

ABM INDUSTRIES INC /DE/

Form DEF 14A

February 01, 2010

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Under Rule 14a-12

ABM Industries Incorporated
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

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

February 1, 2010

Dear Fellow Shareholders:

You are cordially invited to attend the 2010 Annual Meeting of Shareholders of ABM Industries Incorporated in The Grand Terrace Ballroom at the Sofitel Hotel, 45 West 44th Street, New York, New York 10036, on Tuesday, March 2, 2010, at 10:00 a.m. At the meeting, shareholders will: (1) elect three directors to serve three-year terms until the 2013 Annual Meeting and until their successors are duly elected and qualified, (2) vote on the ratification of KPMG LLP as ABM's independent registered public accounting firm for the current year, (3) approve the amendment of the 2004 Employee Stock Purchase Plan, and (4) transact such other business as may properly come before the meeting.

Whether or not you plan to attend the meeting in person, please take the time to vote on the Internet, by telephone or by mailing your proxy card. As explained in the Proxy Statement, you may revoke your proxy at any time before it is actually voted at the meeting.

Only shareholders of record at the close of business on January 13, 2010 will be entitled to vote at the meeting and any adjournments thereof. A list of shareholders on that date will be available for inspection by any shareholder for ten days prior to the meeting during normal business hours at ABM's corporate headquarters located at 551 Fifth Avenue, Suite 300, New York, New York 10176. You may make an appointment to review the list of shareholders by telephoning (212) 297-0200.

If you plan to attend the meeting in person and vote at the meeting, please remember to bring a form of personal identification with you. If you are acting as a proxy for another shareholder, please bring appropriate documentation from the record owner for whom you are acting as a proxy. If you will need any special assistance at the meeting, please contact ABM at (212) 297-0200 prior to the meeting.

We look forward to seeing you at the meeting.

Maryellen C. Herringer
Chairman of the Board of Directors

Henrik C. Slipsager
President and Chief Executive Officer

Table of Contents

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

2010 ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, MARCH 2, 2010

10:00 A.M.

NOTICE OF MEETING AND PROXY STATEMENT

YOUR VOTE IS IMPORTANT

ABM Industries Incorporated (ABM or the Company) will hold its 2010 Annual Meeting of Shareholders in The Grand Terrace Ballroom at the Sofitel Hotel, 45 West 44th Street, New York, New York 10036 on Tuesday, March 2, 2010, at 10:00 a.m. At the Annual Meeting, shareholders will: (1) elect three directors to serve three-year terms until the 2013 Annual Meeting and until their successors are duly elected and qualified, (2) vote on the ratification of KPMG LLP as ABM s independent registered public accounting firm for the current year, (3) approve the amendment of the 2004 Employee Stock Purchase Plan, and (4) transact such other business as may properly come before the meeting.

If you are a shareholder of record, you may vote in any one of four ways: in person by attending the Annual Meeting, by Internet, by telephone, or by mail using the enclosed proxy card. Specific voting information is included under the caption Voting Procedures. Only shareholders of record at the close of business on January 13, 2010, are entitled to vote. On that day 51,871,551 shares of ABM common stock were outstanding. Each share entitles the holder to one vote.

The ABM Board of Directors asks you to vote in favor of the director nominees, the ratification of KPMG LLP as ABM s independent registered public accounting firm and approve the amendment of the 2004 Employee Stock Purchase Plan. This Proxy Statement provides you with detailed information about each of these matters. We encourage you to read this Proxy Statement carefully. In addition, you may obtain information about ABM from the 2009 Annual Report on Form 10-K and the 2009 Annual Report to Shareholders, as well as from additional documents that we have filed with the Securities and Exchange Commission that are available on ABM s Web site at www.abm.com.

This Notice and Proxy Statement are dated February 1, 2010, and were first mailed, together with a proxy card, to shareholders on or about February 1, 2010.

**Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to be Held on March 2, 2010.**

The Proxy Statement, Annual Report on Form 10-K and Annual Report to Shareholders and the means to vote by Internet are available at www.proxyvote.com.

Instead of receiving paper copies of future annual reports and proxy statements in the mail, you can elect to receive an e-mail that will provide an electronic link to these documents. Choosing to receive your proxy materials online will save us the cost of producing and mailing documents to you as well as conserve natural resources. With electronic delivery, we will notify you by e-mail as soon as the annual report and proxy statement are available on the Internet, and you can easily submit your shareholder vote online. If you are a shareholder of record, you may enroll in the

electronic delivery service at the time you vote by marking the appropriate box on your proxy card, or by selecting electronic delivery if you vote on the Internet, and following the enrollment instructions. If you are a beneficial holder, you may also have the opportunity to receive annual meeting materials electronically. Please check the information provided in the proxy materials mailed to you by your brokerage firm, bank or trustee.

