to this country and many of our jobs are filled by such, changes in immigration laws or enforcement actions or investigations under such laws could significantly and adversely affect our labor force, operations and financial results and our reputation; (20) labor disputes could lead to loss of revenues or expense variations; (21) federal health care reform legislation may adversely affect our business and results of operations; (22) we participate in multi-employer defined benefit plans which could result in substantial liabilities being incurred; and (23) natural disasters or acts of terrorism could disrupt our services. Additional information regarding these and other risks and uncertainties the Company faces is contained in the Company's Annual Report on Form 10-K for the year ended October 31, 2009 and in other reports we file from time to time with the Securities and Exchange Commission. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-GAAP Financial Measures

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

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

Third Quarter 2010 Financial Highlights

(in millions, except per share data)	Quarter Ended			Nine Months Ended		
	July 31,		Increase (Decrease)	July 31,		Increase (Decrease)
2010	2009	2010		2009		
Revenues	\$ 869.0	\$870.6	(0.2)%	\$ 2,594.4	\$2,613.8	(0.7)%
Net cash provided by continuing operating activities	\$ 35.2	\$ 8.3	324.5 %	\$ 73.0	\$ 52.6	38.6 %
Net Income	\$ 21.0	\$ 12.3	70.8 %	\$ 42.3	\$ 39.3	7.8 %
Net income per diluted share	\$ 0.40	\$ 0.24	66.7 %	\$ 0.80	\$ 0.76	5.3 %
Adjusted EBITDA	\$ 45.9	\$ 37.8	21.5 %	\$ 108.0	\$ 104.2	3.6 %
Income from continuing operations	\$ 21.0	\$ 12.4	69.1 %	\$ 42.4	\$ 40.2	5.5 %
Income from continuing operations per diluted share	\$ 0.40	\$ 0.24	66.7 %	\$ 0.80	\$ 0.78	2.6 %
Adjusted income from continuing operations	\$ 22.0	\$ 18.6	18.0 %	\$ 47.9	\$ 48.0	(0.1)%
Adjusted income from continuing operations per diluted share	\$ 0.42	\$ 0.36	16.7 %	\$ 0.91	\$ 0.93	(2.2)%

Third Quarter 2010 Fiscal Highlights

- Met our expectations for the third quarter
- Q3 revenue flat
- Adjusted EBITDA up nearly 22% to \$45.9 million
 - One less day of labor expense accounted for \$3.6 million
 - SG&A expenses decrease over 15% due to cost controls and lower compensation costs
- Fiscal 2009 Third Quarter included \$1.8 million tax credit
- Cash Flow from continuing operations of \$35 million, up \$27million
- Integration of Diversco proceeding as planned
- Announced our 178th consecutive dividend

Third Quarter Financial Results (unaudited)

(in thousands)	Quarter Ended July 31,		Percent Change
	2010	2009	
Revenues	\$ 869,029	\$ 870,635	NM*
Operating expenses	776,224	782,449	
Selling, general and administrative	54,697	64,736	
Amortization of intangibles	2,782	2,952	
Operating profit	\$ 35,326	\$ 20,498	72.3%
Other-than-temporary impairment losses on auction rate security:			
Gross impairment losses	-	3,575	
Impairments recognized in other comprehensive income	-	(2,009)	
Interest expense	1,149	1,472	
Income from continuing operations before income taxes	34,177	17,460	
Provision for income taxes	13,204	5,060	
Income from continuing operations	20,973	12,400	69.1%
Adjusted income from continuing operations (a)	\$ 21,952	\$ 18,611	18.0%
Adjusted EBITDA (a)	\$ 45,912	\$ 37,798	21.5%

* Not Meaningful

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

Select Cash Flow Information (unaudited)

(In thousands)	Quarter Ended July 31,	
	2010	2009
Net cash provided by continuing operating activities	35,219	8,296
Net cash provided by discontinued operating activities	748	968
Net cash provided by operating activities	\$ 35,967	\$ 9,264
Net cash used in investing activities	\$ (36,193)	\$ (24,179)
Proceeds from exercises of stock options (including income tax benefit)	3,121	1,690
Dividends paid	(7,037)	(6,693)
Borrowings from line of credit	69,500	182,000
Repayment of borrowings from line of credit	(64,500)	(168,000)
Changes in book cash overdrafts	11,101	9,427
Net cash provided by financing activities	\$ 12,185	\$ 18,424

