

FEDERAL SIGNAL CORP /DE/
Form DEFA14A
April 14, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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:

April 14, 2009

Dear Fellow Federal Signal Stockholder:

We have enclosed important information regarding your investment in Federal Signal. I encourage you to review it carefully.

We urge you to vote FOR your Company's highly regarded and accomplished Board of Directors. Please use the **WHITE** proxy card to vote **TODAY** by telephone, by Internet or by signing, dating and returning your **WHITE** proxy card in the enclosed postage-paid envelope.

On behalf of Federal Signal's Board of Directors, I thank you for your continued support.

Sincerely,

John McCartney

Director

Federal Signal Corporation

Your Vote Is Important, No Matter How Many Or How Few Shares You Own.

If you have questions about how to vote your shares, or need additional assistance, please contact the firm assisting us in the solicitation of proxies:

INNISFREE M&A INCORPORATED

Stockholders Call Toll-Free: (877) 800-5186

Banks and Brokers Call Collect: (212) 750-5833

IMPORTANT

We urge you **NOT** to sign any gold proxy card sent to you by Warren Kanders.

If you have already done so, you have every legal right to change your vote by using the enclosed **WHITE** proxy card to vote **TODAY** by telephone, by Internet, or by signing, dating and returning the **WHITE** proxy card in the postage-paid envelope provided.

AN IMPORTANT MESSAGE TO ALL FEDERAL SIGNAL
STOCKHOLDERS

MAKE YOUR VOTE COUNT AT FEDERAL SIGNAL S
2009 ANNUAL MEETING

VOTE THE WHITE PROXY CARD TODAY

Advancing security and well-being

FORWARD LOOKING LANGUAGE

These materials may contain words such as may, will, believe, expect, anticipate, intend, plan, project, estimate and objective or the negative thereof or similar terminology concerning Federal Signal's future financial performance, business strategy, plans, goals and objectives. These expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning Federal Signal's possible or assumed future performance or results of operations and are not guarantees. While these statements are based on assumptions and judgments that management has made in light of industry experience as well as perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances, they are subject to risks, uncertainties and other factors that may cause Federal Signal's actual results, performance or achievements to be materially different from those stated. Such risks and uncertainties include but are not limited to: economic conditions in various regions, product and price competition, supplier and raw material prices, foreign currency exchange rate changes, interest rate changes, increased legal expenses and litigation results, legal and regulatory developments and other risks and uncertainties described in filings with the Securities and Exchange Commission.

FEDERAL SIGNAL IS POSITIONED FOR GROWTH

Since 2008, your Board and management team have taken a series of actions to position the Company for future growth and enhance stockholder value:

APPOINTED A NEW EXECUTIVE MANAGEMENT TEAM FOLLOWING A ROBUST SEARCH PROCESS

- Bill Osborne appointed president and CEO
- Bill Barker appointed senior vice president and CFO

DIVESTED UNDERPERFORMING ASSETS

- Divested the cyclical and nonstrategic Tool business and the unprofitable E-ONE business

ENHANCED LIQUIDITY

- Liquidated municipal leasing portfolio, completed sale leaseback of two manufacturing facilities
- Reduced debt by approximately \$150mm in 2008
- Stronger balance sheet in today's credit environment enhances flexibility to invest in growth

COMPLETED EXPANSION OF BRONTO PRODUCTION FACILITY AND INITIATED EXPANSION OF VACTOR/GUZZLER PLANT

- Enables higher volume/reduced cost production for consistent operating margins

NEW MANAGEMENT TEAM ACTED QUICKLY AND DECISIVELY TO INITIATE \$20 MILLION ANNUAL COST SAVINGS PROGRAM WITHIN FIRST 60 DAYS AFTER BILL OSBORNE TOOK OFFICE

FEDERAL SIGNAL HAS LEADERSHIP POSITIONS IN MOST MARKETS, STRONG BRANDS, AN INCREASING GLOBAL

PRESENCE AND A STRONG CUSTOMER BASE.