You may contact Ms. Mimi Benderman at 212-297-0200 to obtain directions to the site of the Annual Meeting.

Table of Contents

<u>Voting Procedures</u>	2
<u>How to Vote</u>	2
<u>How the Votes Are Counted</u>	2
<u>Confidential Voting</u>	3
<u>Method and Cost of Soliciting and Tabulating Votes</u>	3
<u>Householding</u>	3
<u>Proposal 1 Election of Directors</u>	3
<u>Corporate Governance</u>	7
<u>Corporate Governance Principles and Committee Charters</u>	7
<u>Governance Information</u>	7
<u>Audit Committee</u>	9
<u>Compensation Committee</u>	9
<u>Compensation Committee Interlocks and Insider Participation</u>	10
<u>Governance Committee</u>	10
<u>Executive Committee</u>	10
<u>Meetings and Attendance</u>	10
<u>Identifying and Evaluating Nominees for Directors</u>	10
<u>Shareholder Recommendations</u>	11
<u>Officers and Directors Compensation Tables and Narrative</u>	11
<u>Compensation Discussion and Analysis</u>	11
<u>Compensation Committee Report</u>	24
<u>Compensation of Executive Officers</u>	24
<u>Summary Compensation Table for Fiscal Year 2009</u>	24
<u>Grants of Plan-Based Awards During Fiscal Year 2009</u>	26
<u>Outstanding Equity Awards at 2009 Fiscal Year-End</u>	27
<u>Option Exercises and Stock Vested in Fiscal Year 2009</u>	29
<u>Pension and Deferred Compensation Benefits</u>	30
<u>Potential Benefits on Termination</u>	31
<u>Director Compensation for Fiscal Year 2009</u>	38
<u>Certain Relationships and Related Transactions</u>	40
<u>Policy for the Review, Approval, or Ratification of Transactions with Related Persons</u>	40
<u>Transactions with Related Persons</u>	41
<u>Audit Related Matters</u>	42
<u>Audit Committee Report</u>	42
<u>Principal Accounting Firm Fees and Services</u>	43
<u>Policy on Preapproval of Independent Registered Public Accounting Firm Services</u>	43
<u>Proposal 2 Ratification of Independent Registered Public Accounting Firm</u>	43
<u>Proposal 3 Approve Amendment of the 2004 Employee Stock Purchase Plan</u>	44
<u>Equity Compensation Plan Information</u>	46
<u>Security Ownership of Management and Certain Beneficial Owners</u>	47
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	49
<u>Other Matters</u>	49
<u>2011 Annual Meeting of Shareholders</u>	49
<u>Appendix A</u>	A-1

Table of Contents

VOTING PROCEDURES

Your vote is important. Please refer to the proxy card or other voting instructions included with these proxy materials for information on the voting methods available to you.

How to Vote

If you are a shareholder of record, you can save ABM expense by voting on the Internet or by telephone. The Internet and telephone procedures allow you to vote your shares and confirm that your instructions have been properly recorded. To vote on the Internet or by telephone simply follow the instructions on the proxy card. If you vote on the Internet or by telephone, you do not need to return your proxy card. If you properly sign and return the enclosed proxy card or follow the telephone or Internet instructions to vote, your shares will be voted at the Annual Meeting in accordance with your instructions. If you sign and return the proxy card but do not specify a choice, the proxy holders will vote the shares represented: (i) For the election of the nominees as directors, For the ratification of the independent registered public accounting firm, For the amendment of the 2004 Employee Stock Purchase Plan (ESPP), and (ii) in their discretion on other matters. You may revoke your proxy at any time before the voting at the Annual Meeting by delivering a written notice to the Secretary of ABM, submitting a later-dated proxy card, voting at a later date on the Internet or by telephone, or voting by ballot at the Annual Meeting. Voting by Internet and by telephone is not available after 11:59 p.m. Eastern Standard Time on March 1, 2010.

If your shares are held in the name of a bank or stockbroker, you may be able to vote on the Internet or by telephone by following the instructions on the proxy form you receive from your bank or broker. Under the current rules of the New York Stock Exchange (NYSE), if you hold your shares through a bank or brokerage firm and your broker delivers this Proxy Statement to you, the broker is entitled to vote your shares on the ratification of the selection of KPMG LLP as the Company s independent registered public accounting firm even if you do not provide voting instructions to your broker. The director nominee elections and Company proposal relating to the amendment of the ESPP to be voted on at the Annual Meeting are considered non-routine matters under the current rules of the NYSE. As such, brokers holding shares in street name for customers are prohibited from giving a proxy to vote those shares absent specific instructions from their customers. If you give instructions on how to vote to your bank or broker, you may later revoke the instructions by taking the steps described in the information that you receive from your bank or broker.