(In thousands)	Nine Months Ended July 31,	
	2010	2009
Net cash provided by continuing operating activities	72,959	52,636
Net cash provided by discontinued operating activities	7,331	23,829
Net cash provided by operating activities	\$ 80,290	\$ 76,465
Net cash used in investing activities	\$ (47,932)	\$ (32,293)
Proceeds from exercises of stock options (including income tax benefit)	6,166	3,206
Dividends paid	(21,051)	(20,007)
Borrowings from line of credit	298,500	525,000
Repayment of borrowings from line of credit	(321,000)	(559,000)
Changes in book cash overdrafts	3,776	3,461
Net cash used in financing activities	\$ (33,609)	\$ (47,340)

Select Balance Sheet Information

Comparison of
working capital
and net trade
receivables

	July 31, 2010	October 31, 2009
Current assets	\$ 617,757	\$ 620,997
Current liabilities	336,210	342,694
Working capital	<u>\$ 281,547</u>	<u>\$ 278,303</u>
Net trade receivables	<u>\$ 458,689</u>	<u>\$ 445,241</u>

- Days sales outstanding for third quarter were 48 days. Unchanged on a sequential basis and down two days on a year-over-year basis

Insurance
comparison

	July 31, 2010	October 31, 2009
Short-term Insurance claim liabilities	\$ 78,397	\$ 78,144
Long-term Insurance claim liabilities	266,572	268,183
Total insurance claims	<u>\$ 344,969</u>	<u>\$ 346,327</u>
	July 31, 2010	July 31, 2009
Self-insurance claim paid	<u>\$ 17,935</u>	<u>\$ 20,800</u>

Division Revenues¹

(\$ in thousands)

	Third Quarter		
	2010	2009	Change
Janitorial	\$ 583,015	\$ 595,115	(2.0)%
Parking	114,222	114,721	(0.4)%
Security	84,900	84,501	0.5 %
Engineering	86,572	75,782	14.2 %
Total Division Revenues	\$ 868,709	\$ 870,119	NM*

Summary

- Revenue flat year-over-year with lower than anticipated contribution from Janitorial segment but largest region by revenue - Northeast – achieved year over year increase
- Engineering revenue up 14.2% year-over-year as division secures new customers and continues to build on momentum
- Parking experienced modest pickup from airport clients and lease revenue but revenues from managed parking facilities down \$1.4 million
- All segments continue to report improving sales activity
- Diversco contributes \$6.9 million

¹ Excludes Corporate

Division Profits¹

(\$ in thousands)

	Third Quarter		
	2010	2009	Change
Janitorial	\$ 38,615	\$ 35,043	10.2 %
Parking	5,823	4,968	17.2 %
Security	2,026	2,751	(26.4)%
Engineering	5,883	4,857	21.1 %
Total Division Profit	\$ 52,347	\$ 47,619	9.9 %

Summary

- Janitorial benefited from one less day of labor expense
- Engineering continues to benefit from growing revenues and an improved client mix
- Parking benefits from higher lease and allowance revenues and cost controls
- Security profitability down from reduction in the level and scope of client services provided to certain accounts with higher gross profit margins

¹ Excludes Corporate

Fiscal 2010 Outlook

- Anticipate revenue improvement in fourth quarter
- Expect operating cash flow to remain strong
- On track to leverage investments in infrastructure for 2011 savings
- Guidance Fiscal Year 2010
 - Full year income from continuing operations of \$1.15 to \$1.19 per diluted share
 - Adjusted income from continuing operations of \$1.33 to \$1.37 per diluted share