FEDERAL SIGNAL HAS THE RIGHT STRATEGIC PLAN TO BUILD STOCKHOLDER VALUE

Federal Signal is executing a two-pronged strategy to deliver growth and enhance earnings and cash flow:

DRIVING GROWTH THROUGH THE PUBLIC SAFETY SYSTEMS PLATFORM

- On track to become a global leader in the public safety systems market
- Currently generates over \$200 million of revenue at attractive margins
- Considerable room for growth in the multi-billion dollar global market for public safety and intelligent transportation systems
- Service delivery model to drive growth through faster market penetration

INCREASING MARGINS AND EXTRACTING EFFICIENCIES

- Environmental Solutions Group streamline product offerings and reduce product design costs
- Safety & Security Systems Group outsource non-core manufacturing, consolidate excess capacity and simplify our business structure
- Fire Rescue Group (Bronto) continue margin improvement efforts

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FEDERAL SIGNAL'S BOARD HAS A RECORD OF STRONG CORPORATE GOVERNANCE AND IS COMMITTED TO SERVING THE BEST INTERESTS OF ALL STOCKHOLDERS

Federal Signal's Board is engaged, proactive and has a proven record of strong governance practices:

- Independent Board and Committees
- Five new directors, out of nine continuing directors, have joined the Board since 2005, including two new independent stockholder-proposed directors, added in 2008
- Separate Chairman and CEO since 2004, and a stated commitment to name a new independent Chairman following the 2009 Annual Meeting
- Active and involved Board held 13 Board meetings in 2008
- Federal Signal's directors have extensive management and/or leadership experience
- Stock ownership aligned with stockholder value creation
- No poison pill
- No related-party dealings
- Compensation program provides appropriate incentives for superior performance

ACCORDING TO RISKMETRICS/ISS, ONE OF THE NATION'S LEADING INDEPENDENT PROXY ADVISORY SERVICES, FEDERAL SIGNAL HAD A CORPORATE GOVERNANCE QUOTIENT (CGQ®) RATING BETTER THAN 89.8% OF S&P 400 COMPANIES AND BETTER THAN 96.3% OF CAPITAL GOODS COMPANIES, AS OF APRIL 1, 2009.

THIS MEANS THAT FEDERAL SIGNAL'S CORPORATE GOVERNANCE OUTPERFORMED APPROXIMATELY 90% OF THE COMPANIES IN THE S&P 400 AND 96% OF ITS INDUSTRY PEERS.

VOTE FOR FEDERAL SIGNAL S HIGHLY QUALIFIED NOMINEES

Your Board believes that each director should contribute specific expertise and perspectives that in the aggregate benefit the best interests of all stockholders

After careful consideration, your Board unanimously determined that

Jim Goodwin, Bill Osborne and Joe 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 one insurgent stockholder.

JAMES E. GOODWIN

Independent director of Federal Signal, since 2005

Former interim president and CEO of Federal Signal oversaw substantial progress in Company s transformation from, December 2007 to September 2008

Former chairman and CEO of United Airlines

Director of AAR, First Chicago Bank

& Trust, John Bean Technologies

Strong relationship with FSS stockholders

WILLIAM H. OSBORNE

President and CEO of Federal Signal, appointed September 2008
Wealth of experience building and leading complex global organizations
Strong customer focus in industrial and municipal markets
Extensive experience in product design, development and engineering
Served as president and CEO of Ford of Australia
Served as president and CEO of Ford of Canada
Prior to joining Ford, held positions at Chrysler and General Motors

JOSEPH R. WRIGHT

Independent director of Federal Signal, appointed April 2008 as part of stockholder agreement
CEO and a director of Scientific Games
Extensive executive leadership and public company board experience
Former member of the President's National Security Telecommunications Advisory Committee; former
EVP and vice-chairman, W. R. Grace; former member of the Department of Defense Business Board
Vice-chairman of Terremark
Worldwide; former chairman of Intelsat

WARREN KANDERS A REJECTED CEO CANDIDATE AND DISSIDENT STOCKHOLDER
WITH NO PLAN AND NO IDEAS TO BUILD VALUE

WE BELIEVE WARREN KANDERS WANTS BOARD SEATS AT FEDERAL SIGNAL TO IMPOSE
HIS SELF-SERVING AGENDA

- In 2008, Federal Signal s Board considered and rejected Kanders as CEO candidate
- Shortly thereafter, Kanders embarked on a disruptive publicity campaign in an attempt to discredit Federal Signal

WHILE WARREN KANDERS IS QUICK TO CRITICIZE

FEDERAL SIGNAL, HE HAS PROVIDED NOPLAN AND NOIDEAS TO BUILD STOCKHOLDER
VALUE

WARREN KANDERS HAS A TRACK RECORD OF INSTALLING DIRECTORS WITH
LONG-STANDING TIES TO HIMSELF

WARREN KANDERS RECORD OF STOCKHOLDER VALUE CREATION IS INCONSISTENT

- Kanders has presided over decreasing stockholder value at a number of public companies with which he is or has been involved

WARREN KANDERS #1 PRIORITY IS PAYING HIMSELF

- Kanders has extracted approximately \$6.5 million from his affiliated companies

WARREN KANDERS AGENDA IS NOTIN THE BEST INTERESTS OF FEDERAL SIGNAL S
STOCKHOLDERS.