How the Votes Are Counted

Before the Annual Meeting can begin, a quorum must be present. A quorum is a majority of the shares outstanding and entitled to vote as of the record date, January 13, 2010. A quorum is based on the number of shares represented by the shareholders attending in person and by their proxy holders. If you return your proxy card, but indicate on the proxy card that you wish to withhold your votes on nominees for director or abstain from voting on the ratification of the independent registered public accounting firm and/or the approval of the amendment of the ESPP, your shares will still be counted as present in determining the quorum.

Your votes on the proposals will be counted as required by Delaware law and ABM s Bylaws and as described below.

Proposal 1 Election of Directors

The three persons who receive a plurality of the votes cast will be elected as directors. This means that the three director nominees with the most votes are elected. Only votes For affect the outcome. If you do not wish your shares

to be voted for a particular nominee, you may withhold authority: (1) in the space provided on the proxy card or (2) as prompted during the telephone or Internet voting instructions. Withheld votes do not affect the voting calculation.

Table of Contents

Proposal 2 Ratification of Independent Registered Public Accounting Firm

Proposal 2 will be approved if the number of shares voted For exceeds the number of shares voted Against. Abstentions and broker non-votes, if any, have no effect.

Proposal 3 Approval of the Amendment of the 2004 Employee Stock Purchase Plan

Proposal 3 will be approved if the number of shares voted For exceeds the number of shares voted Against. Abstentions and broker non-votes, if any, have no effect.

We encourage you to vote and to vote promptly. Voting promptly may save ABM the expense of a second mailing.

Confidential Voting

ABM has a confidential voting policy to protect its shareholders' voting privacy. Under this policy, ballots, proxy cards and voting instructions returned by brokerage firms, banks and other holders of record are treated as confidential. Only the proxy tabulator and the Inspector of Election have access to the ballots, proxy cards and voting instructions. These persons are not directors, officers or employees of ABM.

The proxy tabulator will disclose information taken from the ballots, proxy cards and voting instructions only: (1) in the event of a proxy contest, (2) as otherwise required by law, (3) if you request or authorize the disclosure of your vote, or (4) if ABM concludes that there is a dispute as to the authenticity of proxies, ballots or votes, or the accuracy of its tabulation.

Method and Cost of Soliciting and Tabulating Votes

The accompanying proxy is solicited on behalf of the ABM Board of Directors. ABM will bear the costs for the solicitation of proxies. Following the mailing of this Proxy Statement and proxy card, ABM directors, officers and employees may, for no additional compensation, solicit your proxy personally, by telephone, or by e-mail.

ABM will reimburse banks, brokers, and other holders of record for their reasonable out-of-pocket expenses for forwarding these proxy materials.

Broadridge Financial Solutions, Inc. will be the proxy tabulator and IVS Associates, Inc. will act as the Inspector of Election.

Householding

Shareholders who hold their shares in the name of their bank or broker and live in the same household as other shareholders may receive only one copy of this Proxy Statement. This practice is known as householding. If you hold your shares in your broker's name and would like additional copies of these materials, please contact your broker. If you receive multiple copies and would prefer to receive only one, please contact your broker. ABM does not use householding for the copies of the proxy statement that it delivers directly to shareholders.

PROPOSAL 1 ELECTION OF DIRECTORS

**THE BOARD OF DIRECTORS RECOMMENDS
VOTES FOR THE ELECTION OF THE
NOMINEES AS DIRECTORS**

The Board is divided into three classes, serving staggered three-year terms. The Board currently has nine directors. The Board of Directors has proposed the following nominees for election as directors with terms expiring in 2013: Luke S. Helms, Henry L. Kotkins, Jr. and William W. Steele.

Table of Contents

Each nominee elected as a director will continue in office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or retirement. The Board expects each nominee for election as a director to serve if elected. If a nominee is unable or unwilling to serve, proxies will be voted in favor of the other nominees and may be voted for a substitute nominee. All ABM directors are encouraged to attend ABM's annual meetings. All ABM directors, with the exception of Mr. Rosenberg, who retired on March 3, 2009, attended the 2009 Annual Meeting and all current directors are expected to attend the 2010 Annual Meeting. The principal occupation and certain other information about the nominees and other directors whose terms of office continue after the Annual Meeting are set forth below.

