

FEDERAL SIGNAL CORP /DE/

Form DEFC14A

March 30, 2009

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. 2)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

FEDERAL SIGNAL CORPORATION

(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):

- No fee required.
- 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:

- Fee paid previously with preliminary materials.
- 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

March 30, 2009

Dear fellow stockholder,

You are cordially invited to attend the Federal Signal Corporation 2009 Annual Meeting of Stockholders. The meeting will be held on Wednesday, April 29, 2009, at 8:30 a.m., local time, at the Elgin Sweeper Company, 1300 West Bartlett Road, Elgin, Illinois 60120.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying notice of Annual Meeting and Proxy Statement.

At this year's Annual Meeting, you will be asked to vote on the election of directors and the ratification of Ernst & Young LLP's appointment as Federal Signal's independent registered public accounting firm for 2009.

We hope you will be able to attend the meeting, but if you cannot do so, it is important that your shares be represented. We urge you to read the proxy statement carefully, and to use the WHITE proxy card to vote for the Board of Director's nominees by telephone or Internet, or by signing, dating, and returning the enclosed WHITE proxy card in the postage-paid envelope provided, whether or not you plan to attend the Annual Meeting. Instructions are on the WHITE proxy card.

You should know that Warren B. Kanders has notified us that he intends to nominate three nominees, including himself, in opposition to the Board's recommended nominees for director.

We strongly urge you to vote for the nominees proposed by the Board by using the enclosed WHITE proxy card and not to return any proxy card sent to you by Mr. Kanders. If you have previously returned a proxy card sent to you by Mr. Kanders, you can revoke it by using the WHITE proxy card to vote by telephone or Internet, or by signing, dating and returning our Company's WHITE proxy card in the postage-paid envelope provided. Only your last-dated proxy will count.

Thank you for your continued support of our Company.

Sincerely,

William H. Osborne
President and Chief Executive Officer

Table of Contents

**1415 West 22nd Street
Oak Brook, Illinois 60523**

**Notice of Annual Meeting of Stockholders
To Be Held on April 29, 2009**

To the Stockholders of
Federal Signal Corporation:

The Annual Meeting of Stockholders of Federal Signal Corporation for the year 2009 will be held at the Elgin Sweeper Company, 1300 West Bartlett Road, Elgin, Illinois 60120 on Wednesday, April 29, 2009, at 8:30 a.m., local time, for the following purposes:

1. To elect three (3) Class I directors;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2009; and
3. To transact such other business that may properly come before the meeting or any adjournment(s) or postponement(s) of such meeting.

The Board of Directors has fixed the close of business on March 3, 2009 as the record date for the meeting. This means that if you owned shares of our common stock on that date, you are entitled to receive this notice, and to vote at the meeting or any adjournment(s) or postponement(s) of the meeting. In order to be admitted to the meeting, you must be a Federal Signal stockholder or hold a proxy. If you are not a registered holder, you should bring proof of stock ownership.

A copy of our Annual Report to our stockholders for the year ended December 31, 2008, a proxy statement and a WHITE proxy card accompany this notice.

The Board of Directors recommends that you vote FOR the nominees for director proposed by the Board and FOR the approval of the independent registered public accounting firm, using the WHITE proxy card.

**Important Notice Regarding the Availability of Proxy Materials for the Annual
Meeting of Stockholders to be Held on April 29, 2009**

The following materials, also included with this Notice, are available to be viewed, downloaded, and printed, at no charge, by accessing the following Internet address:
<http://www.federalsignal.com>

1. Proxy Statement for the Annual Meeting of Stockholders, and
2. 2008 Annual Report to Stockholders

*** * * Important Note * * ***

YOUR VOTE IS IMPORTANT! Whether or not you expect to attend the meeting, you are urged to vote as promptly as possible in one of the following ways:

Use the toll-free telephone number shown on the WHITE proxy card;

Go to the website address shown on the WHITE proxy card and vote via the Internet; or

Sign, date and promptly return the enclosed WHITE proxy card in the postage-paid envelope provided. Any proxy may be revoked at any time prior to its exercise at the Annual Meeting.

Instructions for voting are contained on the enclosed WHITE proxy card. If you have any questions or need assistance in voting your shares of our common stock, please call Innisfree M&A Incorporated, which is assisting us, toll-free at (877) 800-5186 (banks and brokers may call collect at (212) 750-5833).

By order of the Board of Directors,

Jennifer L. Sherman
Corporate Secretary

March 27, 2009

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	1
<u>VOTING YOUR SHARES</u>	1
<u>BROKER NON-VOTES</u>	2
<u>VOTES REQUIRED TO ELECT DIRECTORS AND RATIFY THE APPOINTMENT OF ERNST & YOUNG FOR 2009</u>	2
<u>SHARES HELD IN 401(K) PLAN</u>	3
<u>REVOCABILITY OF PROXY</u>	3
<u>HOUSEHOLDING OF PROXIES</u>	3
<u>SOLICITATION COSTS AND MANNER OF SOLICITATION</u>	4
<u>STOCKHOLDER QUESTIONS</u>	4
<u>OWNERSHIP OF OUR COMMON STOCK</u>	5
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	7
<u>BACKGROUND AND CERTAIN CONTACTS WITH MR. KANDERS</u>	7
<u>RECOMMENDATION OF THE BOARD OF DIRECTORS</u>	9
<u>INFORMATION REGARDING DIRECTORS AND NOMINEES</u>	10
<u>INFORMATION CONCERNING THE BOARD OF DIRECTORS</u>	13
<u>INDEPENDENCE OF MEMBERS OF THE BOARD OF DIRECTORS</u>	13
<u>MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES</u>	13
<u>COMMITTEES OF THE BOARD OF DIRECTORS</u>	13
<u>DIRECTOR COMPENSATION IN THE LAST FISCAL YEAR</u>	15
<u>ADDITIONAL INFORMATION ABOUT DIRECTOR COMPENSATION</u>	16
<u>CASH COMPENSATION</u>	16
<u>EQUITY COMPENSATION</u>	17
<u>CORPORATE GOVERNANCE, BUSINESS CONDUCT, AND CODE OF ETHICS; STOCKHOLDER COMMUNICATIONS WITH DIRECTORS</u>	18
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	18
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	18
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	19
<u>EXECUTIVE SUMMARY</u>	19
<u>COMPENSATION PHILOSOPHY AND OBJECTIVES</u>	21
<u>ROLE OF OUR COMPENSATION AND BENEFITS COMMITTEE</u>	21
<u>BENCHMARKS FOR EXECUTIVE COMPENSATION</u>	21
<u>ELEMENTS OF EXECUTIVE COMPENSATION</u>	22
<u>SETTING ACTUAL COMPENSATION FOR THE NAMED EXECUTIVE OFFICERS</u>	27
<u>STOCK OWNERSHIP GUIDELINES FOR EXECUTIVE OFFICERS</u>	30
<u>COMPENSATION POLICY REGARDING TAX GROSS-UP PAYMENTS AND LIMITATION OF SEVERANCE BENEFITS</u>	30
<u>IMPACT OF ACCOUNTING AND TAX TREATMENT ON FORMS OF COMPENSATION PAID</u>	31
<u>COMPENSATION AND BENEFITS COMMITTEE REPORT</u>	31
<u>EXECUTIVE COMPENSATION IN THE LAST FISCAL YEAR</u>	32
<u>SUMMARY COMPENSATION TABLE</u>	32
<u>GRANTS OF PLAN-BASED AWARDS</u>	35
<u>ADDITIONAL INFORMATION ABOUT THE COMPENSATION PAID TO THE NAMED EXECUTIVE OFFICERS</u>	36
<u>INFORMATION AS TO STOCK OPTIONS</u>	38
<u>POST RETIREMENT BENEFITS</u>	40

