

FEDERAL SIGNAL CORP /DE/
Form DEF 14A
March 10, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant

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:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

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1415 West 22nd Street
Oak Brook, Illinois 60523

Notice of Annual Meeting of Stockholders
To Be Held on April 21, 2017

To the Stockholders of Federal Signal Corporation:

The Annual Meeting of Stockholders of Federal Signal Corporation, a Delaware corporation (the “Company”), will be held at the Regency Towers Conference Center, 1515 West 22nd Street, Oak Brook, IL 60523, on Friday, April 21, 2017, at 8:30 a.m., local time, for the following purposes:

- To elect nine directors;
- To approve, on an advisory basis, the compensation of our named executive officers (“NEOs”);
- To vote, on an advisory basis, on the frequency of future advisory votes on our NEO compensation;
- To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017; and
- To transact such other business that may properly come before the meeting or any adjournment(s) or postponement(s) thereof.

The Board of Directors of the Company (the “Board”) has fixed the close of business on February 28, 2017, as the record date for the Annual Meeting. Only stockholders of record on the record date are entitled to receive notice of, and to vote at, the Annual Meeting.

The Board recommends that you vote “FOR ALL” the nominees for director proposed by the Board; “FOR” the advisory approval of our NEO compensation; “1 Year” for the advisory vote on the frequency of future advisory votes on NEO compensation; and “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017.

Stockholders of record on the record date will receive a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”). The Notice of Internet Availability, first mailed on March 10, 2017, contains instructions on how to access the proxy statement, this notice, and our 2016 Annual Report on Form 10-K on the Internet at www.proxyvote.com. Stockholders wishing to receive a printed copy of our proxy materials should follow the instructions provided in the Notice of Internet Availability. Those stockholders who previously requested printed or electronic copies of our proxy materials will receive a printed or electronic copy, as applicable.

To vote, please follow the instructions in the Notice of Internet Availability or the proxy materials if you received printed copies. If you vote by telephone or Internet, you do not need to return a proxy card. If you are present at the Annual Meeting, you may vote your shares in person. If you hold your shares through a broker or other custodian, please check the voting instructions provided to you by that broker or custodian.

YOUR VOTE IS IMPORTANT! Whether or not you expect to attend the Annual Meeting, please vote your shares at your earliest convenience. This will ensure the presence of a quorum at the Annual Meeting and save the extra expense of additional solicitation. Submitting your proxy now will not prevent you from voting your shares at the Annual Meeting, as your proxy is revocable at your option. If you have any questions or need assistance in voting your shares of our common stock, please call the Corporate Secretary at (630) 954-2012 or email us at info@federalsignal.com.

By order of the Board of Directors,
DANIEL A. DUPRÉ,
Corporate Secretary
March 10, 2017

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. Please read the entire proxy statement before voting. This summary does not contain all of the information that you should consider before voting.

GENERAL INFORMATION

Stock Symbol: FSS

Stock Exchange: New York Stock Exchange (“NYSE”)

Registrar and Transfer Agent: Computershare Limited

State and Year of Incorporation: Founded in 1901 and reincorporated in Delaware in 1969

Corporate Headquarters: 1415 West 22nd Street, Suite 1100, Oak Brook, Illinois 60523

Corporate Website: www.federalsignal.com

ANNUAL MEETING

Time and Date: 8:30 a.m., local time, Friday, April 21, 2017

Place: Regency Towers Conference Center, 1515 West 22nd Street, Oak Brook, Illinois 60523

Record Date: February 28, 2017

Common Shares Outstanding on Record Date: 59,721,376

Voting: Each share of our common stock is entitled to one vote for each director to be elected and on each matter to be voted upon at the Annual Meeting

ITEMS TO BE VOTED ON AND BOARD RECOMMENDATIONS

Item	Board Recommendations	Page
Proposal 1 Election of Nine Directors	For all nominees	9
Proposal 2 Advisory Vote to Approve the Compensation of our NEOs	For	46
Proposal 3 Advisory Vote on the Frequency of Future Advisory Votes on our NEO Compensation	1 Year	48
Proposal 4 Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for Fiscal Year 2017	For	49

The Board shall also transact any other business that may properly come before the Annual Meeting or adjournments or postponements thereof.

PROPOSAL 1: ELECTION OF NINE DIRECTORS

DIRECTOR NOMINEES

Name	Age	Director Since	Occupation and Experience	Independent	Audit Committee	Compensation and Benefits Committee	Nominating and Governance Committee
James E. Goodwin (1)	72	2005	Lead Independent Director, Federal Signal Corporation	Yes		ü	ü
Paul W. Jones	68	1998	Former Executive Chairman and Chief Executive Officer (“CEO”), O. Smith Corporation	AYes		ü	Chair
Bonnie C. Lind	58	2014	Sr. Vice President, Chief Financial Officer (“CFO”) and Treasurer, Neenah Paper, Inc.	Yes	ü		
Dennis J. Martin (1)	66	2008	Chairman and former CEO, Federal Signal Corporation	No			

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Name	Age	Director Since	Occupation and Experience	Independent	Audit Committee	Compensation and Benefits Committee	Nominating and Governance Committee
Richard R. Mudge	71	2010	President, Compass Transportation and Technology, Inc.	Yes	ü		
William F. Owens	66	2011	Former Governor of Colorado	Yes		ü	ü
Brenda L. Reichelderfer	58	2006	Sr. Vice President and Managing Director, TriVista Business Group	Yes		Chair	ü
Jennifer L. Sherman	52	2016	President and CEO, Federal Signal Corporation	No			
John L. Workman	65	2014	Former CEO, Omnicare, Inc.	Yes	Chair		

(1) Effective December 31, 2016, Mr. Martin retired from employment and transitioned from Executive Chairman of the Company to Chairman of the Board. Mr. Goodwin remains Lead Independent Director.

All nominees are current directors. Each nominee attended at least 75% of the aggregate of all fiscal year 2016 meetings of the Board and each Committee on which he or she served.

CORPORATE GOVERNANCE

Standing Board Committees (Meetings Held in Fiscal Year 2016): Audit (8); Compensation and Benefits (6); and Nominating and Governance (4)

Independent Directors Meet without Management: Yes

Separate Chairman and CEO: Yes

Staggered Board: No (all directors elected annually)

Director Retirement Age Limit: Yes (may not stand for election after attaining age 75 without a waiver from the Board)

Stockholder Rights Plan: No

Director and Officer Stock Ownership Guidelines: Yes

Policy Prohibiting Hedging, Short Sale and Pledging: Yes

Recoupment Policy (Clawback): Yes

FISCAL YEAR 2016 HIGHLIGHTS

Although conditions in industrial markets remained challenging throughout 2016, the Company continued to focus on executing against a number of key long-term objectives, including the following:

• Creating disciplined growth;

• Improving manufacturing efficiencies and costs;

• Leveraging invested capital; and

• Diversifying our customer base.

Some of the Company's highlights of its achievement against these objectives in 2016 include the following:

In January 2016, we completed the sale of our Bronto Skylift business, receiving proceeds of approximately \$88 million. The sale of our Bronto Skylift business removed a low-margin operation that required a disproportionate amount of invested capital and facilitates our focus on more profitable growth opportunities.

In addition, in January 2016, we executed a new five-year \$325 million revolving credit facility to replace our previous \$225 million credit facility.

We continued to apply a disciplined approach in considering potential acquisitions. In January 2016, we completed the acquisition of Westech Vac Systems, Ltd., a Canadian manufacturer of high-quality, rugged vacuum trucks.

Although not significant in size, the acquisition provides access to new product offerings and new markets.

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In June 2016, the Company completed the acquisition of substantially all the assets and operations of Joe Johnson Equipment, Inc. and Joe Johnson Equipment (USA), Inc. (collectively, "JJE"). The Company expects that JJE will facilitate sales of its existing products into new markets, expand the Company's product and service offerings and increase the Company's footprint across North America. With the acquisition of JJE, the Company's product offerings have expanded to include other products, including those not manufactured by the Company, such as refuse and recycling collection vehicles, camera systems, ice-resurfacing equipment and snow-removal equipment.

We demonstrated our commitment to returning value to stockholders by paying increased cash dividends of \$16.9 million in 2016, up from \$15.6 million in 2015.

We also significantly increased the amount of opportunistic share repurchases under our authorized share repurchase programs, repurchasing approximately 3.0 million shares at an average purchase price of \$12.75 per share. Total repurchases in 2016 totaled \$37.8 million, compared to \$10.6 million in 2015. The remaining aggregate authorization under these programs of \$31.4 million at December 31, 2016 represents approximately 4% of our market capitalization.

- Cash flow during 2016 remained healthy, with \$26.7 million of cash being generated from continuing operations, facilitating the increased cash returns to shareholders, as well as investments in long-term growth initiatives, including new product development.

We have also continued to focus on new product development in 2016 and believe that these efforts will provide additional opportunities to diversify further our customer base. Specific examples for industrial markets include investments in new excavator designs to better target utility markets and in internationally certified safety products to expand our global reach.

We continue to focus on reducing product costs and improving manufacturing efficiencies across all of our businesses. We started our "80/20" efficiency initiatives in 2010, and they have remained a critical part of our culture. At December 31, 2016, total debt exceeded total cash and cash equivalents by \$13.3 million, and we had \$244 million of availability under our credit facility. With our current capital structure, strong balance sheet, availability under our credit facility and positive operating cash flow, we are well positioned to navigate short-term market headwinds and invest in internal growth initiatives, pursue strategic acquisitions and consider ways to return value to stockholders.

Our debt leverage remained low, at 0.8 times adjusted EBITDA ** as of December 31, 2016.

** As this is a non-GAAP measure, we have included a reconciliation to the most directly comparable GAAP measure in Appendix A.