Name	Age	Position, Principal Occupation, Business Experience and Directorships	Served as a Director Since
Nominees for Election as Directors with Terms Expiring in 2013			
Luke S. Helms	66	Mr. Helms is managing director of Sonata Capital Group, a privately owned registered investment advisory firm, a position held since June 2000. Previously, Mr. Helms served as Vice Chairman of KeyBank from April 1998 to March 2000 and Vice Chairman of BankAmerica Corporation and Bank of America NT&SA from May 1993 to October 1996. Mr. Helms also serves as a director of Manulife Financial Corporation.	1995
Henry L. Kotkins, Jr.	61	Mr. Kotkins serves as Chairman, Chief Executive Officer and a director of Skyway Luggage, a privately held luggage manufacturer and distributor, a position he has held since 1980.	1995
William W. Steele	73	Mr. Steele is a retired officer and employee of the Company, retiring in October 2000 after 43 years of employment. Mr. Steele's service to the Company included service as President from November 1991 to October 2000 and Chief Executive Officer from November 1994 to October 2000. Mr. Steele also serves as a director of TrueBlue, Inc. (formerly Labor Ready, Inc.), a position he has held since 2001, and as its lead independent director since October 2008.	1988
Directors with Terms Expiring in 2011			
Dan T. Bane	62	Mr. Bane is Chairman and Chief Executive Officer of Trader Joe's Company, a position held since 2001. Mr. Bane previously served as President of Trader Joe's West from 1998 to 2001, and as Senior Vice President, finance and administration, for Certified Grocers of California from 1993 to 1998.	2008

Table of Contents

Name	Age	Position, Principal Occupation, Business Experience and Directorships	Served as a Director Since
Anthony G. Fernandes	64	Mr. Fernandes served as Chairman, Chief Executive Officer and President of Philip Services Corporation from August 1999 to April 2002. Previously, Mr. Fernandes served as Executive Vice President and director of ARCO from 1994 to 1999; President of ARCO Coal, a subsidiary of ARCO, from 1990 to 1994 and corporate controller of ARCO from 1987 to 1990. Mr. Fernandes also serves as a director of Baker Hughes Incorporated, Black and Veatch Corporation, and Cytec Industries.	2007
Maryellen C Herringer	66	Ms. Herringer serves as the non-executive Chairman of the Board of the Company. Ms. Herringer is an attorney-at-law and held various executive positions with APL Limited, an international provider of transportation and logistics services, from 1991 to 1997, serving most recently as Executive Vice President and General Counsel. Ms. Herringer also serves as a director of PG&E Corporation and Pacific Gas and Electric Company, a subsidiary of PG&E Corporation.	1993
Directors with Terms Expiring in 2012			
Linda Chavez	62	Ms. Chavez is the founder of the Center for Equal Opportunity, and currently serves as Chairman, a position she has held since January 2006. Prior to her appointment as Chairman, Ms. Chavez served as President of the Center for Equal Opportunity from January 1995 through December 2005. Ms. Chavez is an author and nationally syndicated columnist and television commentator.	1997
J. Philip Ferguson	64	Mr. Ferguson serves on the board of directors of the University of Texas Investment Management Company, a position he has held since August 2003, and currently serves as Vice Chairman, a position he has held since January 2008. Mr. Ferguson also serves on the Advisory Committee of the MBA Investment Fund at the McCombs School of Business at the University of Texas-Austin, a position held since March 2005. Previously, Mr. Ferguson held various executive positions with AIM Capital Management, Inc. (now Invesco AIM) from 2000 to 2007, serving most recently as President and Chief Investment Officer.	2009

Table of Contents

Name	Age	Position, Principal Occupation, Business Experience and Directorships	Served as a Director Since
Henrik C. Slipsager	55	Mr. Slipsager is President and Chief Executive Officer of the Company, a position held since November 2000. Previously, Mr. Slipsager served as Executive Vice President of the Company and President of ABM Janitorial Services from November 1999 to October 2000, and as Senior Vice President of the Company and Executive Vice President of ABM Janitorial Services from January 1997 to October 1999.	2000

**THE BOARD OF DIRECTORS RECOMMENDS VOTES
FOR THE ELECTION OF THE NOMINEES AS DIRECTORS**

Table of Contents

CORPORATE GOVERNANCE

Corporate Governance Principles and Committee Charters

The Board of Directors has adopted Corporate Governance Principles which reflect the Board of Directors commitment to corporate governance and the role of governance in building long-term shareholder value. The actions of the Board in this area are discussed more fully under Governance Information in this Proxy Statement.

From time to time, the Board of Directors revises the Company's Corporate Governance Principles in response to changing regulatory requirements, evolving best practices and the concerns of the Company's shareholders and other constituents. The Company's Corporate Governance Principles, which includes the Company's independence standards, are published on its Web site at <http://investor.abm.com>. In addition to the Corporate Governance Principles, other information relating to corporate governance at ABM is available on the Company's Web site at the same address, including the Charters of the Audit Committee, Compensation Committee, and Governance Committee. These documents are also available in printed hardcopy format upon written request to the Corporate Secretary at the Company's corporate headquarters.