<u>OTHER POTENTIAL POST-EMPLOYMENT PAYMENTS</u>	41
<u>AUDIT COMMITTEE REPORT</u>	50
<u>ACCOUNTING FEES</u>	51
<u>PROPOSAL 2 RATIFICATION OF APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009</u>	51
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	51
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	52
<u>FUTURE STOCKHOLDER PROPOSALS</u>	52
<u>OTHER BUSINESS</u>	52

Table of Contents

**1415 West 22nd Street
Oak Brook, Illinois 60523**

**Proxy Statement for Annual Meeting of Stockholders
To Be Held on April 29, 2009**

GENERAL INFORMATION

The Board of Directors of Federal Signal Corporation is furnishing this proxy statement to you in order to solicit your proxy for use at the Annual Meeting of Stockholders to be held at the Elgin Sweeper Company, 1300 West Bartlett Road, Elgin, Illinois 60120 on Wednesday, April 29, 2009 at 8:30 a.m., local time, and any adjournment(s) or postponement(s) of such meeting. The purpose of the Annual Meeting of Stockholders is:

1. To elect three (3) Class I directors. The Board of Directors has nominated James E. Goodwin, William H. Osborne and Joseph R. Wright as its candidates for election as Class I directors.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR JAMES E. GOODWIN, WILLIAM H. OSBORNE AND JOSEPH R. WRIGHT USING THE WHITE PROXY CARD.

2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2009.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009 USING THE WHITE PROXY CARD.

3. To transact any other business that may properly come before the Annual Meeting or any adjournment(s) or postponement(s) of such meeting.

This proxy statement and the accompanying WHITE proxy card were first mailed to stockholders on or about March 31, 2009.

Voting Your Shares

You may vote on the above matters in the following ways:

By Telephone or Internet: You may vote by telephone or Internet by following the instructions included on the enclosed WHITE proxy card.

By Written Proxy: You may vote by written proxy by signing, dating and returning the enclosed WHITE proxy card in the postage-paid envelope provided.

In Person: If you are a record stockholder, you may vote in person at the Annual Meeting. You are a record stockholder if your shares are registered in your name. If your shares are in the name of your broker or bank, your shares are held in Street-name and you are not a record stockholder. If your shares are held in Street-name and you wish to vote in person at the Annual Meeting, you will need to contact your broker or bank to obtain a legal proxy allowing attendance at the Annual Meeting. If you plan to attend the Annual Meeting in person,

please bring proper identification and proof of ownership of your shares.

You will be entitled to vote at the Annual Meeting only if you held shares of our common stock of record at the close of business on March 3, 2009, the record date. You will be entitled to one vote for each share you owned on the record date for each of three directorships to be elected and on each other matter presented at the meeting. On the record date, there were 47,592,751 shares of our common stock issued and outstanding.

Our By-Laws provide that a majority of the outstanding shares, present in person or by proxy, will constitute a quorum at the Annual Meeting. For purposes of determining if a quorum is present, we will count all proxies designated as withholding authority to vote for a nominee or nominees or abstaining from any proposal, as well as broker non-votes, as shares represented at the Annual Meeting and counted toward establishing the presence of a quorum.

Table of Contents

You can direct how your shares will be voted at the Annual Meeting by signing, dating and returning the enclosed WHITE proxy card. If you return a WHITE proxy card, but no specific voting instructions are given with respect to a proposal, your shares will be voted for each of the three nominees named on the WHITE proxy card and for the ratification of the appointment of Ernst & Young LLP as our independent auditors for 2009, as applicable.

If you hold your shares in more than one account, you will receive a WHITE proxy card for each account. To ensure that all of your shares are voted, please vote by telephone or Internet for each account, or sign, date and return a WHITE proxy card for each account in the postage-paid envelope provided.

We have received notice from Warren B. Kanders, a stockholder of our Company, that he intends to nominate at the Annual Meeting, and to solicit proxies in favor of, his own slate of three nominees for election to your Board of Directors as Class I directors. As a result, you may receive proxy solicitation materials from Mr. Kanders, including a proxy statement and alternate proxy card. To ensure stockholders have our Company's latest proxy information and materials to vote, the Board expects to conduct multiple mailings prior to the date of the Annual Meeting, each of which will include a WHITE proxy card regardless of whether or not you have previously voted. Only the latest dated proxy card you vote will be counted.

THE BOARD OF DIRECTORS URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY MR. KANDERS. Even if you have previously signed a proxy card sent by Mr. Kanders, you have every right to change your vote by using your WHITE proxy card to vote by telephone or Internet, or by signing, dating and returning the enclosed WHITE proxy card in the postage-paid envelope provided. Only the latest dated proxy card you vote will be counted. We urge you to disregard any proxy card sent to you by Mr. Kanders.

The Board of Directors has NOT endorsed Mr. Kanders' nominations and urges you to vote FOR the Board's nominees for director using the WHITE proxy card TODAY. Please do not return any proxy card sent to you by Mr. Kanders even as a protest vote.

Broker Non-Votes

Under the rules that govern brokers who have record ownership of shares that they hold in Street-name for clients who beneficially own such shares, a broker may vote such shares in its discretion on routine matters if the broker has not received voting instructions from its client, but a broker cannot exercise its own discretion to vote such shares on certain non-routine matters absent voting instructions from its client. When a broker votes a client's shares on some but not all of the proposals presented at the meeting, each non-routine proposal for which the broker cannot vote because it has not received a voting instruction from the client is referred to as a broker non-vote.

If Mr. Kanders solicits proxies, then each of the proposals will be considered a non-routine matter for any brokerage accounts solicited by Mr. Kanders. Thus, if your shares are held through a broker and Mr. Kanders provides you with proxy solicitation materials through your broker and you do not provide instructions to your broker as to how your shares are to be voted in the election of directors, your broker would not be able to vote your shares on any of the proposals after the time Mr. Kanders commences that solicitation.

If Mr. Kanders does not solicit proxies, each of the proposals will be considered a routine matter, and a broker will be permitted to vote its client's shares in the broker's discretion absent instructions from its client.

We urge you to provide instructions to your broker to ensure that your votes will be counted on these important matters. If Mr. Kanders solicits proxies to elect one or more of his nominees to our Board of Directors, and a broker cannot vote a client's shares because the broker has not received voting instructions from the client on any of the proposals presented at this meeting, then such client's shares will not be voted in person or by proxy and will not count

for purposes of determining whether a quorum is present. You should vote your shares by following the instructions provided on the WHITE proxy card and returning your WHITE proxy card to your broker to ensure that a WHITE proxy card is voted on your behalf.

Votes Required to Elect Directors and Ratify the Appointment of Ernst & Young for 2009

Our By-Laws provide that, in an uncontested election, a nominee for director shall be elected to the Board if a quorum is present and if the votes cast for such nominee's election exceed the withhold votes cast against such nominee's election. In addition, our Corporate Governance Guidelines include a director resignation policy that requires each director nominee, prior to each election of directors at an annual meeting, to submit to the Board an irrevocable letter of resignation from the Board which will become effective if that director does not receive the

Table of Contents

necessary votes and the Board determines to accept such resignation. In such circumstances, the Board's Nominating and Governance Committee will evaluate and make a recommendation to the Board with respect to the submitted resignation. The Board will take action on the recommendation within 180 days following the stockholders' meeting at which the election occurred. In such circumstances, we will publicly disclose the Board's decision including, if applicable, the reasons for rejecting a resignation.