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Key Elements of our 2016 Executive Compensation Program:

Compensation Elements	Performance Based	Primary Financial Metric(s)	Terms
Base Salary		N/A	Assessed annually based on individual performance and market data to ensure we attract and retain highly qualified executives. Annual cash awards designed to incentivize executives to achieve Company and individual objectives. Achievement of financial targets weighted 70%. Achievement of individual objectives weighted 30%.
Short-Term Incentive Bonus (Cash)	ü	Earnings	Designed to pay out between 0% and 200% of bonus opportunity based on financial and individual performance. Capped at a maximum of 200% of bonus opportunity.
Long-Term Incentive Bonus (Equity) (1)			Annual equity awards link long-term financial interests of executives to those of our stockholders.
• Performance Share Units	ü	Earnings Per Share from Continuing Operations and Return on Invested Capital	Performance share units are earned only if the threshold is met during a three-year performance period. Any earned shares vest at the end of the performance period.
• Stock Options (2)		Stock Price	Stock options only have value if share price increases over grant date value. Stock options vest ratably over three years.
Indirect Compensation		N/A	Includes access to the same health and welfare and retirement plans available to other eligible employees.

For 2016, long-term equity incentive awards were split 50/50 between performance share units (“PSUs”) and (1) non-qualified stock options. Time-based restricted stock may also be awarded in recognition of performance and is subject to three-year cliff vesting.

(2) In our view, stock options are inherently at-risk because they only have value if share price increases over grant date value.

PROPOSAL 3: ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON NEO COMPENSATION

In this “say-when-on-pay” vote, we are asking for your advisory vote as to whether an advisory vote on executive compensation should occur every one, two or three years. In 2011, our stockholders voted overwhelmingly in favor of holding annual say-on-pay advisory votes as over 88% of the votes cast were for an annual advisory vote. In accordance with that advisory vote, we have conducted annual say-on-pay advisory votes for the past six years. After careful consideration of this agenda item, the Board has determined that an annual advisory vote on executive compensation is most appropriate for the Company at this time and demonstrates our commitment to good corporate governance.

PROPOSAL 4: RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2017

Deloitte & Touche LLP has served as our independent registered public accounting firm since June 2013. Our Board has accepted the recommendation of the Audit Committee and selected Deloitte & Touche LLP to serve in this same role for fiscal year 2017.

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1415 West 22nd Street
Oak Brook, Illinois 60523

Proxy Statement for Annual Meeting of Stockholders
To Be Held on April 21, 2017

GENERAL INFORMATION

Our Board is soliciting your proxy for use at the Annual Meeting of Stockholders to be held at the Regency Towers Conference Center, 1515 West 22nd Street, Oak Brook, Illinois 60523 on Friday, April 21, 2017, at 8:30 a.m., local time. Whenever we refer in this proxy statement to the “Annual Meeting” we are also referring to any meeting that results from an adjournment or postponement of the Annual Meeting. The purpose of the Annual Meeting is:

1. To elect nine directors;
2. To approve, on an advisory basis, the compensation of our NEOs;
3. To vote, on an advisory basis, on the frequency of future advisory votes on our NEO compensation;
4. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017; and
5. To transact such other business that may properly come before the meeting or any adjournment(s) or postponement(s) thereof.

This year we are again furnishing proxy materials to our stockholders primarily by the Internet, instead of mailing copies to each stockholder, in order to save costs and reduce the environmental impact of our Annual Meeting. On March 10, 2017, we mailed a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”) to our stockholders. The Notice of Internet Availability contains instructions on how to access this proxy statement, the Notice of Annual Meeting to Stockholders and our 2016 Annual Report on Form 10-K on the Internet at www.proxyvote.com. Stockholders wishing to receive a printed copy of our proxy materials should follow the instructions provided in the Notice of Internet Availability to request a printed copy. Those stockholders who previously requested printed or electronic copies of our proxy materials will receive a printed or electronic copy, as applicable. Printed copies were first mailed on or around March 10, 2017.

Voting Your Shares

Only stockholders owning shares of our common stock on February 28, 2017, the “record date,” are entitled to vote. Each stockholder will be entitled to one vote for each share owned on the record date for each of the nine directorships and on each other matter presented at the Annual Meeting. On the record date, there were 59,721,376 shares of our common stock issued and outstanding.

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 in the Notice of Internet Availability and in these proxy materials;

• **By Written Proxy:** If you received a printed copy of the proxy materials, you may vote by written proxy by signing, dating and returning the proxy card in the postage-paid envelope provided; or

• **In Person:** If you are a stockholder of record, you may vote in person at the Annual Meeting. You are a stockholder of record 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 stockholder of record. 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.

Our Amended and Restated By-Laws (“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: (i) all shares that are voted on any proposal and (ii) all shares that are designated as “withholding authority” to vote for a nominee or nominees or “abstaining” from any proposal, as shares represented at the Annual Meeting.

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If you return a proxy card, but no specific voting instructions are given with respect to a proposal, your shares will be voted “for all” of the nine director nominees named on the proxy card, “for” the advisory approval of the compensation of the Company’s NEOs, “1 Year” as to the frequency of future advisory votes on NEO compensation and “for” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017.

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

Broker Non-Votes

Under the rules governing brokers who have record ownership of shares 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. However, a broker cannot exercise its discretion to vote shares on “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.” Only Proposal 4 is a routine matter; Proposals 1, 2, and 3 are non-routine matters. Therefore, if your shares are held in street name and you do not provide instructions to your broker as to how your shares are to be voted on Proposals 1, 2 and 3, your broker will not be able to vote your shares on these proposals. Your vote is important! We urge you to provide instructions to your broker so that your votes may be counted.

Votes Required

Our By-Laws provide that in an uncontested election, as is the case in this election, a nominee for director shall be elected to the Board if the votes cast “for” a director exceed the “withhold authority” votes cast with respect to such director nominee’s election (Proposal 1). Pursuant to our Corporate Governance Guidelines, each director must submit an irrevocable letter of resignation from our Board prior to every director election. These resignations become effective if the director does not receive more total votes cast “for” his or her election than total “withhold authority” votes cast and the Board, after evaluating the Nominating and Governance Committee’s recommended course of action, determines to accept the resignation. The Board will take action within 180 days following the election and will disclose its decision publicly including, if applicable, the reasons for rejecting a resignation.

The affirmative vote of a majority of the votes cast will be required for:

- The approval, on an advisory basis, of the compensation of our NEOs (Proposal 2);
- The approval, on an advisory basis, of the frequency of an advisory vote on our NEO compensation (Proposal 3); and
- The ratification of Deloitte & Touche LLP as our independent registered public accounting firm (Proposal 4).

In tabulating the voting results for Proposals 1, 2 and 3, shares that constitute broker non-votes are not considered votes cast on that proposal. For all Proposals, abstentions are not considered votes cast and are disregarded.

Shares Held in 401(k) Plan

Our 401(k) Plan (the Federal Signal Corporation Retirement Savings Plan) held 918,376 shares of our common stock in the name of Vanguard Fiduciary Trust Company (“Vanguard”), as trustee of the 401(k) Plan, as of February 28, 2017. If you are a participant in our 401(k) Plan, you will also receive a Notice of Internet Availability with respect to shares held on your behalf in the 401(k) Plan. 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 if you requested printed proxy materials, 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 (Note: Attendance alone at the Annual Meeting will not revoke a proxy).

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We will pay the costs of proxy solicitation for the Annual Meeting. Proxies may be solicited by correspondence, electronically, telephone, mail or otherwise. Our directors, officers and employees may solicit proxies but they will not receive any extra compensation for these services. We will reimburse brokers and other nominee holders for their reasonable expenses incurred in forwarding proxy materials to beneficial owners. We do not intend to retain professional proxy solicitation assistance, but we may utilize professional services in the future.

Stockholder Questions

If you have any questions about the Annual Meeting, please submit them to Federal Signal Corporation, 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary, or call our Corporate Secretary at 630-954-2012. If you would like to receive printed copies of the proxy materials, please follow the instructions on the Notice of Internet Availability.

OWNERSHIP OF OUR COMMON STOCK

Common stock is our only class of voting securities. The following table identifies beneficial owners, of which we are aware, that hold more than five percent of our common stock as of February 28, 2017.

Beneficial Owners of More than Five Percent of Our Common Stock

Name	Amount and Nature of Beneficial Ownership	Percent of Outstanding Common Stock (1)
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	7,043,176 (2)	11.8%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746	5,019,298 (3)	8.4%
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078	4,240,401 (4)	7.1%

(1) Based on 59,721,376 shares of common stock issued and outstanding as of February 28, 2017.

Based solely on a Schedule 13G (Amendment No. 9) filed with the Securities and Exchange Commission ("SEC") on

(2) January 12, 2017, in which BlackRock, Inc. reported that, as of December 31, 2016, it had sole voting power over 6,905,440 shares and sole dispositive power over 7,043,176 shares.

Based solely on a Schedule 13G (Amendment No. 3) filed with the SEC on February 9, 2017, in which Dimensional Fund Advisors LP reported that, as of December 31, 2016, it had sole voting power over 4,836,826

(3) shares and sole dispositive power with respect to 5,019,298 shares in its capacity as an investment adviser registered under the Investment Advisors Act of 1940 to four investment companies and as investment manager to certain other commingled group trusts and separate accounts. Dimensional Fund Advisors LP disclaims beneficial ownership of these shares.

Based solely on a Schedule 13G (Amendment No. 11) filed with the SEC on February 3, 2017, in which Franklin

(4) Mutual Advisers, LLC reported that, as of December 31, 2016, it had sole voting and dispositive power with respect to all shares.

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Stock Ownership of Directors and Management

The following table sets forth the beneficial ownership of our common stock held by each of our directors and NEOs individually and as a group as of February 28, 2017.