Governance Information

Director Independence

The Corporate Governance Principles provide that a majority of the ABM directors will be independent and that its Audit Committee, Compensation Committee and Governance Committee shall consist solely of independent directors. Each year the Governance Committee reviews the independence of each of the directors under the NYSE listing standards and considers any current or previous employment relationship as well as any transactions or relationships between ABM and their directors or any members of their immediate family (or any entity of which a director or an immediate family member is an executive officer, general partner or significant equity holder). The purpose of this review is to determine whether any relationships or transactions exist that preclude a director from being deemed independent under the NYSE listing standards or are otherwise inconsistent with a determination that the director is independent. To facilitate this process, the Governance Committee reviews directors' responses to the Company's annual Directors' and Officers' Questionnaire, which requires disclosure of each director's and his or her immediate family's relationships to the Company, as well as any potential conflicts of interest that may otherwise be brought to the attention of the Governance Committee.

In this context, the Governance Committee considered the employment of a relative of one of the Company's directors with the Company in an entry-level management position and also considered a commercial relationship, terminated during calendar year 2009, involving a company controlled by a director, and a subsidiary of the Company. The Governance Committee also considered the retirement benefits of Mr. Steele that are described under Transactions with Related Persons. The Governance Committee determined that these relationships were not material. Based on its analysis of these relationships and the Company's independence standards, the Governance Committee concluded and recommended to the Board that none of these relationships impaired such director's independence, and the Governance Committee affirmatively determined and recommended to the Board that the following directors be designated as independent: Dan T. Bane, Linda Chavez, Anthony G. Fernandes, J. Philip Ferguson, Luke S. Helms, Maryellen C. Herringer, Henry L. Kotkins, Jr., and William W. Steele. The Board of Directors accepted this recommendation and made this determination.

Executive Sessions of Directors

The Board regularly meets in executive session for general discussion of relevant subjects. Executive sessions or meetings of independent directors are held regularly (at least four times a year) to consider matters such as succession planning and other matters important to the Company and corporate governance. Executive

Table of Contents

sessions are chaired by the Chairman, who is an independent director. During fiscal year 2009, the Board met in executive session seven times.

Independent Chairman

The ABM Board of Directors has elected an independent director to serve as Chairman to chair meetings of the Board and executive sessions of the Board, to coordinate the activities of the other independent directors, and to perform such other duties and responsibilities as the Board of Directors may determine. These duties also include chairing meetings of the stockholders of ABM, overseeing the preparation of agendas for meetings of the Board, preparing for executive sessions of the Board and providing feedback to the CEO, keeping directors informed through the timely distribution of information and reports, maintaining contact with the CEO and ABM's General Counsel between meetings to stay current on developments and to determine when it may be appropriate to alert the Board to significant pending developments, serving as a liaison between independent directors and the CEO with respect to sensitive issues, and other matters. Maryellen C. Herringer has served as Chairman since March 2006.

Communications with Directors

Shareholders and other interested parties may communicate with the Board of Directors on board-related issues by sending an e-mail to boardofdirectors@abm.com. Shareholders may also communicate by mail to:

Board of Directors
ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, New York 10176

All mail addressed in this manner will be delivered to the Chair or Chairs of the Committees with responsibilities most closely related to the matters addressed in the communication.

Shareholders may communicate with the independent directors by sending an e-mail to the address: nonmanagementdirectors@abm.com. All directors other than Mr. Slipsager, who is an employee, are independent directors. Shareholders may also communicate by mail to:

Independent Directors
ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, New York 10176

Relevant communications are distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board of Directors has requested that certain unsolicited items that are unrelated to the duties and responsibilities of the Board should be excluded, such as business solicitations or advertisements, junk mail and mass mailings, new product or service suggestions, resumes and other forms of job inquiries, spam, and surveys. Any communication that is excluded will be provided to a director upon request.

Code of Business Conduct

The Board of Directors has adopted the ABM Code of Business Conduct (the Code of Conduct). The Code of Conduct applies to all directors, officers and employees of ABM, including ABM's CEO, Chief Financial Officer (CFO) and Chief Accounting Officer. The Code of Conduct is available on ABM's Web site under Governance at

<http://investor.abm.com> and in printed hardcopy format upon written request to the Corporate Secretary at the Company's corporate headquarters. If any amendments are made to the Code of Conduct or if any waiver, including any implicit waiver, of a provision of the Code of Conduct is granted to ABM's CEO, CFO or Chief Accounting Officer, ABM will disclose such amendment or the nature of such waiver on its Web site.