Appendix

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

	<u>Quarter Ended July 31,</u>		<u>Nine Months Ended July 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Reconciliation of Adjusted Income from Continuing Operations to Net Income				
Adjusted Income from Continuing Operations	\$ 21,952	\$ 18,611	\$ 47,917	\$ 47,970
Items Impacting Comparability, net of taxes	(979)	(6,211)	(5,485)	(7,766)
Income from Continuing Operations	<u>20,973</u>	<u>12,400</u>	<u>42,432</u>	<u>40,204</u>
Loss from Discontinued Operations	(10)	(124)	(117)	(934)
Net Income	<u>\$ 20,963</u>	<u>\$ 12,276</u>	<u>\$ 42,315</u>	<u>\$ 39,270</u>
Reconciliation of Adjusted Income from Continuing Operations to Income from Continuing Operations				
Adjusted Income from Continuing Operations	\$ 21,952	\$ 18,611	\$ 47,917	\$ 47,970
Items Impacting Comparability:				
Corporate Initiatives (a)	-	(5,131)	(1,869)	(17,294)
Acquisition Costs (b)	(552)	-	(1,658)	-
Third-Party Administrator Legal Settlement	-	-	-	9,601
Litigation Contingency	(1,006)	-	(5,406)	-
Insurance Adjustments	-	(3,535)	-	(3,535)
Credit Loss on Auction Rate Security	-	(1,566)	-	(1,566)
Total Items Impacting Comparability	<u>(1,558)</u>	<u>(10,232)</u>	<u>(8,933)</u>	<u>(12,794)</u>
Income Taxes Benefit	<u>579</u>	<u>4,021</u>	<u>3,448</u>	<u>5,028</u>
Items Impacting Comparability, net of taxes	<u>(979)</u>	<u>(6,211)</u>	<u>(5,485)</u>	<u>(7,766)</u>
Income from Continuing Operations	<u>\$ 20,973</u>	<u>\$ 12,400</u>	<u>\$ 42,432</u>	<u>\$ 40,204</u>

(a) Corporate initiatives and other include: (i) costs associated with the implementation of a new payroll and human resources information system, (ii) the upgrade of the Company's accounting system, (iii) the completion of the corporate move from San Francisco, and (iv) the integration costs associated with OneSource

(b) Includes the write-off of deferred acquisition costs and the expensing of costs incurred related to potential acquisitions due to the adoption of an accounting principle.

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

	<u>Quarter Ended July 31,</u>		<u>Nine Months Ended July 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Reconciliation of Adjusted EBITDA to Net Income				
Adjusted EBITDA	\$ 45,912	\$ 37,798	\$ 107,959	\$ 104,209
Items Impacting Comparability	(1,558)	(10,232)	(8,933)	(12,794)
Discontinued Operations	(10)	(124)	(117)	(934)
Income Tax	(13,204)	(5,060)	(26,981)	(22,887)
Interest Expense	(1,149)	(1,472)	(3,541)	(4,453)
Depreciation and Amortization	<u>(9,028)</u>	<u>(8,634)</u>	<u>(26,072)</u>	<u>(23,871)</u>
Net Income	<u>\$ 20,963</u>	<u>\$ 12,276</u>	<u>\$ 42,315</u>	<u>\$ 39,270</u>

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

	<u>Quarter Ended July 31,</u>		<u>Nine Months Ended July 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Adjusted Income from Continuing Operations per Diluted Share	\$ 0.42	\$ 0.36	\$ 0.91	\$ 0.93
Items Impacting Comparability, net of taxes	<u>(0.02)</u>	<u>(0.12)</u>	<u>(0.11)</u>	<u>(0.15)</u>
Income from Continuing Operations per Diluted Share	<u>\$ 0.40</u>	<u>\$ 0.24</u>	<u>\$ 0.80</u>	<u>\$ 0.78</u>
Diluted Shares	52,996	51,937	52,754	51,653

Unaudited Reconciliation of non-GAAP Financial Measures

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

	Year Ending October 31, 2010	
	<u>Low Estimate</u>	<u>High Estimate</u>
	(per diluted share)	
Adjusted Income from Continuing Operations per Diluted Share	\$ 1.33	\$ 1.37
Adjustments to Income from Continuing Operations (a)	(0.18)	(0.18)
Income from Continuing Operations per Diluted Share	<u>\$ 1.15</u>	<u>\$ 1.19</u>

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