Name (1)	Amount and Nature of Beneficial Ownership (2)(3)	Percent of Outstanding Common Stock (4)
Brian S. Cooper	94,626	*
James E. Goodwin (5)	143,196	*
Ian A. Hudson	34,136	*
Paul W. Jones (5)	120,670	*
Bonnie C. Lind (5)	18,660	*
Dennis J. Martin (5)	1,085,819	1.8%
Samuel E. Miceli	50,908	*
Richard R. Mudge (5)	60,635	*
William F. Owens (5)	71,691	*
Brenda L. Reichelderfer (5)	121,157	*
Jennifer L. Sherman	473,719	*
John L. Workman (5)	35,156	*
All Directors and Executive Officers as a Group (16 persons) (6)	2,511,099	4.2%

(1) All of our directors and officers use our Company address: 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523.

Totals include shares subject to stock options exercisable within 60 days of February 28, 2017 as follows: Mr. Cooper, 58,742; Mr. Goodwin, 53,317; Mr. Hudson, 8,968; Mr. Jones, 3,317; Ms. Lind, 5,000; Mr. Martin, 712,166; Mr. Miceli, 14,731; Dr. Mudge, 5,000; Ms. Reichelderfer, 3,317; Ms. Sherman, 268,393; and Mr. Workman, 5,000. All directors and executive officers as a group hold stock options exercisable within 60 days of February 28, 2017 with respect to 1,137,951 shares. Totals also include shares held in our 401(k) Plan as follows: Mr. Miceli, 8,001; and Ms. Sherman, 49,850.

(3) Totals do not include restricted stock units that are vested but for which delivery has been deferred at the election of the director, as follows: Mr. Goodwin, 25,161; Ms. Lind, 6,026; Dr. Mudge, 23,361; and Mr. Owens, 9,870.

(4) Based upon 59,721,376 shares of common stock issued and outstanding as of February 28, 2017 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 February 28, 2017. The use of "*" denotes percentages of less than 1%.

(5) Denotes non-employee director. Mr. Martin transitioned from Executive Chairman of the Company to Chairman of the Board effective December 31, 2016.

(6) The information contained in this row of the table is based upon information furnished to us by the named individuals above, our other Section 16 Officers and from our records. Each director and officer claims sole voting and investment power with respect to the shares listed above.

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PROPOSAL 1

ELECTION OF NINE DIRECTORS

In accordance with the recommendation of the Nominating and Governance Committee, our Board has nominated the following nine individuals for election at the Annual Meeting to hold office for one year or until their successors are elected and qualified: James E. Goodwin, Paul W. Jones, Bonnie C. Lind, Dennis J. Martin, Richard R. Mudge, William F. Owens, Brenda L. Reichelderfer, Jennifer L. Sherman and John L. Workman. All director nominees are incumbent members of our Board.

Pursuant to our By-Laws, in an uncontested election, as is the case in this election, a nominee for director shall be elected to the Board if the votes cast “for” such nominee’s election exceed the “withhold authority” votes cast with respect to such nominee’s election. 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 will vote your proxies for such other nominee(s) as the Nominating and Governance Committee may nominate to provide for a full Board.

The Board recommends a vote “FOR ALL” nominees for director proposed by the Board.

Information Regarding Directors and Nominees

On an annual basis, the Nominating and Governance Committee reviews with our Board the applicable skills and characteristics required of Board nominees and recommends nominees to the Board. The Nominating and Governance Committee is comprised solely of independent members of our Board.

When identifying nominees, the Nominating and Governance Committee considers: (i) current Board composition; (ii) past performance for existing director nominees; (iii) the Company’s objectives and position; and (iv) the qualifications and qualities of individual candidates. Characteristics with particular relevance and weight include core competencies, experience, independence, level of commitment, integrity, high personal and professional ethics, personal accomplishment, understanding of our business, gender, age and ethnic diversity. The Nominating and Governance Committee may also engage a third party to assist in identifying potential director nominees.

Set forth below are biographical summaries for each nominee as of the record date, along with a description of the key qualifications and relevant experience that led the Board to conclude that he or she is well-qualified to serve as a member of our Board.

Mr. Goodwin was elected Lead Independent Director of the Board effective January 1, 2016 and had previously served as Chairman of our Board since April 2009. He served as interim President and CEO of our Company from December 2007 until September 2008. From October 2001 to December 2007, Mr. Goodwin operated his own independent consulting business. He resumed this business in September 2008 and continues to operate it to date. Mr. Goodwin also serves as a member of the Advisory Board of Wynnchurch Capital, a private equity company, a position he has held since January 2013. From July 1999 to October 2001, Mr. Goodwin served as Chairman and CEO of United Airlines, a worldwide airline operator (NYSE: UAL). Mr. Goodwin also serves as a member of the Board of Directors of AAR Corp., a manufacturer of products for the aviation/aerospace industry (NYSE: AIR), and John Bean Technologies Corporation, a manufacturer of industrial equipment for the food processing and air transportation industries (NYSE: JBT), serving in such positions since April 2002 and July 2008, respectively.

James E.
Goodwin

Key Qualifications:

- | | |
|---|---|
| Director since
October 2005
Committees:
• Nominating
and Governance | <ul style="list-style-type: none"> • Extensive background in global operations, broad management experience and strategic leadership skills • In-depth understanding of our Company and its industry • Significant experience as a Chairman, CEO and director of publicly traded companies |
|---|---|

- Compensation and Benefits

Age: 72

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Paul W. Jones Effective April 2014, Mr. Jones retired as Executive Chairman of A. O. Smith Corporation, a manufacturer of water heating and water treatment systems (NYSE: AOS), a position he held since January 2013. From December 2005 to January 2013, he was Chairman and CEO of A. O. Smith Corporation, and from January 2004 until December 2005, he was President and Chief Operating Officer (“COO”). Mr. Jones has served on the Board of Directors of A. O. Smith Corporation since December 2004. In December 2014, Mr. Jones joined the Board of Directors of Rexnord Corporation, a manufacturer of water management systems (NYSE: RXN). In July 2015, he was elected Non-Executive Chairman of Rexnord Corporation. Mr. Jones also has served on the Board of Directors of Integrys Energy Group, Inc., a utility holding company (formerly NYSE: TEG), from December 2011 to June 2015 when it was acquired by WEC Energy Group, Inc., a distributor of electric energy (NYSE: WEC). On the date of the acquisition, Mr. Jones was elected to the Board of WEC Energy Group, Inc. From July 2006 to July 2011, Mr. Jones served as a member of the Board of Directors of Bucyrus International, Inc., a manufacturer of mining and construction machinery (formerly NASDAQ: BUCY), until its acquisition by Caterpillar Inc. Mr. Jones also serves as a member of the Board of Directors of the United States Chamber of Commerce since March 2008.

Director since December 1998

Key Qualifications:

Committees:

- Nominating and Governance (Chair)
- Compensation and Benefits
- Extensive management and manufacturing experience with multinational companies
- Significant experience as a Chairman, CEO and director of publicly traded companies
- Experienced strategist focused on enterprise growth

Age: 68

Ms. Lind is Senior Vice President, CFO and Treasurer of Neenah Paper, Inc., a technical specialties and fine paper company (NYSE: NP). Ms. Lind joined Neenah Paper, Inc. in June 2004 as CFO to execute the spin-off from Kimberly-Clark Corporation, a manufacturer of personal care, consumer tissue and health care products (NYSE: KMB). Ms. Lind was an employee of Kimberly-Clark Corporation from 1982 until 2004, holding a variety of increasingly senior financial and operations positions and served as their Assistant Treasurer from 1999 until June 2004. From April 2009 to January 2017, Ms. Lind served on the Board of Directors of Empire District Electric Company (“Empire”), a utility generating, transmitting and distributing power to southwestern Missouri and adjacent areas (formerly NYSE: EDE). Ms. Lind was a member of Empire’s Audit Committee and Chairman of its Nominating and Corporate Governance Committee until the company was acquired in January 2017.

Bonnie C. Lind

Key Qualifications:

- Vast experience in manufacturing, financing and mergers and acquisitions
- Deep finance and treasury experience
- Extensive leadership and managerial experience

Director since February 2014

Committees:

- Audit

Age: 58

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Dennis J. Martin
 Director since March 2008

Mr. Martin was named Chairman of the Board on January 1, 2017. He previously served as our Executive Chairman beginning in January 2016, and as our President and CEO from October 2010 through December 2015. Mr. Martin has been a member of our Board since March 2008. Prior to becoming our President and CEO, Mr. Martin served as an independent business consultant to manufacturing companies. Mr. Martin has served as a director of Essendant Inc. (NASDAQ: ESND), a leading supplier of workplace essentials, since July 2016. From May 2001 to August 2005, Mr. Martin was the Chairman, President and CEO of General Binding Corporation, a manufacturer and marketer of binding and laminating office equipment (formerly NASDAQ: GBND), until its acquisition by Acco World Brands. Mr. Martin served as a director of HNI Corporation, a provider of office furniture and hearths (NYSE: HNI), from July 2000 to May 2016. Mr. Martin served on the Board of Directors of Coleman Cable, Inc. (“Coleman”), a manufacturer and innovator of electrical and electronic wire and cable products (formerly NASDAQ: CCIX), from February 2008 until February 2014 when Coleman was purchased by Southwire Company. Mr. Martin also served on the Board of Directors of A. O. Smith Corporation, a manufacturer of water heating systems and electric motors (NYSE: AOS), from January 2004 until December 2005.