Table of Contents

Audit Committee

The Audit Committee of the Board of Directors performs the responsibilities set forth in its Charter, which include overseeing the corporate financial reporting process and the internal and independent audits of ABM and the communication process among the Board, management and ABM's independent registered public accounting firm. The responsibilities of the Audit Committee include: (1) assisting the Board with respect to the Company's compliance with legal and regulatory requirements; (2) selecting the independent registered public accounting firm; (3) approving the fees for the independent registered public accounting firm; (4) ensuring the independence of the independent registered public accounting firm; (5) overseeing the work of the independent registered public accounting firm; (6) reviewing ABM's system of internal accounting controls; and (7) reviewing policies with respect to risk assessment and risk management. The members of the Audit Committee are: Mr. Fernandes, Chair, and Messrs. Bane, Ferguson, Helms, and Steele.

Each member of the Audit Committee has been determined to be independent under the standards for independence for audit committee members established by the NYSE. In addition, the Board of Directors has determined that each member of the Committee is financially literate and that Messrs. Bane, Fernandes, Helms and Steele each qualify as an audit committee financial expert under the definition promulgated by the Securities and Exchange Commission (SEC).

Compensation Committee

The Compensation Committee performs the responsibilities set forth in its Charter, which include: (1) providing direction to the Company in the area of executive compensation; (2) annually reviewing and approving corporate goals and objectives relevant to the CEO's compensation, and evaluating the CEO's performance in light of those goals and objectives; (3) recommending for approval to the directors who are both independent under applicable NYSE and SEC rules and outside directors under Section 162(m) of the Internal Revenue Code of 1986 (the Code), the CEO's compensation level based on an evaluation of the CEO's performance; (4) reviewing the Company's compensation structure and, after considering the recommendation of the CEO, approving the compensation of all other employees of the Company who are executive officers of the Company and such other executives as may be established by the Committee; (5) with the assistance of an outside consultant retained directly by the Committee, conducting a review of all executive incentive plans at least once every three years and making recommendations to the Board with respect to incentive compensation plans and equity-based compensation plans for the Company and its subsidiaries; (6) making awards under and overseeing the administration of the Company's executive benefit and equity-based compensation plans and any other plans the Board determines will be overseen by the Committee; (7) reviewing the CEO's employment agreement and recommending the terms of the CEO employment agreement to the independent and outside directors; (8) reviewing and approving the Company's employment agreements with executive officers, other than the CEO, and such other executives as may be established by the Committee, and, after considering the recommendation of the CEO, determining the employees or groups of employees to whom such forms of agreements shall be extended; (9) reviewing and recommending to the Board severance and other terms in any change-in-control agreements and policies; (10) reviewing and discussing with management the Company's proposed disclosures in respect of the Compensation Discussion and Analysis required under the Securities Exchange Act rules and recommending to the Board that the Compensation Discussion and Analysis reviewed by the Committee be included in the Company's Proxy Statement and Annual Report on Form 10-K; and (11) preparing annually the Compensation Committee Report required under Securities Exchange Act rules.

The CEO often attends meetings of the Compensation Committee and provides recommendations regarding compensation levels for employees, other than himself, whose compensation is subject to review by the Committee.

The CEO also provides input and recommendations pertaining to other compensation issues under discussion by the Compensation Committee, other than CEO compensation. The Committee meets in executive session without the CEO when discussing the CEO's compensation and certain other matters, including, from time to time, the compensation of other executives. The members of the Compensation

Table of Contents

Committee are: Ms. Chavez, Chair, Ms. Herringer, and Mr. Kotkins. As described above, each member of the Compensation Committee has been determined to be independent.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee during fiscal year 2009 or as of the date of this Proxy Statement is or has been an officer or employee of the Company and no executive officer of the Company served on the compensation committee or board of any company that employed any member of the Company's Compensation Committee or Board of Directors.

Governance Committee

The Governance Committee performs the responsibilities set forth in its Charter, which include: (1) making recommendations to the Board as to the optimal number of directors on the Board; (2) reviewing and recommending criteria and candidates for selection of new directors and the reelection of incumbent directors; (3) reviewing and recommending management succession plans; (4) making equity grants to non-employee directors; (5) reviewing and recommending to the Board any changes in cash compensation of non-employee directors; and (6) other matters of corporate governance. The members of the Governance Committee are: Mr. Helms, Chair, Ms. Chavez, and Mr. Kotkins. As described above, each member of the Governance Committee has been determined to be independent.

Executive Committee

The Executive Committee has the authority to exercise all power and authority of the Board in the management of the business and affairs of ABM, except: (1) any functions delegated to other committees of the Board, and (2) any powers which, under Delaware law, may only be exercised by the full Board. The members of the Executive Committee are: Mr. Steele, Chair, Ms. Herringer, and Messrs. Helms and Slipsager.