The majority voting standard does not apply, however, if the number of nominees for director exceeds the number of directors to be elected. Our By-Laws provide that in such circumstances, directors will instead be elected by a plurality of the votes cast. Because the number of nominees timely nominated for election at the Annual Meeting exceeds the number of directors to be elected at the meeting, the election of directors at the Annual Meeting is a contested election. As a result, directors will be elected by a plurality of the votes cast at the Annual Meeting, meaning that the three (3) nominees receiving the most votes will be elected. Shares cannot be voted for more than three (3) nominees for the election of directors at the Annual Meeting, and only one vote per share may be cast for a given nominee. If you return more than one proxy card, only the latest dated proxy card you vote will be counted.

Only votes cast FOR a nominee will be counted at the Annual Meeting. Unless indicated otherwise by your WHITE proxy card, if you vote using a WHITE proxy card, your shares will be voted FOR the three (3) nominees recommended by the Board of Directors and named in this proxy statement. Stockholder instructions on the accompanying WHITE proxy card to withhold authority to vote for one or more of the nominees, and abstentions, will result in those nominees receiving fewer FOR votes but will not count against a nominee's election.

If Mr. Kanders were to withdraw his nomination of three nominees for director prior to the election of Class I directors at the Annual Meeting, then the election would be uncontested and the majority voting standard described above would apply.

The proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2009 will require the affirmative vote of a majority of the votes cast affirmatively or negatively at the Annual Meeting for approval. An abstention will not count as a vote cast against these matters.

Shares Held in 401(k) Plan

On March 3, 2009, our 401(k) Plan, which is called the Federal Signal Corporation Retirement Savings Plan, held 1,305,337 shares of our common stock in the name of Vanguard Fiduciary Trust Company, as trustee of the 401(k) Plan. If you are a participant in the 401(k) Plan, you may instruct Vanguard how to vote shares of common stock credited to your 401(k) Plan account by indicating your instructions on your WHITE proxy card and returning it by April 24, 2009. A properly executed proxy card will be voted by Vanguard as directed. If no proper voting direction is received, Vanguard, in its capacity as the 401(k) Plan Trustee, will vote your shares held in the 401(k) Plan in the same proportion as votes received from other participants in the 401(k) Plan.

Revocability of Proxy

You may revoke your proxy at any time before it is voted by:

voting by telephone or Internet on a later date, or delivering a later-dated proxy card prior to or at the Annual Meeting,

filing a written notice of revocation with our Corporate Secretary, or

attending the Annual Meeting and voting your shares in person. Attendance alone at the Annual Meeting will not revoke a proxy.

Householding of Proxies

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for annual reports and proxy statements with respect to two or more stockholders sharing the same address by delivering a single annual report and/or proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. We and some brokers may household annual reports and proxy materials, delivering a single annual report and/or proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders.

Once you have received notice from your broker or us that they or we will be householding materials to your address, householding may continue until you are notified otherwise or until you revoke your consent. You may

Table of Contents

request to receive at any time a separate copy of our annual report or proxy statement, by sending a written request to Federal Signal Corporation, 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary, or call 630-954-2008.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate annual report and/or proxy statement in the future, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Federal Signal Corporation, 1415 W. 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary, or call the number above. If, at any time, you and another stockholder sharing the same address wish to participate in householding and prefer to receive a single copy of our Annual Report and/or proxy statement, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Federal Signal Corporation, 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary, or call the number above.

Solicitation Costs and Manner of Solicitation

We will bear all costs relating to our solicitation of proxies. We have retained the services of Innisfree M&A Incorporated to solicit proxies for the Annual Meeting for a fee not to exceed \$300,000 and agreed to reimburse them for certain expenses. Innisfree M&A Incorporated will employ approximately 80 people for the solicitation. Proxies may be solicited by mail, in person or by telephone or other electronic means.

As discussed above, Mr. Kanders has indicated that he will nominate three directors to stand for election at the Annual Meeting. As a result, we have and will continue to incur substantial additional costs in connection with the Annual Meeting. Increased costs will include increased fees of outside counsel and public relations advisors, increased printing and mailing costs for additional solicitation materials, including the reimbursement of reasonable expenses of banks, brokerage houses and other agents incurred in forwarding solicitation materials to beneficial owners as described above, and the costs of retaining an independent inspector of election. We estimate that the aggregate cost (exclusive of litigation, if any) to us for the solicitation of proxies will be approximately \$1,800,000, of which approximately \$500,000 has been incurred to date. The additional costs do not include the costs represented by the regular salaries and wages of our employees and officers.

Appendix A to this proxy statement sets forth certain information relating to our directors, nominees and executive officers who may be soliciting proxies on our behalf. These persons will not receive any additional compensation for assisting in the solicitation, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation.

Stockholder Questions

If you have any questions about the Annual Meeting or if you need additional copies of this proxy statement or the enclosed WHITE proxy card, please contact the firm assisting us with the solicitation of proxies:

INNISFREE M&A INCORPORATED
STOCKHOLDERS MAY CALL TOLL-FREE: (877) 800-5186
(BANKS AND BROKERS MAY CALL COLLECT: (212) 750-5833)

Table of Contents**OWNERSHIP OF OUR COMMON STOCK**

The following table sets forth information as of March 3, 2009 with respect to beneficial ownership of our common stock by:

each person we know to beneficially own more than five percent of our common stock, which is our only class of outstanding voting securities;

each of our directors and Board-proposed director nominees;

each of our executive officers named in the Summary Compensation Table; and

all of our directors and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Outstanding Common Stock(2)
Beneficial Owners of More than Five Percent of our Common Stock:		
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078	4,617,077(3)	9.7%
Heartland Advisors, Inc. 789 N. Water Street Milwaukee, WI 53202	3,689,050(4)	7.8%
Dimensional Fund Advisors, LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	3,146,852(5)	6.6%
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	2,942,822(6)	6.2%
Keeley Asset Management Corp. 401 S. LaSalle Street, Suite 1201 Chicago, IL 60605	2,870,000(7)	6.0%
Each Director, Director Nominee and Named Executive Officer and Directors and all Executive Officers as a Group: (8, 9)		
James C. Janning, Chairman and Director	70,705	*
Charles R. Campbell, Director	69,272	*
Robert M. Gerrity, Director	37,757	*
James E. Goodwin, Director	84,961	*
Robert S. Hamada, Director	39,184	*
Paul W. Jones, Director	53,487	*
Dennis J. Martin, Director	6,867	*
John McCartney, Director	37,137	*

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Brenda L. Reichelderfer, Director	19,855	*
Joseph R. Wright, Director	4,460	*
William H. Osborne, President and Chief Executive Officer	58,159	*
William G. Barker, III, Senior Vice President and Chief Financial Officer	12,590	*
Stephanie K. Kushner, former Senior Vice President and Chief Financial Officer	29,452	*
David R. McConnaughey, President, Safety and Security Systems Group	80,185	*
Peter R. Guile, President of former subsidiary E-ONE, Inc.	11,938	*
Jennifer L. Sherman, Senior Vice President, Human Resources and General Counsel	102,075	*
Mark D. Weber, President, Environmental Solutions Group	143,159	*
All Directors and Executive Officers as a Group (18 persons)(10)	927,505	2.0%