Key Qualifications:

Committees:
 None

- Expertise in manufacturing and business process engineering
- Accomplished sales strategist

Age: 66

- In-depth knowledge of our Company and its operations as our former President and CEO

Richard R. Mudge
 Director since April 2010

Dr. Mudge is President of Compass Transportation and Technology Inc., a private economic and financial consulting firm, a position he has held since December 2013. Dr. Mudge previously served as the Vice President of the U.S. Infrastructure Division of Delcan Corporation from 2002 until December 2013 and he had served on the Board of Directors of Delcan’s U.S. subsidiary from 2005 until December 2013. Dr. Mudge previously served as President of the transportation subsidiary of U.S. Wireless Corporation, from April 2000 to December 2001, and as Managing Director of Transportation for Hagler Bailly, Inc., a worldwide provider of management consulting services to the energy and network industries (formerly NASDAQ: HBIX), from 1998 to 2000. In 1986, Dr. Mudge co-founded Apogee Research Inc. (“Apogee”), an infrastructure consulting firm, and served as its President until 1995 and then as its Chairman of the Board from 1995 until 1997, when Apogee merged with Hagler Bailly. Dr. Mudge also worked for the Congressional Budget Office from 1975 to 1986 where he became Chief of the Public Investment Unit and for the Rand Corporation where he served as Director of Economic Development Studies from 1972 to 1975.

Key Qualifications:

Director since April 2010

- Expertise across multiple facets of the transportation industry

Committees:
 • Audit

- Leadership in technology, finance, business, government policy and research
- Experience growing businesses

Age: 71

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Mr. Owens serves on the Board of Directors of Bill Barrett Corporation, an independent oil and gas company (NYSE: BBG); Cloud Peak Energy, Inc., a sub-bituminous steam coal producer (NYSE: CLD); positions he has held since May 2010 and January 2010, respectively. Mr. Owens served on the Board of Directors of Key Energy Services, Inc. an oil well services company (NYSE: KEG) from January 2007 to December 2016 and on the Board of Directors of Far Eastern Shipping Company Plc., a shipping and railroad company listed on the Moscow exchange (MOEX: FESH), from June 2007 to June 2012. Since April 2013, Mr. Owens has served as the Chairman of the Supervisory Board of the Credit Bank of Moscow, a private bank headquartered in Moscow. Mr. Owens serves as a Senior Director of government law and policy at Greenberg Traurig, LLP, an international law firm. Mr. Owens served as Governor of Colorado from 1999 to 2007. Prior to that, he served as Treasurer of Colorado (1995-1999) and as a member of the Colorado Senate (1989-1995) and the Colorado House of Representatives (1983-1989).

William F. Owens

Key Qualifications:

Director since April 2011

- Extensive experience in international business
- Management expertise across a broad range of industries
- Distinguished government background

Committees:
 • Compensation and Benefits
 • Nominating and Governance

Age: 66

Brenda L. Reichelderfer

Ms. Reichelderfer is Senior Vice President and Managing Director of TriVista Business Group, a management consulting and advisory firm, a position she has held since July 2008. Since June 2011, Ms. Reichelderfer has served on the Board of Directors of Meggitt PLC, a global defense and aerospace firm, the shares of which are listed on the London Stock Exchange (MGMT: LSE). Since January 2016, she has served on the Board of Directors of Moog Inc., a designer and manufacturer of precision motion and fluid control systems for aerospace, defense and industrial markets worldwide (NYSE: MOG-A). From April 2010 to June 2014, she served on the Board of Directors of Wencor Group LLC, an aerospace distribution business owned by a private equity firm. From 2008 to 2014, Ms. Reichelderfer served as a member of the Technology Transfer Advisory Board of The Missile Defense Agency, a division of the United States Department of Defense. Until May 2008, Ms. Reichelderfer was Group President (from December 1998), Senior Vice President (from December 2002) and Corporate Director of Engineering and Chief Technology Officer (from October 2005) of ITT Corporation, a global engineering and manufacturing company (NYSE: ITT).

Director since October 2006

Key Qualifications:

- Expertise in growing industrial and aerospace businesses
- Extensive experience in operations, innovation and new product development
- Significant international business experience

Committees:
 • Compensation and Benefits (Chair)
 • Nominating and Governance

Age: 58

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Ms. Sherman was appointed President and CEO of our Company on January 1, 2016, and joined our Board on the same date. Prior to that, she served as our COO from April 2014 through December 2015, Chief Administrative Officer from October 2010 to April 2014 and General Counsel from March 2004 to November 2015. Ms. Sherman has been an employee of our Company since 1994. She also serves on the Board of Directors of Franklin Electric Co., Inc., a global water and fueling system manufacturer (NASDAQ: FELE), a position she has held since January 2015.

Jennifer L. Sherman

Key Qualifications:

- Director since January 2016
- In-depth understanding of our Company and its industry
 - Extensive experience across a broad range of areas, including finance, legal, compliance, governance and business operations

Committees:
None

Age: 52

John L. Workman

In June 2014, Mr. Workman retired as CEO of Omnicare, Inc., a healthcare services company specializing in the management of pharmaceutical care in 47 states, a position he had held since June 2012 (formerly NYSE: OCR). From February 2011 to June 2012, Mr. Workman was Omnicare's President and CFO and held the position of Executive Vice President and CFO from November 2009 until February 2011. Mr. Workman also served on the Board of Directors of Omnicare, Inc. from September 2012 to June 2014. From September 2004 to November 2009, Mr. Workman served as Executive Vice President and CFO of HealthSouth Corporation, a provider of inpatient rehabilitation services in the U.S. (NYSE: HLS). Mr. Workman held the positions of CEO (from February 2003 to April 2004), COO (from October 2002 to February 2003), and CFO (from August 1998 to October 2002) of U.S. Can Corporation (formerly NYSE: USC), a manufacturer of aerosol and general line cans sold in the U.S., Europe and South America. Mr. Workman has been a member of the Board of Directors of Universal Hospital Services, Inc., a private company that provides technology and medical equipment to the healthcare industry services, since November 2014. Effective April 2015, Mr. Workman was appointed the non-Executive Chairman of the Board of Directors of Universal Hospital Services, Inc. Since July 2015, Mr. Workman serves as a director of CONMED Corporation (NASDAQ: CNMD), an international manufacturer of equipment and disposables for orthopedic and other general lines of surgery. He has also served as a director of Care Capital Properties, Inc. (NYSE: CCP), a healthcare REIT, since August 2015. Mr. Workman served on the Boards of APAC Customer Services, Inc. (formerly NASDAQ: APAC), a provider of customer care out-sourcing solutions, from June 2008 to October 2011 and U.S. Can Corporation from 2000 to 2004.

Director since February 2014

Committees:
• Audit (Chair)

Age: 65

Key Qualifications:

- Broad-based executive and leadership experience in a variety of businesses and disciplines
- Financial expertise
- Executive experience with focus on optimizing capital structure

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INFORMATION CONCERNING THE BOARD

Board Leadership Structure and Role in Risk Oversight

We separate the roles of CEO and Chairman of the Board. Separating these positions allows our CEO to focus on the day-to-day leadership and performance of our Company while allowing our Chairman to lead our Board in its fundamental role of providing advice to and oversight of management. The independent Board members have also elected a Lead Independent Director who serves as principal liaison between the CEO and the independent directors, approves agendas for Board meetings, chairs meetings of the independent directors in executive sessions and provides independent governance oversight of management. Our Board believes that separating the roles of CEO and Chairman, with an independent director serving as Lead Independent Director, is the appropriate leadership structure for our Company at this time and demonstrates our commitment to good corporate governance. The Board retains the authority to modify this leadership structure as and when appropriate to best address the Company's current circumstances and to advance the interests of all stockholders.

Our Board has overall responsibility for the oversight of risk management. Day-to-day risk management is the responsibility of management, which has implemented the Enterprise Risk Management process to identify, assess, manage and monitor risks that our Company faces. Enterprise Risk Management is administered by our Company officers and is discussed and reviewed by our executive management. Our Internal Audit function is responsible for monitoring the program.

Our Board, either as a whole or through its Committees, regularly discusses with management: (i) our major risk exposures; (ii) the potential impact of such exposures on our Company; and (iii) the steps we take to monitor, control and remediate such exposures. In addition, the Board receives an annual overview of significant risks along with risk mitigation plans.

While our Board is ultimately responsible for risk oversight at our Company, our Board Committees assist the Board in fulfilling its oversight responsibilities in certain areas. In particular, the Audit Committee focuses on the management of financial and accounting risk exposures. The Compensation and Benefits Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. Finally, the Nominating and Governance Committee focuses on the management of risks associated with Board organization, membership and structure, as well as the organizational and governance structure of our Company.

Attendance at Board and Committee Meetings

During fiscal year 2016, our Board held eight meetings, the Audit Committee held eight meetings, the Compensation and Benefits Committee held six meetings and the Nominating and Governance Committee held four meetings. Our Corporate Governance Guidelines require regular attendance by our directors at Board meetings and their respective Committee meetings. All directors who served in 2016 attended at least 75% of our Board meetings and their Committee meetings.

Independence of Members of the Board

The Board has determined that all of its directors, other than Mr. Martin and Ms. Sherman, qualify as independent. In making this determination, the Board considered the rules of the NYSE and the SEC. The Board also reviewed information provided by the directors and nominees in questionnaires and other certifications concerning their relationships to our Company (including relationships of each director's immediate family members and other associates to our Company).

Committees of the Board

Pursuant to our By-Laws, we have established standing Board Committees, including: (i) Audit; (ii) Compensation and Benefits; and (iii) Nominating and Governance. The Board has determined that all of the members of these Committees are independent as defined under applicable NYSE and SEC rules. The Board has adopted a charter for each Committee to comply with the requirements of the NYSE and applicable law, copies of which are available on our website at www.fedralsignal.com.