Meetings and Attendance

During fiscal year 2009, the Board of Directors met eight times, the Audit Committee met ten times, the Compensation Committee met eight times, the Governance Committee met six times, and the Executive Committee did not meet. During this period, each of the Company's directors attended 90% or more of the aggregate number of meetings of the Board and committees on which he or she served.

Identifying and Evaluating Nominees for Directors

The Board is responsible for selecting nominees for election as directors. The Board delegates the screening process involved to the Governance Committee with the expectation that other members of the Board, including the CEO, are asked to take part in the process as appropriate. Candidates recommended by the Governance Committee are subject to approval by the Board.

The Governance Committee regularly assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that any vacancy is anticipated, or otherwise arises, the Governance Committee considers various potential candidates for director. The Governance Committee recommends to the Board the criteria for director candidates, and the Board establishes the criteria. The Governance Committee of the Board is responsible for reviewing with the Board the requisite skills and characteristics of new Board candidates and current Board members in the context of the current composition of the Board.

In selecting director candidates, the Board looks for pertinent experience in industry, finance, administration, operations or marketing, as well as candidates who bring diversity to the Board. Director candidates should be able to provide insights and practical wisdom based on their experience and expertise. Directors are expected to prepare for, attend and participate in Board meetings and meetings of the Committees of the Board on which they serve

Table of Contents

and to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities and duties as directors. Each Board member is expected to arrange his or her schedule so that other existing and planned future commitments do not materially interfere with the member's service as a director. Ordinarily, directors who are full-time employees of ABM or who serve as chief executive officers or equivalent positions at other companies may not serve on the boards of more than two other publicly traded companies. Other directors may not serve on the boards of more than four other publicly traded companies. Service on other boards and other commitments are considered by the Governance Committee and the Board when reviewing Board candidates and in connection with the Board's annual self-evaluation process.

The Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director, such as search firms and the relationships of current directors. The Committee has retained a search firm to assist it in identifying, interviewing, and reviewing the credentials of potential candidates, and this firm identified Mr. Ferguson as a potential director. Candidates may also come to the attention of the Governance Committee through current Board members, shareholders or other persons. These candidates are evaluated at regular or special meetings of the Governance Committee, and may be considered at any point during the year.

Shareholder Recommendations

The policy of the Governance Committee is to consider shareholder recommendations for director candidates using the same criteria as described above. Following verification of the shareholder status of persons recommending candidates, the Governance Committee will consider the candidates at a regularly scheduled meeting. If any materials are provided by a shareholder in connection with the recommendation of a director candidate, such materials will be forwarded to the Governance Committee. The Governance Committee may, if it determines to do so, utilize a search firm to assist in its review and will evaluate this director candidate in the same manner as other candidates.

Any recommendations by shareholders for consideration by the Governance Committee should include the candidate's name and qualifications for Board membership and fulfill all of the requirements set forth in the Company's Bylaws, and should be sent within the time frame set forth in the Bylaws to:

Corporate Secretary
ABM Industries Incorporated
551 Fifth Avenue, Suite 300
New York, New York 10176

OFFICERS AND DIRECTORS COMPENSATION TABLES AND NARRATIVE

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis provides information about ABM's compensation philosophy and strategy, as well as the policies and decisions that guided ABM in fiscal year 2009 in establishing the level and nature of the compensation provided to the CEO, the CFO, and the three most highly compensated executive officers other than the CEO and CFO (collectively, with the CEO and CFO, the NEOs).

Objectives of the Executive Compensation Program

The Compensation Committee believes that the need to attract, motivate and retain qualified executives must be balanced against ABM's desire to improve profitability and control costs in a service business characterized by low

margins. ABM's executive compensation programs are designed to:

support ABM's goal of enhancing long-term shareholder value by providing compensation that reflects the performance of ABM and its executives;

compare reasonably with compensation opportunities in relevant peer group companies;

Table of Contents

motivate and reward achievement of business objectives, as well as individual contributions;

enable ABM to attract and retain executives with the qualifications, skills and experience required to provide high-quality leadership;

link executive rewards to the creation of shareholder value; and

encourage executive stock ownership.

ABM provides compensation in the form of salary, annual cash performance incentives, equity awards and benefits that are intended to be both attractive and competitive. However, total compensation opportunity is weighted toward incentive compensation linked to the financial performance of ABM and individual performance which contributes to ABM's strategic initiatives. ABM's incentive-based pay rewards executives for meeting or exceeding corporate and divisional financial and operating objectives overall and against budget, for their individual contributions to these results, and for optimizing the creation of shareholder value.