Table of Contents

- (1) Totals include shares subject to stock options exercisable within 60 days of March 3, 2009, as follows: Mr. Janning, 34,941; Mr. Campbell, 27,553; Mr. Gerrity, 19,553; Mr. Goodwin, 61,104; Mr. Hamada, 19,553; Mr. Jones, 27,553; Mr. McCartney, 11,996; Ms. Reichelderfer, 2,817; Mr. McConnaughey, 35,867; Ms. Sherman, 63,392; Mr. Weber, 88,817; and all directors and executive officers as a group, 448,548. Totals also include shares of restricted stock awarded pursuant to our benefit plans which are subject to certain restrictions under the plans, as follows: Mr. Janning, 1,461; Mr. Campbell, 1,169; Mr. Gerrity, 1,169; Mr. Goodwin, 1,169; Mr. Hamada, 1,169; Mr. Jones, 1,169; Mr. McCartney, 1,169; Ms. Reichelderfer, 906; Mr. Osborne, 58,159; Mr. Barker, 12,590; Mr. McConnaughey, 43,100; Ms. Sherman, 15,700; and Mr. Weber, 26,000. Totals also include shares held in our 401(k) Plan and the E-One Retirement Savings Plan (a former Company subsidiary), as follows: Mr. Guile, 1,000; Ms. Sherman, 10,707; and Mr. Weber, 6,251. Totals do not include shares held in our Savings Restoration Plan (formerly Rabbi Trust), as follows: Mr. Hamada 2,772; Mr. Osborne, 13,062; Ms. Sherman, 2,284; Mr. Weber, 261. Excludes 29,000 restricted stock units granted to an executive officer which vest in full on the third anniversary of the date of grant.
- (2) Based upon 47,592,751 shares of common stock issued and outstanding as of March 3, 2009 and, for each director or executive officer or the group, the number of shares subject to stock options exercisable by such director or executive officer or the group within 60 days of March 3, 2009. The use of * denotes percentages of less than 1%.
- (3) Based solely on a Schedule 13G, Amendment No. 4, filed on January 15, 2009 with the Securities and Exchange Commission in which the stockholder reported that as of December 31, 2008, it had sole voting and dispositive power over all these shares in its capacity as an investment adviser to investment companies registered under the Investment Company Act of 1940 and other managed accounts. Franklin Mutual Advisers, LLC disclaims beneficial ownership of these shares.
- (4) Based solely on a Schedule 13G filed on February 11, 2009 with the Securities and Exchange Commission in which the stockholder reported that as of December 31, 2008, Heartland Advisors, Inc. had shared voting power with respect to 3,654,350 shares and shared dispositive power with respect to 3,689,050 shares as a registered investment advisor. These shares may be deemed beneficially owned by both Heartland Advisors, Inc., by virtue of its investment discretion and voting authority granted by certain clients, which may be revoked at any time; and William J. Nasgovitz, as a result of his ownership interest in Heartland Advisors, Inc. Heartland Advisors, Inc. and Mr. Nasgovitz each specifically disclaim beneficial ownership of these shares.
- (5) Based solely on a Schedule 13G, Amendment No. 2, filed on February 9, 2009 with the Securities and Exchange Commission in which the stockholder reported that as of December 31, 2008, it had sole voting power with respect to 3,030,213 shares and sole dispositive power with respect to 3,146,852 shares in its capacity as an investment advisor registered under the Investment Advisors Act of 1940 to investment companies and as investment manager to certain other commingled group trusts and separate accounts. Dimensional Fund Advisors disclaims beneficial ownership of these shares.
- (6) Based solely on a Schedule 13G, filed on February 5, 2009 with the Securities and Exchange Commission, Barclays Global Investors, NA and a group of affiliated entities reported that they had sole power to vote and to dispose of shares as of December 31, 2008 as follows: (a) Barclays Global Investors, NA had sole voting power with respect to 1,073,138 shares and sole dispositive power with respect to 1,260,216 shares, (b) Barclays Global Fund Advisors had sole voting power with respect to 1,379,931 shares and sole dispositive power with respect to 1,648,348 shares, (c) Barclays Global Investors, Ltd. had sole dispositive power with respect to 32,726 shares, and (d) Barclays Global Investors Australia Limited had sole voting and sole dispositive power with respect to 1,532 shares. The common stock reported is held by the Barclays entities in trust accounts for the economic

benefit of the beneficiaries of those accounts.

- (7) Based solely on a Schedule 13G, Amendment No. 1, filed on February 13, 2009 with the Securities and Exchange Commission in which the stockholder reported that as of December 31, 2008, it had sole voting and dispositive power over these shares as an investment company registered under the Investment Company Act of 1940 and as an institutional investment manager. The filing was made on behalf of the stockholder and Keeley Small Cap Fund, a Series of Keeley Funds, Inc.
- (8) The information contained in this portion of the table is based upon information furnished to us by the named individuals above and from our records. Except as set forth herein, each director and officer claims sole voting and investment power with respect to the shares listed beside his or her name.
- (9) All of our directors and officers use our Company address which is 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523.

Table of Contents

- (10) Excludes Ms. Kushner and Mr. Guile who left the Company on December 30, 2008 and August 5, 2008, respectively.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Company's Board of Directors consists of ten directors divided into three classes. Classes I and II each consist of three members and Class III consists of four members. Each class is elected for a term of three-years and the classes together are staggered so that one class term expires each year.

James E. Goodwin, William H. Osborne and Joseph R. Wright have been nominated by our Board of Directors as a Class I director for election at the Annual Meeting for a term of three-years to expire at the 2012 Annual Meeting or until his successor is elected and qualified. Mr. Osborne has served as our President and Chief Executive Officer since September 15, 2008, and Messrs. Goodwin and Wright are current directors standing for re-election. All of the nominees have been recommended for nomination by the Board of Directors acting on the recommendation of the Nominating and Governance Committee of the Board of Directors, which consists solely of independent members of the Board of Directors. Current Class I director James C. Janning is not standing for reelection at the Annual Meeting.

Unless you withhold authority to vote for the election of directors, your WHITE proxy card will be voted FOR the election of Messrs. Goodwin, Osborne and Wright. Each of the nominees has consented to being named in this proxy statement and to serve if elected. If any of the nominees should decline or be unable to serve as a director, the persons named as proxies in the accompanying WHITE proxy card will vote in accordance with their best judgment. We have no reason to believe that any of the nominees will be unwilling or unable to serve. However, if any nominee is not available for election, the Board may name a substitute nominee for whom votes will be cast.

Pursuant to our By-Laws, in an uncontested election, a nominee for director shall be elected to the Board if a quorum is present and if the votes cast for such nominee's election exceed the withhold votes cast against such nominee's election. The majority voting standard does not apply, however, if the number of nominees for director exceeds the number of directors to be elected. Our By-Laws provide that in such circumstances, directors will instead be elected by a plurality of the votes cast. Because the number of nominees timely nominated for election at the Annual Meeting exceeds the number of directors to be elected at the meeting, the election of directors at the Annual Meeting is a contested election. As a result, directors will be elected by a plurality of the votes cast at the Annual Meeting, meaning that the three (3) nominees receiving the most votes will be elected. Shares cannot be voted for more than three (3) nominees for the election of directors at the Annual Meeting, and only one vote per share may be cast for a given nominee. If you return more than one proxy card, only the latest dated proxy card you vote will be counted.

Background and Certain Contacts with Mr. Kanders

In early 2008, in connection with the Company's search for a new Chief Executive Officer, one of the Company's then-largest stockholders submitted Mr. Kanders to the Company as a potential candidate for such position. On February 22, 2008, the Company's investment bank also informed the Company of Mr. Kander's interest in being considered as a candidate for Chief Executive Officer.

On April 24, 2008, Mr. Kanders sent a letter to the Company, introducing himself and submitting his candidacy for Chief Executive Officer and a director of the Company.

On May 15, 2008, Mr. Kanders met with the Company's CEO Search Committee (comprised of Messrs. Campbell, Goodwin, Janning and McCartney) and presented his credentials as a candidate for Chief Executive Officer.

On May 21, 2008 the Company, through the executive search firm it had retained, requested that, in connection with the CEO Search Committee's consideration of his candidacy for Chief Executive Officer, Mr. Kanders participate in certain interviews and psychological testing and complete a related questionnaire in advance of such interviews and testing. On May 23, 2008, in connection with such interviews and testing, Mr. Kanders sent a letter to the executive search firm requesting, among other things, that the Company and each member of the Board agree that the results of such interviews and testing be held in the strictest confidence. In a letter dated May 30, 2008, the executive search firm confirmed to Mr. Kanders that all finalists under consideration would undergo the same tests and interviews, and that the results of the interview would be held in the strictest confidence. In a letter dated May 30, 2008, Mr. Kanders informed the executive search firm that he would not be able to complete the questionnaire prior to the scheduled interview date, but would be willing to discuss his answers to the questionnaire as part of the interview, or provide such answers by telephone prior to such interview.