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Current Committee Membership

Name	Audit	Compensation and Benefits	Nominating and Governance
James E. Goodwin	—	ü	ü
Paul W. Jones	—	ü	Chair
Bonnie C. Lind (1)	ü	—	—
Dennis J. Martin	—	—	—
Richard R. Mudge	ü	—	—
William F. Owens	—	ü	ü
Brenda L. Reichelderfer	—	Chair	ü
Jennifer L. Sherman	—	—	—
John L. Workman (1)	Chair	—	—

(1) The Board has determined that Mr. Workman and Ms. Lind each qualify as an “audit committee financial expert” as defined by the SEC.

Audit Committee

The Audit Committee 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 Policy for Business Conduct for all employees and Code of Ethics for our CEO and senior 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 our Vice President of Internal Audit, Corporate Controller, CFO, Chief Compliance Officer (“CCO”) and independent auditor. The Audit Committee has the sole authority to appoint or replace our independent auditor, and is directly responsible for overseeing its work and determining its compensation. The Audit Committee also considers and approves the performance of non-audit services by our independent auditor, taking into consideration the effect that the performance of non-audit services may have upon our auditor’s independence. None of the Audit Committee members serves on more than three audit committees of publicly traded companies (including our Company).

Compensation and Benefits Committee

The Compensation and Benefits Committee is responsible for formulating and overseeing effective implementation of our compensation and benefits philosophy. This Committee sets compensation objectives, determines the components of compensation and establishes and evaluates performance goals for our executive officers. The functions of this Committee are further described in this proxy statement under the heading “Compensation Discussion and Analysis.” The Compensation and Benefits Committee recently conducted a compensation risk assessment of the various elements of our Company’s overall compensation programs, including incentive compensation programs. The Committee reviewed current and evolving best practice guidance and our compensation programs and policies, including appropriate internal controls to mitigate and reduce risk. The Committee concluded that our compensation programs and policies are in accordance with best practices and do not create excessive and unnecessary risk. Our Company and the Committee will strive to maintain proper policies and procedures to ensure ongoing management and assessment of compensation practices as they relate to best practices and risk.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for recommending guidelines to the Board for corporate governance, including the structure and function of our Board, its Committees and the management of our Company. This Committee also identifies and recommends nominees for election to our Board and advises the Board regarding appropriate director compensation.

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Stockholders may recommend individuals to the Nominating and Governance Committee to be considered as potential directors by giving written notice to our Corporate Secretary at least 90 days, but not more than 120 days, prior to the anniversary of the preceding year's Annual Meeting. Such recommendations must be accompanied by the specific information required by our By-Laws, including but not limited to: (i) the name and address of the nominee; (ii) the number of shares of our common stock beneficially owned by the stockholder (including associated persons) nominating such nominee; and (iii) an SEC appropriate consent by the nominee to serve as a director if elected. If you would like to receive a copy of the provisions of our By-Laws setting forth all of the requirements, please send a written request to Federal Signal Corporation, 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary. The Nominating and Governance Committee will consider stockholder nominees on the same basis as other nominees.

The Nominating and Governance Committee has set no specific minimum qualification for a nominee to the Board. Under our Corporate Governance Guidelines, no person may stand for election as director: (i) after attaining age 75 without a waiver from the Board; (ii) if he or she serves on more than five boards of publicly traded companies; or (iii) if he or she is the CEO of a publicly traded company and serves on more than three boards of publicly traded companies.

Pursuant to our director resignation policy contained in our Corporate Governance Guidelines, each director nominee must submit an irrevocable letter of resignation from our Board prior to every director election. These resignations become effective if the director does not receive more total votes cast "for" his or her election than total "withhold authority" votes cast and the Board, after evaluating the Nominating and Governance Committee's recommended course of action, determines to accept the resignation. The Board will take action on the Committee's recommendation within 180 days following the election and will disclose its decision publicly including, if applicable, the reasons for rejecting a resignation.

Director Compensation in the Last Fiscal Year

The following table details the compensation provided to each non-employee director for fiscal year 2016. Our current Chairman, Mr. Martin, served as Executive Chairman in 2016. Neither he nor our President and CEO, Ms. Sherman, received any additional compensation for their service on our Board in 2016.

Non-Employee Director Compensation in Fiscal Year 2016

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Option Awards (3)	Other Compensation	Total
James E. Goodwin (4)	\$ 108,500	\$ 90,000	\$	—\$	—\$ 198,500
Paul W. Jones	\$ 72,000	\$ 75,000	\$	—\$	—\$ 147,000
Bonnie C. Lind	\$ 67,520	\$ 75,000	\$	—\$	—\$ 142,520
Richard R. Mudge	\$ 68,000	\$ 75,000	\$	—\$	—\$ 143,000
William F. Owens	\$ 71,000	\$ 75,000	\$	—\$	—\$ 146,000
Brenda L. Reichelderfer	\$ 76,000	\$ 75,000	\$	—\$	—\$ 151,000
John L. Workman	\$ 74,008	\$ 75,000	\$	—\$	—\$ 149,008

(1) Includes the following share amounts awarded in lieu of cash using the closing share price of our common stock on the grant date: Ms. Lind, 645 deferred stock units.

(2) Each non-employee director is issued a stock award annually. The annual award is determined by dividing \$75,000 (\$90,000 in the case of our Lead Independent Director) by the closing price of our common stock on the grant date. Amounts stated reflect the grant date fair value computed in accordance with Accounting Standards Codification 718 "Compensation — Stock Compensation" ("ASC 718"). The following awards were granted to the non-employee directors on April 26, 2016, at a closing share price of \$13.94: 6,457 shares of common stock to Mr. Goodwin as Lead Independent Director and 5,381 shares of common stock to each of Messrs. Jones, Mudge and Workman, and Ms. Reichelderfer. Mr. Owens and Ms. Lind received 5,381 deferred shares in the form of restricted stock units. As of December 31, 2016, each non-employee director held the following aggregate number of shares: Mr. Goodwin, 115,040 shares, including 25,161 deferred shares held in the form of restricted stock units; Mr. Jones, 117,353

shares; Ms. Lind, 19,686 shares, including 6,026 deferred shares held in the form of restricted stock units; Dr. Mudge, 78,996 shares, including 23,361 deferred shares held in the form of restricted stock units; Mr. Owens, 81,561 shares, including 9,870 deferred shares held in the form of restricted stock units; Ms. Reichelderfer, 117,840 shares; and Mr. Workman, 30,156 shares. Excluding initial awards upon appointment to our Board, stock awards to non-employee directors are not subject to vesting requirements.

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No stock options were granted to any of the directors during the fiscal year ended December 31, 2016. As of December 31, 2016, each non-employee director had the following number of stock options outstanding:

(3) Mr. Goodwin, 53,317; Mr. Jones, 3,317; Ms. Lind, 5,000; Dr. Mudge, 5,000; Mr. Owens, 0; Ms. Reichelderfer, 3,317; and Mr. Workman, 5,000. For information on the assumptions used to calculate the value of the stock option awards, refer to Note 13 — Stock-Based Compensation to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 28, 2017.

Mr. Goodwin served as Lead Independent Director. In that capacity, he received an annual retainer of \$87,500, Committee membership fees of \$6,000 per Committee and meeting fees of \$1,500 for each board meeting attended (4) in person and \$500 for each board meeting attended by telephone. His fees in the first column are comprised of an annual retainer of \$87,500, Committee membership fees of \$12,000 and board meeting fees of \$9,000.

Additional Information about Director Compensation

In advising our Board on compensation for non-employee directors, the Nominating and Governance Committee may consult third-party advisors, generally available source material, proxy statements and data from peer companies. Non-employee directors receive both cash and equity compensation and are subject to a common stock ownership requirement designed to align their interests with those of our stockholders. Our employee director, Ms. Sherman, is subject to stock ownership requirements as an executive officer (see “Compensation Discussion and Analysis — Executive Stock Ownership Requirements”).

Cash Compensation

The table below sets forth our fiscal year 2016 cash compensation structure for non-employee directors.

2016 Cash Compensation of Our Non-Employee Directors

	Annual Retainer	Per Diem Fee	Board Meeting Attended in Person (1)	Board Meeting Attended by Telephone
Executive Chairman (2)	\$ —	\$ —	\$ —	\$ —
Lead Independent Director	\$ 87,500	\$ —	\$ 1,500	\$ 500
Director (excluding Lead Independent Director)	\$ 50,000	\$ —	\$ 1,500	\$ 500
Audit Committee Chair	\$ 15,000	\$ —	\$ —	\$ —
Audit Committee Member	\$ 9,000	\$ —	\$ —	\$ —
Compensation & Benefits Committee Chair	\$ 12,000	\$ —	\$ —	\$ —
Compensation & Benefits Committee Member	\$ 6,000	\$ —	\$ —	\$ —
Nominating & Governance Committee Chair	\$ 10,000	\$ —	\$ —	\$ —
Nominating & Governance Committee Member	\$ 6,000	\$ —	\$ —	\$ —

(1) Directors are also reimbursed for their out-of-pocket expenses relating to attendance at Board and Committee meetings.

Mr. Martin did not receive cash compensation for his service on the Board as Executive Chairman during fiscal year 2016. He retired from employment effective December 31, 2016 and transitioned to Chairman of the Board. In 2017, as Chairman of the Board, Mr. Martin will receive an annual retainer, currently valued at \$90,000, as well as (2) fees for attendance at in-person and telephonic Board meetings, which are currently valued at \$3,000 and \$500 per meeting, respectively. Mr. Martin will also be entitled to receive a per diem fee for other time spent on Company business, which is currently valued at \$2,500 per day, up to a maximum of \$150,000 per year.

Equity Compensation

Upon initial appointment or election to our Board, each non-employee director receives a grant of 5,000 stock options, subject to three-year cliff vesting. Thereafter, our non-employee directors typically receive an annual stock award as partial compensation for their Board service. The table below sets forth the equity awards granted on April 26, 2016, the date of our 2016 Annual Meeting of Stockholders, to our non-employee directors as compensation for their service in fiscal year 2016.