The Compensation Committee reviews the executive compensation program and NEO compensation at least annually. The use and relative contribution of each compensation element is based on a subjective determination by the Compensation Committee of the importance of each compensation element in supporting ABM's business and talent strategies, after taking into consideration the recommendations of the CEO, as well as the prevalence, weight and value of these elements for executives at other companies. ABM uses cash compensation primarily for base salaries, short-term incentives, matching contributions in the ABM 401(k) plan, and severance arrangements. ABM uses equity compensation for long-term incentives. In order to meet ABM's compensation objectives, a substantial percentage of each executive's potential compensation is based on performance against annual financial and operating goals, with the percentage varying in relationship to the executive's position and responsibilities. The Compensation Committee believes that the overall mix among base salary, cash and non-cash incentives effectively balances short- and long-term performance objectives.

Currently, the Compensation Committee evaluates the CEO and makes recommendations about the CEO's compensation to those directors who qualify as both independent under applicable NYSE and SEC rules and outside under applicable provisions of the Code (such directors comprise the CEO Committee). Approval of the CEO's cash compensation arrangements rests solely with the CEO Committee. In fiscal years prior to fiscal year 2010, the Compensation Committee approved equity grants to the CEO. Beginning in fiscal year 2010, the CEO Committee will approve equity grants to the CEO. The CEO is not present during the deliberations about his compensation. The CEO evaluates the performance of each executive officer, other than himself, and makes recommendations about compensation for those executives to the Compensation Committee. The Compensation Committee determines the structure of the compensation program and individual arrangements for the other NEOs after considering the recommendations of the CEO. Although the CEO may make recommendations and provide advice with respect to compensation arrangements for the other NEOs, approval of compensation arrangements for NEOs, other than the CEO, rests solely with the Compensation Committee. In fiscal year 2009 and prior years, the Compensation Committee approved equity grants to the CEO and the other NEOs. Beginning in fiscal year 2010, the CEO Committee will approve equity grants to the CEO.

The Compensation Committee assesses all components of pay in connection with its annual review of the executive compensation program, including base salary, annual incentives, equity compensation (including accumulated vested and unvested equity compensation) and the value of benefits (including potential severance benefits) and perquisites. The Compensation Committee bases its assessment in part on tally sheets prepared by management for each NEO. A review of tally sheets gives the Compensation Committee detail with respect to the totality of each executive's

compensation, as well as the components that comprise the overall compensation package, and how compensation earned by each executive compares to the compensation earned by others. The tally sheets also help the Compensation Committee understand the effect that changing any element of pay will have on total compensation. Additionally, tally sheets reveal how well each pay element is aligned with Company philosophy and objectives. The Compensation Committee also compares ABM executive compensation to a summary of compensation data from other companies as discussed in Consultants, Use of Market Data, and Benchmarking below.

Table of Contents

Consultants, Use of Market Data, and Benchmarking

The Compensation Committee has engaged Exequity, LLP (Exequity) as its independent executive compensation consultant to provide advice and ongoing recommendations concerning executive compensation programs to the Compensation Committee. The Compensation Committee regularly consults with its compensation consultant on the Company's compensation program structure and specific individual compensation arrangements. The Compensation Committee's compensation consultant is selected by the Compensation Committee, does not provide any other services to ABM, except as noted in the next sentence, and receives compensation only for services provided to, or at the request of, the Compensation Committee. In the first quarter of fiscal year 2009, Exequity assisted management in its analysis of equity available for grant under the Amended and Restated 2006 Equity Incentive Plan (2006 Equity Incentive Plan), with the concurrence of the Compensation Committee. The Compensation Committee's consultant attends Compensation Committee meetings from time to time and also communicates with the Compensation Committee Chair outside of meetings as necessary. The consultant reports directly to the Compensation Committee and not to management, although the consultant meets with management at the request of the Compensation Committee to gather information relating to ABM compensation plans and proposals that management makes to the Compensation Committee. The Compensation Committee may replace the consultant or hire additional consultants at any time. The Compensation Committee also considers information about compensation and compensation programs that it receives from management, particularly the CEO, the Senior Vice President, Human Resources, and the Company's compensation consultant, Hewitt Associates.

Each year, the Compensation Committee considers the compensation levels, programs and practices of certain other companies in connection with its assessment of the Company's programs and compensation levels. ABM, through its subsidiaries, is a leading provider in the United States of facility services. Given its size and national footprint, few public companies are directly comparable to ABM. Accordingly, the Compensation Committee, working with its compensation consultant, regularly reviews the various criteria by which it benchmarks ABM's pay practices. In fiscal year 2009, the Committee engaged in a detailed examination of the benchmark criteria, and after careful review, determined to maintain the peer group composition used in fiscal year 2008, deleting only those companies that had a change in corporate status, making it difficult to gather compensation information about those companies. The peer group companies were selected with reference to the following criteria:

companies, like ABM, that provide business-to-business services, such as outsourcing, logistics management, food service, staffing, freight service, cleaning and pest control