Table of Contents

On June 12, 2008, Mr. Kanders sent a letter to the Company describing certain events on June 10, 2008 relating to the proposed psychological tests. Among other things, Mr. Kanders noted that the third party firm engaged by the Company to administer such testing requested that Mr. Kanders sign such firm's form confidentiality agreement in connection with such testing, and that Mr. Kanders declined to sign the agreement without prior review by his legal counsel. Consequently, the psychological testing was not completed. Mr. Kanders also noted that, although his counsel and counsel for the third party testing firm had subsequently agreed to terms of the confidentiality agreement, Mr. Kanders' schedule for the remainder of the month would not allow him to complete the testing.

On June 13, 2008, the Company sent a letter to Mr. Kanders informing him that the psychological testing referred to above comprised an important component of the Chief Executive Officer Search Committee's evaluation process and, therefore, Mr. Kanders should make arrangements to complete such testing on or before June 25, 2008 in order to continue to be considered for the position. In a letter dated June 17, 2008, Mr. Kanders, among other things, expressed his disappointment in the Company's June 13, 2008 letter. In a letter dated June 20, 2008, the Company reiterated to Mr. Kanders that the Chief Executive Officer search process applied to all candidates and that Mr. Kanders must participate in the psychological testing by June 25, 2008 in order to remain a candidate. In a letter dated June 24, 2008, Mr. Kanders indicated that he would not be participating in the testing, but would still like to be considered as a candidate for Chief Executive Officer. In a letter dated June 26, 2008, the Company informed Mr. Kanders that, since he did not complete the psychological testing during the requested time frame, the Company would be moving forward with its selection and recruiting process with the remaining Chief Executive Officer candidates. The letter also noted that the Board would welcome the opportunity to meet with Mr. Kanders to hear his ideas and recommendations for addressing the issues confronting the Company, and invited the scheduling of such a meeting.

In a letter to the Company dated July 9, 2008, Mr. Kanders, among other things, expressed his continued interest in the Chief Executive Officer position. In a response dated July 14, 2008, the Company reiterated the offer to meet with Mr. Kanders to discuss his ideas about the Company and noted that if Mr. Kanders would not be available to meet in person, a telephone conference could be arranged at Mr. Kanders' convenience. On July 16, 2008, Mr. Kanders sent a letter to the Company in which, among other things, he proposed to meet with the Board during the week following the Company's earnings announcement on July 25, 2008 to discuss his ideas and his candidacy for Chief Executive Officer.

On July 23, 2008, Mr. Kanders sent a letter to the Company in which, among other things, he expressed disappointment over the purchase price the Company received from its sale of its subsidiary, E-ONE, Inc., and the Company's stock performance. In a response dated July 28, 2008, the Company noted and disputed a number of assertions in Mr. Kanders' July 23, 2008 letter and reiterated the Board's willingness to meet with Mr. Kanders, but noted that such meeting would not include a discussion of the Chief Executive Officer position, as Mr. Kanders was no longer a candidate for such position.

In letters dated August 4, 2008, August 15, 2008, September 2, 2008, and October 28, 2008, Mr. Kanders, among other things, criticized what he asserted were: a variety of shortcomings in the Board's governance of the Company; poor performance by the Company's management; a lack of candor on the part of the directors and members of management; and lapses of the directors' performance of their duties in connection with previous changes in the management of the Company (as to which he called for an investigation to be conducted by directors that were not disabled by what Mr. Kanders asserted was a conflict of interest). In addition, he called for Mr. Janning to resign as Chairman and a member of the Board. During this same period the Company and members of its management publicly disputed Mr. Kanders' assertions and expressed unanimous support for Mr. Janning through letters to the Company's employees and other public statements.

On January 16, 2009, Mr. Kanders sent a letter to the Company, notifying the Company of his intent to nominate himself and each of Steven Gerbsman and Nicholas Sokolow for election to the Board at the 2009 Annual Meeting of

Stockholders.

On February 5, 2009, the Company sent a letter to Mr. Kanders inviting each of Messrs. Kanders, Gerbsman and Sokolow to meet with the Nominating and Governance Committee, in order for the Committee to evaluate each nominee's qualifications for director and potential contributions to the Company. In subsequent correspondence between February 6, 2009 and February 11, 2009, the Company and Mr. Kanders agreed that February 24, 2009 would be a convenient date to hold the interviews, and that Mr. Kanders would also meet with Messrs. Osborne and Barker in advance of the interviews, on February 23, 2009.

On February 13, 2009, the Company sent a letter to Mr. Kanders, enclosing the form of Director and Officer Questionnaire to be completed by each of Mr. Kanders' nominees, in accordance with the Company's By-Laws.

Table of Contents

Each of Messrs. Kanders, Gerbsman and Sokolow returned a completed questionnaire to the Company on February 20, 2009.

On February 23, 2009, Mr. Kanders met with Messrs. Osborne and Barker to discuss the Company generally.

On February 24, 2009, the Nominating and Governance Committee and Mr. McCartney met with and interviewed each of Messrs. Kanders, Gerbsman and Sokolow, in order to evaluate each nominee's qualifications for director and potential contributions to the Company.

On February 25, 2009, Mr. Kanders sent a letter to the Company, thanking the members of the Nominating and Governance Committee that participated in the interviews on February 24, 2009 for the opportunity to present the credentials of Messrs. Kanders, Gerbsman and Sokolow.

On March 5, 2009, the Company sent a letter to Mr. Kanders, thanking him, Mr. Gerbsman and Mr. Sokolow for meeting with the Nominating and Governance Committee on February 24, 2009 and informing Mr. Kanders that the Board, upon the recommendation of the Nominating and Governance Committee, had determined to nominate Messrs. Goodwin, Osborne and Wright as its candidates for election as Class I directors at the upcoming Annual Meeting.

On March 9, 2009, Mr. Kanders sent a letter to the Company, requesting the opportunity to inspect a list of the Company's stockholders and other materials pursuant to Section 220 of the Delaware General Corporation Law, and requesting certain information pursuant to Rule 14a-7 under the Securities Exchange Act of 1934. On March 16, 2009, the Company sent a letter to Mr. Kanders, stating that it would make available to Mr. Kanders such information referred to in the March 9, 2009 letter that is currently available to the Company and that a stockholder of the Company is entitled to examine under Section 220 of the Delaware General Corporation Law, and providing certain information in accordance with Rule 14a-7 under the Securities Exchange Act.

On March 20, 2009, Mr. Kanders placed a telephone call to Mr. Wright who returned that call on March 23, 2009 and spoke with Mr. Kanders. Mr. Kanders asked questions regarding specific Board decisions as to which Mr. Wright gave general responses. Mr. Kanders also expressed his dissatisfaction with senior management and the Board of Directors.

Recommendation of the Board of Directors

Our Board believes that the re-election of Messrs. Goodwin and Wright, and the election of Mr. Osborne, our President and Chief Executive Officer, will further the best interests of all of our stockholders, as opposed to the election of the nominees proposed by Mr. Kanders. As part of its regular governance process for the Annual Meeting, the Board evaluated a number of candidates in order to determine a slate of nominees that would best represent Federal Signal stockholders. The Board's Nominating and Governance Committee and Mr. McCartney met with and considered a number of individuals, including Messrs. Goodwin, Osborne and Wright, and the three individuals nominated by Mr. Kanders, including Mr. Kanders himself.

