

FEDERAL SIGNAL CORP /DE/  
Form SC 13D/A  
July 11, 2008

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

**SCHEDULE 13D/A**

(Amendment No. 1)

Under the Securities Exchange Act of 1934

**Federal Signal Corporation**

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(Name of Issuer)

Common Stock, \$1.00 par value

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(Title of Class of Securities)

313855108

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(CUSIP Number)

Warren B. Kanders  
c/o Kanders & Company, Inc.  
One Landmark Square, 22<sup>nd</sup> Floor  
Stamford, CT 06901

Copy to:  
Robert L. Lawrence, Esq.  
Kane Kessler, P.C.  
1350 Avenue of the Americas  
New York, NY 10019  
212-541-6222

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

July 9, 2008

(Date of Event which requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the *Notes*).

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NAMES OF REPORTING PERSONS:

1 Warren B. Kanders

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

2  
(a)   
(b)

SEC USE ONLY:

3

SOURCE OF FUNDS (SEE INSTRUCTIONS):

4

PF

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS  
2(d) OR 2(e):

5

CITIZENSHIP OR PLACE OF ORGANIZATION:

6

United States

SOLE VOTING POWER:

7

NUMBER OF 2,855,954

SHARES SHARED VOTING POWER:

BENEFICIALLY 8

OWNED BY 0

EACH REPORTING PERSON **9** SOLE DISPOSITIVE POWER:  
2,855,954

WITH **10** SHARED DISPOSITIVE POWER:  
0

**11** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:  
2,855,954

**12** CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):  
0

**13** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):  
5.95%

**14** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):  
IN

**\*SEE INSTRUCTIONS BEFORE FILLING OUT!**

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This Amendment No. 1 (the "Amendment") amends the Statement of Beneficial Ownership on Schedule 13D originally filed with the Securities and Exchange Commission on June 30, 2008 (the "Schedule 13D") by the Reporting Person with respect to shares of common stock, par value \$1.00 (the "Common Shares") of Federal Signal Corporation (the "Issuer"), whose principal executive offices are located at 1415 West 22<sup>nd</sup> Street, Oak Brook, Illinois 60523. Unless specifically amended hereby, the disclosures set forth in the Schedule 13D shall remain unchanged. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Schedule 13D.

**Item 4. Purpose of Transaction.**

Item 4 of the Schedule 13D is hereby amended by the addition of the following:

On July 9, 2008, the Reporting Person sent a letter to the Issuer's Board of Directors stating that BMO Capital Markets Corp.'s ("BMO") downgrade of the Issuer to "underperform" gave the Board even more reason to carefully consider its selection of the next Chief Executive Officer.

In its report, BMO lowered its 2009 price target of the Issuer's stock from \$13 per share to \$10 and expressed its belief that the Issuer's current valuation was not warranted.

As the Reporting Person is the only candidate for the CEO position whose name has been publicly announced, he observed that "it is possible to conclude that [the Issuer's] share price has been supported by my reputation, my purchases of [the Issuer's] stock which have been publicly disclosed, as well as purchases by some of [the Issuer's] largest shareholders, who I have been informed, actively endorse my candidacy."

The Reporting Person further expressed his belief that the Issuer's "future valuation will depend on [the Issuer's] ability to generate growth organically and through targeted acquisitions if the price of its shares is to maintain its premium to its peers and achieve higher than anticipated multiples - areas in which I have achieved demonstrable success."

"I therefore find it difficult to believe that the Board is so naïve as to base its selection of a CEO on personality tests, rather than a careful evaluation of a candidate's history of proven performance and delivery of shareholder value."

The Reporting Person advised the Board that, although they had not responded to his prior offers to meet with the Board personally, he remained "keenly interested" in the CEO position and intended to continue to purchase shares of the Issuer as circumstances dictated.

A copy of the letter is annexed hereto as Exhibit J.

On July 10, 2008, the Reporting Person issued a press release highlighting the contents of the letter he sent to the Issuer's Board of Directors on July 9, 2008.

A copy of the press release is annexed hereto as Exhibit 99.1.

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Other than as set forth in this Item 4, the Reporting Person does not have any current plans, proposals or negotiations that relate to or would result in any of the matters referred to in paragraphs (a) through (j) of Item 4 of the Statement. The Reporting Person intends to review his investment in the Issuer on a continuing basis, and to the extent permitted by law, may seek to engage in discussions with other stockholders and/or with management and the Board of the Issuer concerning the business, operations or future plans of the Issuer. Depending on various factors including, without limitation, the Issuer's financial position, the price levels of the Common Stock, conditions in the securities markets and general economic and industry conditions, the Reporting Person may, in the future, take such actions with respect to his investment in the Issuer as he deems appropriate including, without limitation, purchasing additional Common Stock, selling Common Stock, engaging in short selling of or any hedging or similar transaction with respect to the Common Stock, taking any action to change the composition of the Board, taking any other action with respect to the Issuer or any of its securities in any manner permitted by law or changing its intention with respect to any and all matters referred to in paragraphs (a) through (j) of Item 4.

Any description herein of the above referenced letter and press release are qualified in their entirety by reference to the attached Exhibits.