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KANDERS NOMINEES ARE NOT INDEPENDENT OF KANDERS

NICHOLAS SOKOLOW

Partner, Lebow & Sokolow LLP

NO operational experience in the markets in which FSS operates, with the exception of Armor Holdings, where Kanders served as CEO

Relationship with Kanders:

· Has served on 3 boards alongside Kanders: Stamford Industrial, Clarus, Armor Holdings

Track record of stockholder value destruction

· Named defendant in 6 of 8 lawsuits filed in '97 for conspiring to take Rexel private for as little cost as possible to the detriment of shareholders

Sokolow's law firm was paid \$124K for legal services by Armor Holdings during fiscal 2003

As chairman of Compensation & Benefits Committee at Armor Holdings, Sokolow approved \$17 million golden parachute for Kanders

STEVEN R. GERBSMAN

Principal, Gerbsman Partners, Crisis & Private Investment Consulting Firm

NO public company board experience

NO operational experience in the markets in which FSS operates

NO proven track record of creating shareholder value as a director of a public company

Relationship with Kanders:

Armor Holdings: Managed trust invested in Armor Holdings Langer: Managed trust invested in Langer.

At time of sale, Kanders was a 40% shareholder in Langer Beard: Served as Kanders' representative when Kanders became a 6.2% stockholder of Beard

WE BELIEVE KANDERS' NOMINEES ARE NOT INDEPENDENT OF KANDERS, AND, IF ELECTED, WOULD WORK ONLY TO

ADVANCE WARREN KANDERS' INTERESTS.

FEDERAL SIGNAL'S BOARD AND MANAGEMENT HAVE THE EXPERIENCE AND STRATEGIC PLAN TO ENHANCE VALUE FOR ALL STOCKHOLDERS

FEDERAL SIGNAL IS THE LEADER IN PROVIDING TOTAL SOLUTIONS FOR THE SAFETY, SECURITY AND WELL-BEING OF COMMUNITIES AND WORKPLACES AROUND THE WORLD

FEDERAL SIGNAL'S BOARD OF DIRECTORS AND MANAGEMENT TEAM HAVE UNDERTAKEN A SERIES OF ACTIONS TO POSITION THE COMPANY FOR SUSTAINABLE AND PROFITABLE GROWTH AND TO DRIVE STOCKHOLDER VALUE

- Appointed a new executive management team led by Bill Osborne and Bill Barker
- Strengthened the balance sheet by divesting non-core assets
- Developed a two-pronged strategy to deliver consistent, profitable growth, enhanced earnings and cash flow and stockholder value

AFTER CAREFULLY CONSIDERING A NUMBER OF INDIVIDUALS, INCLUDING WARREN KANDERS' NOMINEES, YOUR BOARD UNANIMOUSLY DETERMINED THAT JIM GOODWIN, BILL OSBORNE AND JOE WRIGHT WOULD BEST SERVE THE INTERESTS OF ALL FEDERAL SIGNAL STOCKHOLDERS

FEDERAL SIGNAL HAS POSITIONED ITSELF TO CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR PUBLIC SAFETY AND INTELLIGENT TRANSPORTATION SOLUTIONS SERVING AN INCREASINGLY RECEPTIVE AND BETTER-FUNDED CUSTOMER BASE.

YOUR CHOICE IS CLEAR

Protect Your Investment. Vote FOR Your Board's Nominees On The WHITE Proxy Card Today.

WILLIAM H. OSBORNE JAMES E. GOODWIN JOSEPH R. WRIGHT

We urge you to protect your investment and not risk Federal Signal's future and prospects by exposing Federal Signal to Warren Kanders and his nominees.

Support Your Board And Management By Signing, Dating And Returning The Enclosed WHITE Proxy Card Today.

YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN.

If you have questions about how to vote your shares, or need additional assistance, please contact the firm assisting us in the solicitation of proxies:

INNISFREE M&A INCORPORATED Stockholders Call Toll-Free: (877) 800-5186