After careful consideration, the Board unanimously determined that Messrs. Goodwin, Osborne and Wright are the most qualified candidates as they have, in the opinion of the Board, the requisite experience and a deeper knowledge of the Company's business than the nominees proposed by Mr. Kanders. In addition, the Board believes that Messrs. Goodwin, Osborne and Wright would serve the interests of all of the Company's stockholders better than the nominees proposed by one stockholder.

Our Board urges you to vote to elect Messrs. Goodwin, Osborne and Wright as Class I directors by marking, signing, dating and returning the enclosed WHITE proxy card only and not to sign or return any proxy card provided by Mr. Kanders.

Table of Contents**Information Regarding Directors and Nominees**

Information regarding the Board-recommended nominees for election and the directors continuing in office is set forth below:

Name	Age	Year First Became Director	Year Present Term Expires	Principal Occupation or Employment for Last Five Years(1)
Class I Director Nominees:				
James E. Goodwin	64	2005	2009	Mr. Goodwin served as interim President and Chief Executive Officer of our Company from December 2007 through September 15, 2008. Prior to that, he was an independent business consultant from October 2001 to December 2007. From July 1999 to October 2001, Mr. Goodwin served as Chairman and Chief Executive Officer of United Airlines, a worldwide airline operator (NASDAQ: UAU). Mr. Goodwin also serves as a member of the Board of Directors of AAR Corp., a manufacturer of products for the aviation/aerospace industry, that is traded on the New York Stock Exchange (NYSE: AIR); John Bean Technologies Corporation (NYSE: JBT); and First Chicago Bank & Trust, serving in such positions since April 2002, September 2008, and May 2002, respectively.
William H. Osborne	48			Mr. Osborne serves as the Company's President and Chief Executive Officer, and has served as such since September 15, 2008. Prior to joining the Company, Mr. Osborne held a number of senior level positions with Ford Motor Company. Most recently from February 2008 to September 2008, he served as President and Chief Executive Officer of Ford of Australia. From November 2005 to January 2008, he served as the President and Chief Executive Officer of Ford of Canada; and from December 2003 to November 2005, he served as the Executive Director, Pickup Truck and Commercial Vehicles, North American Truck Business of Ford Motor Company.
Joseph R. Wright	70	2008	2009	Mr. Wright is Chief Executive Officer (since January 1, 2009) and serves as a director (since September 2004) of Scientific Games Corporation, a supplier of technology-based products, systems and services to the gaming industry, that is traded on the NASDAQ (NASDAQ: SGMS). He also serves as a Vice-Chairman of the Board of Directors (since April 2000) of Terremark Worldwide Inc., a global provider of utility-enabled managed IT infrastructure solutions, that is traded on the NASDAQ (NASDAQ: TMRK). Mr. Wright previously served as Chairman of the Board of Intelsat Ltd., the world's leading provider of fixed satellite services, from

July 2006 to May 2008 and, prior to this position, from August 2001 to July 2006, he served as Chief Executive Officer of PanAmSat, a publicly-listed satellite-based services business, which was acquired by Intelsat in 2006. Mr. Wright served in the U.S. Government under President Reagan as Deputy Director then Director of the Federal Office of Management and Budget in the Executive Office of the President and a member of the Cabinet, and earlier as Deputy Secretary of Commerce. He received the Distinguished Citizens Award from President Reagan.

Table of Contents

Name	Age	Year First Became Director	Year Present Term Expires	Principal Occupation or Employment for Last Five Years(1)
Class II Directors				
John McCartney	56	2005	2010	Mr. McCartney serves as Chairman of A.M. Castle & Co., a specialty steel products distributor that is traded on the New York Stock Exchange (NYSE: CAS), serving as a member of the Board of Directors beginning in April 1998 and as Chairman thereof since January 2007. From January 2001 until March 2009, Mr. McCartney served as Chairman of Westcon Group, Inc., a specialty distributor of networking and communications equipment, and remains a member of its Board of Directors. Mr. McCartney was the Vice-Chairman of Datatec Limited, a technology holding company whose shares are listed in Johannesburg and London (JSE: DTC), from October 1998 to March 2004. Mr. McCartney currently serves as a non-executive director of Datatec Limited, which directorship began in July 2007. Mr. McCartney also serves on the Board of Directors of Huron Consulting Group Inc., a financial consulting company that is traded on the NASDAQ (NASDAQ: HURN), since October 2004.
Robert M. Gerrity	71	2003	2010	Mr. Gerrity is a director and a principal in Gerrity Partners, a consulting business, and has served as such since May 1995. Mr. Gerrity also serves as the Chairman of the Industrial Products Group of Glencoe Capital, a private equity firm, a position he has held since January 2002. He is a director of Standard Motor Products, Inc., an auto parts company that is traded on the New York Stock Exchange (NYSE: SMP); Rimrock Corporation, a supplier of automation products and integration services; and Polyair Inter Pack Inc., a manufacturer and distributor of protective packaging products that is traded on the Toronto Stock Exchange (TSX: PPK), serving in such capacities since July 1996, February 2002, and May 2004, respectively. Mr. Gerrity also served as interim Chief Executive Officer of Polyair Inter Pack Inc. from October 2008 to December 2008.
Robert S. Hamada	71	2003	2010	Mr. Hamada is the Edward Eagle Brown Distinguished Service Professor of Finance Emeritus and Dean Emeritus, University of Chicago Graduate School of Business, following his retirement in July 2003. Mr. Hamada serves as a consultant for Hamada Management Consulting, beginning in September 1966. He is currently a director of A.M. Castle & Co., a specialty steel products distributor that is traded on the New York Stock Exchange (NYSE: CAS), and of Flying Food Group, a provider of in-flight catering services, serving in such capacities since 1984 and September 1989, respectively.

Class III Directors:

Charles R. Campbell	69	1998	2011	Mr. Campbell is a retired consultant previously working for The Everest Group, a management consulting firm. He was a partner in The Everest Group from 1997 to 2004.
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11

Table of Contents

Name	Age	Year First Became Director	Year Present Term Expires	Principal Occupation or Employment for Last Five Years(1)
Paul W. Jones	60	1998	2011	Mr. Jones is Chairman and Chief Executive Officer of A.O. Smith Corporation, a manufacturer of water heating systems and electric motors that is traded on the New York Stock Exchange (NYSE: AOS), serving as such since January 2006. From January 2004 until December 2005, Mr. Jones was President and Chief Operating Officer of A.O. Smith Corporation. Mr. Jones has served on the Board of Directors of A.O. Smith Corporation since December 2004. Mr. Jones serves as a director of Bucyrus International, Inc., a manufacturer of mining and construction machinery that is traded on the NASDAQ (NASDAQ: BUCY), which directorship began in July 2006. Mr. Jones also serves as a member of the Board of Directors of the United States Chamber of Commerce (since March 2008), and the National Association of Manufacturers (since October 2007), and on the Board of Trustees of Manufacturers Alliance/MAPI (since March 2006), and as a member of the Business Roundtable (since January 2006).
Brenda L. Reichelderfer	50	2006	2011	Ms. Reichelderfer is Senior Vice President and Managing Director of TriVista Business Group, a boutique management consulting and advisory firm, a position she has held since June 2008. Ms. Reichelderfer also serves as a member of the Technology Transfer Advisory Board of The Missile Defense Agency, a division of the United States Department of Defense, and has served as such since November 2008. Until May 2008, Ms. Reichelderfer was Senior Vice President, Group President (from December 2002) and Chief Technology Officer (from October 2005) of ITT Corporation, a global engineering and manufacturing company that is traded on the New York Stock Exchange (NYSE: ITT).
Dennis J. Martin	58	2008	2011	Mr. Martin has been an independent business consultant since August 2005. From August 2005 to December 2008, Mr. Martin served as Vice President of BD Martin Group LLC, a consulting firm. From May 2001 to August 2005, Mr. Martin was the Chairman, President and Chief Executive Officer of General Binding Corporation, a manufacturer and marketer of binding and laminating office equipment. Mr. Martin also serves as a director of HNI Corporation, a provider of office furniture and hearths that is traded on the New York Stock Exchange (NYSE: HNI), and of Coleman Cable, Inc., a manufacturer and innovator of electrical and electronic wire and cable products that is traded on the NASDAQ (NASDAQ: CCIX), serving in such capacities since July 2000 and February 2008, respectively. Mr. Martin also served on the Board of Directors of A.O. Smith Corporation, a manufacturer of water heating systems and electric motors that is traded on the New York Stock Exchange (NYSE: AOS), from

January 2004 until December 2005.