#### **Item 5. Interest in Securities of the Issuer.**

Item 5 of the Schedule 13D is hereby amended and restated in its entirety to read as follows:

(a), (b) and (c). As of July 9, 2008, the Reporting Person may be deemed to be the beneficial owner (as that term is defined under Rule 13d-3 under the Exchange Act of 1934, as amended) of 2,855,954 shares of Common Stock, constituting approximately 5.95% of the outstanding shares of Common Stock (the percentage of shares owned being based upon 47,997,478 Common Shares outstanding as of April 13, 2008, as set forth in the Issuer's most recent report on Form 10-Q for the period ended March 31, 2008, filed with the Securities and Exchange Commission on May 2, 2008), over which the Reporting Person exercises sole voting and dispositive power.

No transactions in the shares of Common Stock have been effected by the Reporting Person during the last 60 days except the following transactions, each of which was made by the Reporting Person in a broker's transaction in the open market. Prices do not include brokerage commissions.

Date	Number of Shares	Price Per Share
July 9, 2008	100,000	\$11.967
June 27, 2008	125,000	\$12.418
June 26, 2008	137,600	\$12.725
June 26, 2008	32,300	\$12.770
June 25, 2008	7,835	\$13.897
June 24, 2008	87,265	\$13.883
May 23, 2008	15,000	\$12.600

(d) and (e). Not Applicable



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**Item 7. Material to be Filed as Exhibits.**

Item 7 of the Schedule 13D is hereby amended to include the following:

Exhibit J- Letter dated July 9, 2008 from the Reporting Person to the Issuer's Board of Directors.

Exhibit 99.1- Press Release dated July 10, 2008.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

Dated: July 10, 2008

/s/  
Warren  
B.  
Kanders  
Warren  
B.  
Kanders

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**Warren B. Kanders**  
**One Landmark Square - 22<sup>nd</sup> Floor**  
**Stamford, Connecticut 06901**  
**Tel.: (203) 552-9600**  
**Fax: (203) 552-9607**

July 9, 2008

**Via Facsimile and Federal Express**

Mr. James C. Janning  
Chairman of the Board  
Federal Signal Corporation  
1415 West 22<sup>nd</sup> Street  
Oak Brook, Illinois 60523

Dear Mr. Janning:

I assume that the Board has seen the recent analyst report prepared by BMO Capital Markets Corp. downgrading Federal Signal Corporation (“FSS”) to “underperform.” BMO’s analysis is both enlightening and cautionary - and gives the Board even more reason to consider its selection of the next Chief Executive Officer most carefully.

In its report, BMO states:

“We believe the continuing pressures on US municipal budgets owing to softness in the US economy couple with signs of economic weakness outside the US, particularly Europe, create the potential for earnings to fall below company and Street expectations. (Management guidance and the consensus estimate for 2008 EPS are \$0.82 and \$0.79, respectively)”

BMO further observes:

“Federal Signal is trading at a P/E of 15.5x estimated 2009 EPS of \$0.85. On an EV/EBITDA basis, the shares are trading at 9.7x our 2009 EBITDA estimate of \$95.7 million. We believe the premiums to our coverage group averages of 13.4x and 8.2x, respectively, are unwarranted; the share price has performed surprisingly well as compared with many other industrial names”.

BMO concludes:

“As a result of a lower EBITDA estimate, our price target is lowered. Given the company’s exposure to weakening end-markets, we do not believe Federal Signal’s current valuation is warranted.”

Mr. James C. Janning  
Chairman of the Board and Acting Chief Executive Officer  
July 9, 2008  
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As I am the only candidate whose name has been publicly announced, it is possible to conclude that FSS' share price has been supported by my reputation, my purchases of FSS stock which have been publicly disclosed, as well as purchases by some of FSS's largest shareholders, who I have been informed, actively endorse my candidacy.

As a result of its reduced estimate of FSS's EBITDA for 2009, BMO lowered its price target for FSS shares from \$13 to \$10. That would not only represent a 32% discount to the July 8, 2008 closing price of FSS shares, it is well below my average cost basis, and I believe, the average cost basis of many other FSS stockholders.

I believe that FSS's future valuation will depend on FSS's ability to generate growth organically and through targeted acquisitions if the price of its shares is to maintain its premium to its peers and achieve higher than anticipated multiples - areas in which I have achieved demonstrable success.

I therefore find it difficult to believe that the Board is so naïve as to base its selection of a CEO on personality tests, rather than a careful evaluation of a candidate's history of proven performance and delivery of shareholder value.

Let me be clear. I have repeatedly offered to accommodate the Board to meet in person or telephonically to discuss my candidacy, but have received no response. I remain keenly interested in the CEO position and the future success of FSS. I intend to continue to purchase shares in the market, as circumstances dictate, as further evidence of my commitment.

Very truly yours,

/s/ Warren B. Kandars  
Warren B. Kandars

WBK/bdr

cc: James E. Goodwin  
Charles R. Campbell  
John F. McCartney  
Joseph R. Wright  
Robert Gerrity  
Robert Hamada  
Paul Jones  
Dennis Martin  
Brenda Reichelderfer