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2016 Annual Equity Awards Granted to Non-Employee Directors

	Common Stock Award
Lead Independent Director	\$ 90,000
Non-employee director (excluding the Lead Independent Director)	\$ 75,000

Mr. Martin did not receive an equity award in connection with his service on the Board as Executive Chairman during fiscal year 2016. He retired from employment effective December 31, 2016 and transitioned to Chairman of the Board. As Chairman of the Board in 2017, he will receive an equity award with a grant date value of \$90,000.

Pursuant to our Director Compensation Policy, the number of shares of common stock awarded is determined by dividing the dollar amount of the award by the closing market price of our common stock on the grant date.

Director Deferred Stock Compensation Program

Our non-employee directors may elect before the beginning of each year to defer receipt of some or all of the shares of Company stock that they are entitled to receive as compensation for Board service during the upcoming year. Under this program, instead of receiving shares of Company stock, the director receives an equivalent number of fully vested unrestricted stock units that are ultimately distributable on a date or dates selected by the director, subject to certain restrictions. The directors are given a one-time right to further defer the original distribution of stock to a date that is at least five years after the originally scheduled payment date. Distributions under the program are only payable in shares of Company stock. During 2016, Mr. Owens and Ms. Lind elected to defer stock under the program.

Director Stock Ownership Guidelines

We require our non-employee directors to own common stock valued at five times their annual retainers. All of our non-employee directors have met their target ownership levels. Under our rules, until target ownership is met, at least 50% of a non-employee director's annual compensation fees are paid in shares of our common stock. We prohibit non-employee directors from selling their shares until they have met the holding requirement. However, they may tender shares: (i) to pay taxes upon the exercise of stock options or the vesting of shares of restricted stock or (ii) for the exercise price upon the exercise of stock options. Stock ownership value is calculated annually. Once a determination has been made that the target ownership has been achieved, a decrease in the value of our common stock will not impact the determination. Also, after achieving the ownership target, each director is required to hold 50% of the net shares received from exercised options or vested shares of common stock (over and above the target ownership level) for at least two years from the date of exercise or vesting.

CORPORATE GOVERNANCE, BUSINESS CONDUCT AND CODE OF ETHICS;**STOCKHOLDER COMMUNICATIONS WITH DIRECTORS**

We are committed to good corporate governance. We believe the foundation of our corporate governance is: (i) the independence of our directors; (ii) the separation of the roles of our CEO and our Chairman of the Board; (iii) the election of a Lead Independent Director; and (iv) our commitment to both responsible corporate citizenship and the interests of our stockholders. In accordance with the requirements of the NYSE and the Sarbanes-Oxley Act of 2002, our Board has adopted Corporate Governance Guidelines as well as charters for each of the standing Board Committees. These guidelines and charters, as well as our Policy for Business Conduct and Policy for Business Conduct-Directors (together, the "Business Conduct Policies") and a Code of Ethics, which is applicable to our President and CEO and our other senior officers, are available for review on our website at www.federsignal.com. We intend to post on our website any amendments to, or waivers from, the Code of Ethics within four business days of such amendment or waiver.

The non-employee directors of the Board meet in executive session without management, as appropriate. The Lead Independent Director presides over executive sessions. Directors may be contacted as a group, by Committee or individually, and the Chairman, Lead Independent Director or the non-employee directors as a group may be contacted on an anonymous and/or confidential basis by addressing a letter to Federal Signal Corporation, 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary. These letters will be forwarded to the Chairman, Lead Independent Director or the non-employee directors as designated in the letter. We encourage our directors to attend our Annual Meetings of Stockholders. All of our then-current directors attended the 2016 Annual

Meeting of Stockholders.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal year 2016, all members of our Compensation and Benefits Committee were independent directors, and no member, other than Mr. Goodwin, was a current or former employee of the Company. None of our executive officers served on the compensation committee (or its equivalent) or board of directors of another company that, in turn, had an executive officer serving on our Compensation and Benefits Committee and/or our Board.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

We maintain policies and procedures relating to the review, approval or ratification of transactions in which our Company participates and our directors, executive officers, 5% stockholders (if any) or their family members have a direct or indirect material interest. Our Business Conduct Policies (available at www.federsignal.com) prohibit our directors, executive officers, employees and, in some cases, their family members, from engaging in certain activities without prior written consent. These activities typically relate to situations where the individual may have significant financial or business interests in another company competing with or doing business with us, or stands to benefit in some way from such a relationship or activity. Specifically, our Business Conduct Policies prohibit: receiving or giving gifts or prizes above a nominal value from or to customers or suppliers; working for a customer or supplier or engaging in outside profit-making activities in any area of business in which we operate; representing any outside commercial interest during normal business hours or when traveling on Company business; lending to or borrowing money from individuals affiliated with an entity with whom we conduct business; owning any part of any customer's or supplier's business (excluding routine investments in publicly traded companies); using Company property, information or positions for improper personal gain or benefit; and engaging in Company business with any entity in which a family member has an executive position or a significant financial interest unless approved in advance. Since all types of prohibited transactions cannot be listed, we encourage our directors, executive officers and employees to seek advice before proceeding if there is any doubt regarding the appropriateness of an arrangement under our Business Conduct Policies.

Pursuant to our Business Conduct Policies and the Audit Committee Charter, our Chairman, CFO and CCO implement our Business Conduct Policies, and the Audit Committee reviews, approves, ratifies and makes recommendations to our Board regarding related-party transactions.

Additionally, each year we require our directors, including nominees for director, and executive officers to complete a questionnaire identifying, among other things, any transactions or potential transactions with us in which the individual, or one of his or her family members or associated entities, has an interest. We also require that directors and executive officers notify our CCO as soon as possible of any changes during the course of the year to the information provided in the annual questionnaire.

During fiscal year 2016, we determined that none of our directors, nominees for director, executive officers, stockholders owning more than 5% of our common stock or immediate family members of any such persons engaged in a transaction with us in which he or she had a direct or indirect material interest that required disclosure under applicable SEC rules, with the exception of the following:

The son of Dennis J. Martin, Chairman of the Board of Directors, is employed as Director and General Manager of United Electric Englewood Electrical Supply ("EESCO"), a division of WESCO International, Inc. ("WESCO"). During 2016, the Company sold products to WESCO for aggregate consideration of approximately \$4.2 million. Of that amount, sales to EESCO were approximately \$130,000. Mr. Martin's son is not responsible for the purchasing decisions of WESCO or EESCO. Mr. Martin did not participate in the solicitation of the Company's business with WESCO and did not receive any material benefit from the transactions. Consistent with our Business Conduct Policies, this relationship and the related transactions were disclosed to the Audit Committee. Given that the terms and conditions of the transactions were no less favorable to the Company than those which would have been available from unrelated parties, the transactions were considered to be permissible.

The son of Samuel E. Miceli, Senior Vice President of the Environmental Solutions Group, is employed as a Machinist at Mennie Machine Company ("MMC"). During 2016, the Company purchased products from MMC for aggregate consideration of approximately \$500,000. Mr. Miceli's son did not participate in the solicitation of the Company's business, nor is he responsible for or involved with sales to the Company. Furthermore, Mr. Miceli is not

directly involved in the Company's relationship with MMC and did not receive any material benefit from the transactions. Consistent with our Business Conduct Policies, this relationship and the related transactions were disclosed to the Audit Committee. Given that the terms and conditions of the transactions were no less favorable to the Company than those which would have been available from unrelated parties, the transactions were considered to be permissible.

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COMPENSATION DISCUSSION AND ANALYSIS

In this section, we provide information about the material components of our executive compensation programs for our 2016 NEOs:

- Jennifer L. Sherman, President and CEO;

• Dennis J. Martin, Chairman of the Board (retired as Executive Chairman of the Company on December 31, 2016);

• Brian S. Cooper, Senior Vice President and CFO;

• Ian A. Hudson, Vice President and Corporate Controller; and

• Samuel E. Miceli, Senior Vice President, Environmental Solutions Group.

We encourage you to read this section in conjunction with Proposal 2, the Say-on-Pay Advisory Vote regarding compensation of our NEOs, as this section includes: (i) a review of our 2016 performance; (ii) a description of the role of our Compensation and Benefits Committee (the “Committee”) in setting and determining compensation; and (iii) a summary of our 2016 NEO compensation.

The Committee values and carefully considers stockholder feedback on its Say-on-Pay Advisory Vote. In accordance with the stockholder vote at our 2011 Annual Meeting, advisory votes on executive compensation are conducted annually. The Committee’s recommended compensation programs for our NEOs were endorsed by approximately 98% of the advisory votes cast at our 2016 Annual Meeting.

Executive Summary

Although conditions in industrial markets remained challenging throughout 2016, the Company continued to focus on executing against a number of key long-term objectives, including the following:

• Creating disciplined growth;

- Improving manufacturing efficiencies and costs;

• Leveraging invested capital; and

• Diversifying our customer base.

Fiscal Year 2016 Highlights

Some of the Company’s highlights of its achievement against these objectives in 2016 include the following:

In January 2016, we completed the sale of our Bronto Skylift business, receiving proceeds of approximately \$88 million. The sale of our Bronto Skylift business removed a low-margin operation that required a disproportionate amount of invested capital and facilitates our focus on more profitable growth opportunities.

In addition, in January 2016, we executed a new five-year \$325 million revolving credit facility to replace our previous \$225 million credit facility.

We continued to apply a disciplined approach in considering potential acquisitions. In January 2016, we completed the acquisition of Westech Vac Systems, Ltd., a Canadian manufacturer of high-quality, rugged vacuum trucks.

Although not significant in size, the acquisition provides access to new product offerings and new markets.