- (1) The data contained in this table is based upon information furnished to our Company by the individuals named above.

Each of Messrs. Martin and Wright was appointed to the Board in 2008 pursuant to the terms of a Settlement Agreement, dated March 12, 2008, between the Company and certain stockholders of the Company, including RCG Starboard Advisors, LLC, Ramius, LLC and certain entities and individuals affiliated with them (such stockholders collectively, the Ramius Group). Pursuant to the Settlement Agreement and as of the date thereof, the Board appointed Mr. Martin as a Class I director to fill the then existing vacancy on the Board. The Company also agreed to increase the size of the Board from nine to ten directors effective as of the date of the Company's 2008 Annual Meeting of Stockholders. To fill the new position resulting from the increase in the size of the Board, the Company

Table of Contents

nominated Mr. Martin for election at the 2008 Annual Meeting as a Class III director for a three-year term expiring at the Company's Annual Meeting of Stockholders in 2011. Following the 2008 Annual Meeting and pursuant to the terms of the Settlement Agreement, the Ramius Group recommended, and on April 23, 2008 the Board appointed, Mr. Wright to fill the vacancy in Class I on the Board resulting from the election of Mr. Martin as a Class III director at the 2008 Annual Meeting. The Settlement Agreement was filed as an exhibit to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on March 13, 2008.

INFORMATION CONCERNING THE BOARD OF DIRECTORS

Independence of Members of the Board of Directors

The Board of Directors has determined that all of our directors and all of the Board-recommended nominees for director, other than Mr. Osborne, qualify as independent. In making this determination, the Board of Directors considered the rules of the New York Stock Exchange and the Securities and Exchange Commission, and reviewed information provided by the directors and nominees in questionnaires and other certifications concerning the relationships that we may have with each director or nominee (including each director's immediate family members and other associates), including any charitable contributions that we may have made in the past and/or continue to make to organizations with which such director or nominee is affiliated.

Meetings of the Board of Directors and Committees

During 2008, our Board of Directors held a total of thirteen meetings. The Compensation and Benefits Committee held seven meetings; the Nominating and Governance Committee held five meetings; the Audit Committee held seven meetings; and the Executive Committee held no meetings. Our Corporate Governance Guidelines require each director to regularly attend meetings of the Board of Directors and all Board Committees upon which the director serves. Each director attended at least 75% of the meetings of the Board and of each Committee of which he or she was a member. In addition, all of our directors attended our 2008 Annual Meeting of Stockholders.

Committees of the Board of Directors

Pursuant to our By-Laws, we have established standing Audit, Nominating and Governance, Compensation and Benefits, and Executive Committees. Descriptions of our standing committees follow:

Audit Committee The Audit Committee of the Board of Directors is responsible for monitoring:

the integrity of our financial statements;

the qualifications and independence of our independent registered public accounting firm;

the performance of our internal audit function and independent registered public accounting firm; and

our compliance with legal and regulatory requirements, including our Code of Business Conduct for all employees and Code of Ethics for the Chief Executive Officer and senior financial officers.

In fulfilling its role, the Audit Committee reviews the design and operation of internal control processes and the manner in which we control our major financial risk exposures. The Audit Committee has direct and regular access to our financial executives, including the Vice President of Internal Audit and the Senior Vice President and Chief Financial Officer. Additionally, the Audit Committee has direct and regular access to the independent registered public accounting firm. The Audit Committee has the sole authority to appoint or replace our independent registered

public accounting firm, and is directly responsible for overseeing the work of and determining the appropriate compensation for our independent registered public accounting firm. In addition, the Audit Committee considers and approves the performance of non-audit services by our independent registered public accounting firm, taking into consideration the effect that the performance of these services may have upon the independence of the independent registered public accounting firm.

The Board of Directors has determined that all of the members of the Audit Committee are independent as defined under the applicable New York Stock Exchange and Securities and Exchange Commission rules. The members of the Audit Committee are Charles R. Campbell (Chairman), Robert M. Gerrity, James E. Goodwin, Robert S. Hamada and Dennis J. Martin. James C. Janning was a member of the Audit Committee until April 21, 2008 when he was replaced by Mr. Martin, who joined our Board in March 2008. Mr. Goodwin joined the Audit Committee on October 27, 2008, after he resigned from service as our interim President and Chief Executive Officer. The Board of Directors has determined that Mr. Campbell qualifies as an audit committee financial

Table of Contents

expert as defined by the Securities and Exchange Commission. None of the Audit Committee members serves on more than three public companies' audit committees (including our Company).

The Board of Directors has adopted a Charter for the Audit Committee to comply with the requirements of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002, a copy of which is available on our website at <http://www.federsignal.com>.

Nominating and Governance Committee The Nominating and Governance Committee is responsible for recommending guidelines to the Board of Directors for corporate governance, including the structure and function of our Board of Directors, its Committees and the management of our Company, as well as identification and recommendation to the Board of Directors of candidates to be elected as directors. The Committee also advises the Board of Directors as to appropriate compensation for serving as a member of our Board of Directors.

Stockholders may recommend individuals for the Nominating and Governance Committee to consider as potential directors by giving written notice to our Corporate Secretary at least 90 days but not more than 120 days prior to the first anniversary of the preceding year's Annual Meeting, along with the specific information required by our By-Laws, including, but not limited to, the name and address of the nominee; the number of shares of our common stock beneficially owned by the stockholder (including associated persons) nominating such nominee; and a consent by the nominee to serve as a director if elected that would be required for a nominee under the Securities and Exchange Commission rules. If you would like to receive a copy of the provisions of our By-Laws setting forth all of these requirements, you should write to our executive offices, Attn: Corporate Secretary. The Nominating and Governance Committee has not adopted any specific procedures for considering the recommendation of director nominees by stockholders, but will consider stockholder nominees for new directorship on the same basis as other nominees.

The Nominating and Governance Committee has set no specific minimum qualification for a nominee to the Board of Directors although under our revised Corporate Governance Guidelines, no person may stand for election as a director after attaining age 72 without a waiver from the Board. Generally, in evaluating a director candidate, the Nominating and Governance Committee considers the current make-up of the Board of Directors, the skills and business experience of the particular nominee, and the potential value the nominee would add to the Board of Directors. The Board of Directors has determined that all of the members of our Nominating and Governance Committee are independent as defined under the applicable New York Stock Exchange rules. The members of the Nominating and Governance Committee are Robert S. Hamada (Chairman), James C. Janning, Robert M. Gerrity, Brenda L. Reichelderfer and James E. Goodwin. Mr. Goodwin joined the Nominating and Governance Committee on October 27, 2008, shortly after he resigned from service as our interim President and Chief Executive Officer.

The Board of Directors has adopted a Charter for the Nominating and Governance Committee to comply with the requirements of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002, a copy of which is available on our website at <http://www.federsignal.com>.

Compensation and Benefits Committee The Compensation and Benefits Committee is responsible for the establishment and oversight of our Company's compensation and benefits philosophy. With respect to our executive officers, the Compensation and Benefits Committee has the authority to establish the objectives of compensation, to determine the components of compensation, and to establish and evaluate performance goals. The functions of the Compensation and Benefits Committee are further described in this proxy statement under the heading *Compensation Discussion and Analysis* beginning at page 19. The Board of Directors has determined that all of the members of our Compensation and Benefits Committee are independent as defined under the applicable New York Stock Exchange rules. The members of the Compensation and Benefits Committee are John McCartney (Chairman), James C. Janning, Paul W. Jones, Brenda L. Reichelderfer and Joseph R. Wright. Mr. Campbell was a member of the Compensation and

Benefits Committee until April 21, 2008 when he was replaced by Mr. Janning. Mr. Wright joined the Compensation and Benefits Committee in connection with his appointment to the Board in April 2008.

The Board of Directors has adopted a Charter for the Compensation and Benefits Committee to comply with the requirements of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002, a copy of which is available on our website at <http://www.federsignal.com>.

Executive Committee The Executive Committee generally exercises the power and authority of the Board in the intervals between full Board meetings. The members of the Executive Committee are James C. Janning (Chairman), Charles R. Campbell, Robert S. Hamada and John McCartney. Mr. Goodwin was a member and chaired this committee until October 27, 2008, when Mr. Janning was appointed Chairman.

Table of Contents**Director Compensation in the Last Fiscal Year**

The following table sets forth information concerning compensation earned by our non-employee directors in fiscal year 2008. Mr. Goodwin was appointed the interim President and Chief Executive Officer of our Company on December 11, 2007 and served in that capacity until September 15, 2008. Mr. Goodwin, while serving as our interim President and Chief Executive Officer, did not receive compensation as an independent director. With the appointment of Mr. Osborne as our new President and Chief Executive Officer beginning September 15, 2008, Mr. Goodwin resumed receiving independent director compensation. Mr. Goodwin's compensation as an executive officer for 2008 is disclosed in the Summary Compensation Table for executive officers.

Non-Employee Director Compensation in Fiscal Year 2008

Name	Fees Earned or Paid		Option Awards (\$)	
	in Cash \$(1)	Stock Awards \$(2)	(3)	Total (\$)
James C. Janning(4)	\$ 162,616	\$ 75,000	\$ 19,600	\$ 257,216
Charles R. Campbell	\$ 84,363	\$ 60,000	\$ 15,687	\$ 160,050
Robert M. Gerrity	\$ 77,487	\$ 60,000	\$ 15,687	\$ 153,174
James E. Goodwin(5)	\$ 19,969	\$ 0	\$ 22,318	\$ 42,287
Robert S. Hamada	\$ 83,149	\$ 60,000	\$ 15,687	\$ 158,836
Paul W. Jones	\$ 68,000	\$ 60,000	\$ 15,687	\$ 143,687
Dennis J. Martin(6)	\$ 55,707	\$ 60,000	\$ 5,302	\$ 121,009
John McCartney	\$ 79,500	\$ 60,000	\$ 20,544	\$ 160,044
Brenda L. Reichelderfer(7)	\$ 73,614	\$ 60,000	\$ 17,461	\$ 151,075
Joseph R. Wright(6)	\$ 48,794	\$ 0	\$ 5,032	\$ 53,826

(1) Includes the following share amounts which were awarded in lieu of cash fees: Mr. Gerrity, 1,538 shares; Mr. Hamada, 3,628 shares; Mr. Martin, 2,534 shares; Mr. McCartney, 2,962 shares; Ms. Reichelderfer, 6,424 shares; and Mr. Wright, 4,460 shares.

(2) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS 123(R). The following awards were granted to the directors on April 22, 2008, at a closing share price of \$13.85: 5,416 shares of common stock to Mr. Janning as Chairman; and 4,333 shares of common stock to each of Messrs. Campbell, Gerrity, Hamada, Jones, Martin, McCartney,

and Ms. Reichelderfer. As of December 31, 2008 each director had the following aggregate number of unvested restricted shares: Mr. Janning, 1,461 shares; Mr. Campbell, 1,169 shares; Mr. Gerrity, 1,169 shares; Mr. Goodwin, 1,169 shares; Mr. Hamada, 1,169 shares; Mr. Jones, 1,169 shares; Mr. Martin, 0 shares; Mr. McCartney, 1,169 shares; Ms. Reichelderfer, 906 shares; and Mr. Wright, 0 shares. As of December 31, 2008 each director held the following aggregate number of shares (excluding unvested restricted stock): Mr. Janning, 34,303 shares; Mr. Campbell, 40,550 shares; Mr. Gerrity, 17,053 shares; Mr. Goodwin, 22,688 shares; Mr. Hamada, 21,215 shares; Mr. Jones, 24,764 shares; Mr. Martin, 6,867 shares; Mr. McCartney, 23,972 shares; Ms. Reichelderfer, 16,132 shares; and Mr. Wright, 4,460 shares.

- (3) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008 in accordance with SFAS 123(R). In connection with his appointment to our Board, Mr. Martin received a stock option grant for 5,000 shares of our common stock on March 12, 2008 at an exercise price of \$12.39, the closing price of our common stock on the date of grant. Similarly, Mr. Wright received a stock option award for 5,000 shares of our common stock on April 23, 2008 at an exercise price of \$13.81, the closing price of our common stock on the date of grant, in connection with his appointment to the Board. As of December 31, 2008 each director had options for the following number of shares outstanding: Mr. Janning, 36,323; Mr. Campbell, 30,159; Mr. Gerrity, 20,659; Mr. Goodwin, 62,210; Mr. Hamada, 20,659; Mr. Jones, 30,159; Mr. Martin, 5,000; Mr. McCartney, 13,102; Ms. Reichelderfer, 9,226; and Mr. Wright, 5,000.
- (4) Includes annual cash retainer of \$87,500, Committee membership fees of \$18,616, meeting fees of \$21,500, and total per diem fees of \$35,000.
- (5) While serving as our interim President and Chief Executive Officer, Mr. Goodwin did not receive compensation as an independent director. Mr. Goodwin began receiving independent director compensation after his resignation as an interim officer on September 15, 2008.

Table of Contents

- (6) The annual retainers paid to each of Messrs. Martin and Wright were prorated based on their respective dates of election or appointment, as applicable, to the Board.
- (7) Ms. Reichelderfer deferred receipt of all of her 2008 share amounts, i.e., 10,757 shares, until January 30, 2009, at which time these shares were distributed in full on a one-for-one basis.

Additional Information About Director Compensation

The Nominating and Governance Committee of our Board of Directors advises our Board on the annual compensation for our non-employee directors. In order to set competitive compensation for our non-employee directors, our Nominating and Governance Committee may consult third party advisors, generally available source material, proxy statements and data from peer companies.

Our non-employee directors receive both cash and equity compensation as detailed below. Our Chairman, based on his key role and time commitment, receives additional compensation in cash and equity on a per diem basis for other time spent on Board matters.

Pursuant to our director stock ownership program, each non-employee director who does not own shares of our common stock equal in value to at least three times the annual retainer paid to non-employee directors is required to receive at least 50% of annual fees earned in any given year in stock.

Cash Compensation

**Cash Compensation of Our Non-Employee Directors(1)
January 1, 2008 - December 31, 2008**

	Annual Retainer	Per Diem Fee	Board Meeting Attended in Person	Board Meeting Attended by Telephone
Chairman of the Board	\$ 87,500	\$ 2,500(2)	\$ 3,000	\$ 500
Non-employee director (excluding the Chairman)	\$ 50,000		\$ 1,500	\$ 500
Committees				
<i>Audit</i>				
Chair	\$ 15,000			
Member	\$ 9,000			
<i>Compensation & Benefits</i>				
Chair	\$ 10,000			
Member	\$ 6,000			

Nominating and Governance

Chair \$ 10,000

Member \$ 6,000