In June 2016, the Company completed the acquisition of JJE. The Company expects that JJE will facilitate sales of its existing products into new markets, expand the Company’s product and service offerings and increase the Company’s footprint across North America. With the acquisition of JJE, the Company’s product offerings have expanded to include other products, including those not manufactured by the Company, such as refuse and recycling collection vehicles, camera systems, ice-resurfacing equipment and snow-removal equipment.

We demonstrated our commitment to returning value to stockholders by paying increased cash dividends of \$16.9 million in 2016, up from \$15.6 million in 2015.

We also significantly increased the amount of opportunistic share repurchases under our authorized share repurchase programs, repurchasing approximately 3.0 million shares at an average purchase price of \$12.75 per share. Total repurchases during 2016 totaled \$37.8 million, compared to \$10.6 million in 2015. The remaining aggregate authorization under these programs of \$31.4 million at December 31, 2016 represents approximately 4% of our market capitalization.

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- Cash flow during 2016 remained healthy, with \$26.7 million of cash being generated from continuing operations, facilitating the increased cash returns to shareholders, as well as investments in long-term growth initiatives, including new product development.

We have also continued to focus on new product development in 2016 and believe that these efforts will provide additional opportunities to diversify further our customer base. Specific examples for industrial markets include investments in new excavator designs to better target utility markets and in internationally certified safety products to expand our global reach.

We continue to focus on reducing product costs and improving manufacturing efficiencies across all of our businesses. We started our “80/20” efficiency initiatives in 2010, and they have remained a critical part of our culture. At December 31, 2016, total debt exceeded total cash and cash equivalents by \$13.3 million, and we had \$244 million of availability under our credit facility. With our current capital structure, strong balance sheet, availability under our credit facility and positive operating cash flow, we are well positioned to navigate short-term market headwinds and invest in internal growth initiatives, pursue strategic acquisitions and consider ways to return value to stockholders. Our debt leverage remained low, at 0.8 times adjusted EBITDA ** as of December 31, 2016.

** As this is a non-GAAP measure, we have included a reconciliation to the most directly comparable GAAP measure in Appendix A.

Executive Compensation Program Updates During Fiscal Year 2016

The Committee took a number of actions with respect to our compensation and benefits programs, including the following:

The Committee adopted the Federal Signal Corporation Short Term Incentive Bonus Plan (the “STIP”) as a sub-plan under the Federal Signal Corporation (2015) Equity Incentive Compensation Plan (the “2015 Plan”). The STIP establishes the framework and terms applicable to annual cash incentive awards and replaced the Federal Signal Corporation Short Term Incentive Bonus Plan (as amended and restated, March 2013).

The Committee modified the performance metrics used in STIP awards to be based on earnings (weighted at 70%) and individual objectives (weighted at 30%) in order to better align incentive pay with the Company’s short-term focus, goals and initiatives.

For performance share units issued under the 2015 Plan, the Committee retained both the three-year performance period and the applicable performance metrics, i.e. earnings per share from continuing operations (weighted at 75%) and return on invested capital (weighted at 25%).

The Committee modified the Company’s peer group to reflect market changes and position the Company closer to median with respect to peer revenue and market capitalization.

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Compensation Philosophy and Objectives

Our executive compensation programs link compensation to the performance and growth of our businesses, aligning the interests of our executives with those of our stockholders in a manner designed to maximize the returns for both. Our compensation programs: (i) include individual performance objectives; (ii) emphasize teamwork; and (iii) reward employees who think and behave like business owners. Our executive compensation philosophy is guided by the following principles:

- Executive compensation must be linked to the achievement of strategic, financial and operational goals that successfully drive growth in stockholder value;

- Total targeted compensation must be competitive to attract, motivate and retain experienced executives during all business cycles with leadership abilities and talent necessary for the Company's short-term and long-term success, profitability and growth, while taking into account Company performance and external market factors;

- The portion of compensation that is variable based on performance and therefore at-risk should increase with officer level and responsibility;

- Executive awards should differ based on actual performance to ensure alignment with stockholder value (actual pay can be above or below target pay); and

- Equity ownership and holding requirements align the interests of executives with the interests of stockholders and help build long-term value.

Our independent compensation consultant, Willis Towers Watson ("WTW"), assisted us in a 2015 survey of compensation practices of comparator companies to ensure that our executive compensation programs are competitive with the market. Our comparator peer group is reviewed biennially to reflect the appropriate median revenue and industry classification composition.

Our cash and equity incentive plans reflect our compensation philosophy and are designed to drive both short-term and long-term profitability.

Role of Our Compensation and Benefits Committee

The Committee establishes and oversees our general compensation and benefits philosophy, and approves compensation and benefits for our executive officers. Specifically, the Committee:

- Establishes our compensation philosophy, sets broad compensation objectives and evaluates compensation to ensure that it complies with and promotes our compensation philosophy and objectives;

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Determines the various elements of our executive compensation, including base salary, annual cash incentives, long-term equity incentives, retirement, health and welfare benefits and perquisites;

Establishes performance goals for our President and CEO and oversees the establishment of performance goals for the other executive officers and for each business unit;

Evaluates annually each executive officer's performance in light of the goals established for the most recently completed year;

Establishes each executive officer's annual compensation level based upon the individual's performance, our financial results, the amount of compensation paid to comparable executive officers at comparable companies, the awards given to the individual in past years and our capacity to fund the compensation;

Reviews our President and CEO's annual succession planning report and executive development recommendations for her direct reports;

Reviews benefit and compensation programs and plans to ensure incentive pay does not encourage unnecessary risk taking; and

Retains and oversees advisors it may engage periodically to assist in the performance of its role.

On an annual basis, our Board reviews the performance of our President and CEO, who in turn reviews the performance of each other executive officer and then presents the recommended compensation adjustments and awards to the Committee. The Committee has the discretion to modify or reject any recommended adjustment or award to these executive officers. The compensation of our President and CEO is determined solely by the Committee, using market data provided by the Committee's independent compensation consultant and meeting in executive session without her present.

Elements of Executive Compensation

Our compensation programs consist of a number of components that support our compensation objectives:

- Base salary;
- Annual cash incentives;
- Long-term equity incentives;
- Retirement, health and welfare benefits; and
- Perquisites.

Our programs allow us to balance individual and Company goals and achievements in determining executive pay. Weighing these factors within the framework of our compensation philosophy, the Committee determines appropriate adjustments to base salary, cash incentive awards and equity grants for our executive officers.

We believe that the percentage of at-risk compensation should generally increase in proportion with the executive's position and level of responsibility. At-risk compensation includes performance share units, stock options and cash incentives. In 2016, approximately 77% of our President and CEO's total compensation was at-risk, and approximately 68% of our other NEO's total compensation was at-risk.

** The 2% referenced above relates to a 2016 award of time-based restricted stock to Mr. Hudson in recognition of his contribution to the sale the Company's Fire Rescue Group.

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Base Salaries

The two most important factors considered in setting base salaries for our NEOs are individual performance from the prior year and competitive market data. Base salaries are targeted to be at the 50th percentile of competitive market data and are evaluated in the context of total compensation. For fiscal year 2016, actual base salaries for our NEOs ranged from 9.4% below, to 6.2% higher than, the market midpoint target. The Committee also considers: (i) current base salary relative to the targeted level; (ii) level of job responsibility and performance, including any substantive increases in responsibility during the year; (iii) prior experience and breadth of knowledge; (iv) market factors; and (v) length of service.

Annual Cash Incentives

Annual cash incentives may be earned and paid through the STIP, based upon the achievement of both Company and individual performance objectives. Depending on officer position, Company objectives during fiscal year 2016 were based on target consolidated earnings for the Company and its subsidiaries and, in some cases, the relevant business group (“Group”) or business unit (“Business Unit”) as depicted in the following table:

	Company Performance	Financial Group Performance	Financial Individual Performance
President and CEO (1)	70%	N/A	30%
Executive Chairman (1)	70%	N/A	30%
Senior Vice President and CFO	70%	N/A	30%
Vice President and Corporate Controller	70%	N/A	30%
Senior Vice President, Environmental Solutions Group	21%	49%	30%

Effective January 1, 2016, Ms. Sherman was promoted to President and CEO concurrent with Mr. Martin’s (1) transition from President and CEO to Executive Chairman. Effective December 31, 2016, Mr. Martin retired from employment and transitioned to Chairman of the Board.

Company, Group and/or Business Unit performance comprises 70% of the annual cash incentive award and individual performance comprises 30%. The Committee believes that this split encourages executives to collaborate across the Company in order to achieve broader Company-wide objectives in addition to achieving results within specific Groups or Business Units.

For fiscal year 2016, the Committee elected to use a single financial objective, consisting of an earnings metric, weighted at 70%. The calculation of incentive compensation payable in connection with financial objectives is based on the achievement of threshold, target and maximum financial goals which have been set for Groups, Business Units and our Company as a whole. As set forth in the chart above, four out of our five NEOs’ cash bonuses were tied to Company performance and one of our NEO’s cash bonus was tied to a combination of Company and Group performance. For 2017, the Committee retained the financial objective weighting at 70% and the earnings metric applicable to Company performance, but modified the earnings metric applicable to Group and Business Unit performance, as set forth in the following chart:

Year	Component	Company Level	Group and Business Unit Level
2016	Earnings (70%)	Based on consolidated income before income taxes. As Company income taxes are impacted by external factors outside the control of the majority of STIP participants, the Committee decided that income taxes should not factor into the calculation.	Based on earnings before interest and taxes, thereby excluding income taxes and interest expense, neither of which are generally impacted by participants at this level. Based on operating income, thereby excluding income taxes, interest expense and other non-operating income/expense, none of which are generally impacted by participants at this level.
2017			

Calculations of award levels and actual performance levels are subject to adjustment at the discretion of the Committee. Historically, the Committee has made adjustments to awards and actual performance levels for items considered to be extraordinary or nonrecurring or other items the Committee determines should not impact the awards

to plan participants, favorably or unfavorably.

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The remaining 30% of the annual cash incentive award is based on the achievement of individual objectives, consisting of an individual performance goals rating weighted at 18% and a competencies rating weighted at 12%. Performance is measured by the numerical scores the executive receives in the annual performance appraisal process. We believe that including an individual performance component allows us to reward outstanding individual performance regardless of overall financial performance and to limit bonuses for those who have underperformed. The Committee believes our annual cash incentive design motivates individuals and ensures accountability. At the same time, we retain broad discretion to adjust or discontinue annual cash incentives on an annual basis to accommodate changing market conditions and Company objectives. Typically, in February of each year, the Committee determines the annual cash incentive awards, if any, based upon prior-year performance. Payouts generally occur in March.

Threshold, target or maximum goal achievement results in a corresponding cash incentive award equal to a pre-set percentage of the executive's base salary. The target percentage for each executive is based on competitive market data. The total award possible to each executive is capped at twice each participant's target bonus opportunity. Annual cash incentive payments are subject to a "clawback" policy under which we require that, to the extent practicable upon the occurrence of specified events, a Section 16 Officer must repay a portion of his or her performance bonus payment plus a reasonable rate of interest. The clawback policy is triggered by: (i) an accounting restatement or a determination by our Board that the performance results were materially inaccurate and (ii) a determination that the amount of such performance-based bonus would have been less than the amount previously paid to such Section 16 Officer, taking into account the restated financial results or otherwise corrected performance results. STIP payments are also subject to applicable SEC clawback rules which may be adopted from time to time.

Long-Term Equity Incentives

We believe equity ownership plays a key role in merging the interests of our executives with our stockholders. Our long-term equity incentive awards are designed to simultaneously attract, motivate and retain experienced executives and to encourage their commitment to our long-term business strategy and success. Typically, the Committee grants long-term equity incentive awards on an annual basis as well as periodically upon promotion or hiring. We have stock ownership guidelines for our executive officers and key management personnel designed to ensure continued ownership as discussed herein under the heading "Executive Stock Ownership Requirement."

The Committee emphasizes pay-for-performance by structuring awards to our Section 16 Officers with two components, i.e., stock options and performance share units. The overall value of the long-term incentive awards is split evenly between each component. Stock options have value only if our share price appreciates and vest ratably over a three-year period measured from the date of grant. Likewise, performance share units are earned only if the Company achieves performance targets tied to two key financial metrics — earnings per share ("EPS") from continuing operations (weighted at 75%) and return on invested capital ("ROIC") (weighted at 25%). In our view, EPS from continuing operations and ROIC are relevant measures because they most directly affect long-term stock price appreciation. If the Company does not achieve a threshold level of performance for each metric measured independently, the corresponding percentage award tied to that metric is forfeited, no units are earned and no shares are issued. These awards are valued using the closing price of our common stock on the grant date at target level of performance.

Long-term equity incentive awards are subject to clawback in accordance with applicable rules that may be adopted by the SEC from time to time.

The table below illustrates our annual performance award mix over the last three fiscal years, our performance measures, the applicable performance period and whether the award was earned.

Fiscal Year	Annual Equity Award Mix (1)	Performance Share Unit Metrics (2)	Performance Award Period (3)	Award Earned or Not Earned (4)
2014	Performance Share Units (50%)	EPS from Continuing Operations (75%)	2 years	Earned
2015			3 years	To be determined at end of fiscal year 2017
2016	Stock Options (50%)	ROIC (25%)	3 years	

To be determined at end of fiscal
year 2018

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(1) Stock options are inherently at-risk and have value only if our stock price increases. These awards are not tied to a performance metric and vest ratably over a three-year period measured from the grant date.

If the Company does not achieve a threshold level of performance for each metric measured independently, no (2) units are earned and no shares are issued with respect to the corresponding percentage of the award tied to that metric.

Effective fiscal year 2014, we increased the performance period from one to two years followed by a one-year vesting period. Effective fiscal year 2015, we further increased the performance period from two to three years and, (3) subject to performance, vesting occurs at the end of the performance period. These modifications advance our compensation philosophy by further strengthening the link between the long-term interests of our executives and stockholders. The Committee retained usage of a three-year performance period for the 2016 performance share unit awards, and anticipates doing so again in 2017.

For fiscal year 2014, the performance period was two years followed by an additional one-year vesting period (4) ending December 31, 2016. The Company exceeded maximum performance and the performance share units were earned at 200%. Earned shares were issued to recipients who were employed by the Company on December 31, 2016.

As under our STIP, performance share unit awards utilize threshold, target and maximum goals. Performance at the end of the applicable performance period against those targets results in a corresponding percentage of earning of such awards up to 200% at maximum level of performance. If performance falls between the threshold and target goals or the target and maximum goals, the bonus percentage and resulting equity award earning is interpolated on a straight-line basis between the end-points.

The Committee maintains the discretion and flexibility to grant other equity incentives on a case-by-case basis in accordance with our compensation philosophy and to promote internal equity. For example, the Committee may award restricted stock units to certain employees, international employees in particular, in substitution for one or more components of the standard grant described above. The award value and the type of grant will take into account applicable law, administrative concerns and competitive market data for the specific country at issue.

Executive Stock Ownership Requirement

We require each of our executive officers to maintain a certain level of Company stock ownership while employed, pursuant to our Stock Ownership Guidelines for Executive Officers and Directors (the “Stock Ownership Policy”). Specifically, those executives who have the strongest ability to impact our earnings are subject to the provisions of the Stock Ownership Policy. In 2014, we extended the application of the Stock Ownership Policy to key management personnel and other corporate officers. We believe executive equity ownership plays a crucial role in aligning the interests of our executives, key decision-makers and officers and stockholders.

The table below illustrates our target stock ownership requirements for Company employees. Target ownership is expressed as a multiple of the executive officer’s current base salary (i.e., the total stock value of the participant’s holdings must equal or exceed the specified target value) and is measured annually.

Position/Title	Target Ownership Level
President and CEO	5 x Base Salary
Executive Chairman (1)	5 x Base Salary
CFO	3 x Base Salary
All Other Section 16 Officers	2 x Base Salary
Selected Key Management Personnel and Other Corporate Officers	1 x Base Salary

(1) Mr. Martin retired as Executive Chairman effective December 31, 2016 and became Chairman of the Board; there are no plans to fill the position of Executive Chairman at this time.

The earned equity holdings of Ms. Sherman and Messrs. Martin and Miceli exceed our target ownership levels. Messrs. Cooper and Hudson, both of whom were hired in 2013, continued to make progress toward achieving their target ownership levels. We count all vested stock, unvested restricted stock awards or restricted stock units, and shares owned in 401(k) and profit sharing plans toward the ownership requirements.

Executive officers are required to hold, and are not permitted to sell shares of Company stock prior to achieving their ownership target and must maintain at least target ownership level thereafter. Target ownership is measured annually. In addition, once an executive officer has reached his or her target ownership level, he or she also must retain 50% of the net shares received from any exercised options or vested shares of common stock (over and

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above target ownership level) for at least two years from the exercise or vesting date. Because of our pre- and post-target holding requirements, there is no minimum time to reach target ownership level.

Sales of Company stock held in the 401(k) plan are excluded from the guidelines. Additionally, notwithstanding the ownership target, shares may be tendered to: (i) pay taxes upon the vesting of restricted stock shares, performance share units or exercise of stock options; or (ii) pay the exercise price upon the exercise of stock options. In limited situations, exceptions to the guidelines may be granted depending upon the circumstances and if the executive officer is making adequate progress toward achieving his or her ownership target.

Similar guidelines also apply to non-employee directors and are discussed in the section titled “Director Compensation” under the heading “Equity Compensation.”

Insider Trading Restrictions and Policy Against Hedging and Pledging of Company Stock

Consistent with securities laws and our published Insider Trading Policy, we prohibit directors, officers, employees and certain of their family members and other individuals from, among other things: (i) purchasing or selling Company stock while such person is aware of material non-public information and (ii) providing material non-public information to any person who may trade while aware of such information. Trades by directors, officers and other “insiders” are also prohibited during certain blackout periods.

Per our Insider Trading Policy, we also prohibit all directors, officers and employees from engaging in certain speculative trading activities with regard to Company stock including but not limited to hedging Company stock, selling Company stock “short,” holding Company securities in a margin account, pledging Company stock, and buying or selling puts or calls or other derivative securities related to Company stock.

Our Insider Trading Policy is published on our website at www.federalsignal.com.

Retirement and Health and Welfare Benefits

We recognize that our employees are critical to our profitable growth and that employee well-being is an important compensation component. We offer a competitive package of Company sponsored health and welfare benefits to all eligible employees, including our NEOs.

Retirement and Health and Welfare Benefits

Retirement Plans

Executives participate in the same retirement savings plans available to other eligible employees. Our Retirement Savings Plan is a 401(k) defined contribution plan that includes both a matching component and an additional points-weighted Company contribution, providing an opportunity for enhanced benefits. Generally, all eligible employees receive a Company-matching contribution of up to 50% of the first 6% of the compensation the employee elects to defer into the plan. Eligible employees may receive an additional Company-paid retirement contribution between 1% and 4% of eligible compensation based on age and years of service.

For those eligible employees who wish to defer additional income, but are subject to certain limits of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), our non-qualified Savings Restoration Plan restores Company contributions through a notional Company contribution and notional earnings from investments, and provides investment choices similar to those available under the 401(k) plan.

Certain employees, including two of our NEOs, continue to participate in our defined benefit plan. We froze years of service under the plan at December 31, 2006 and wage increases froze on December 31, 2016. The plan is now considered fully frozen.

Health and Welfare Plans

NEOs may participate in the same broad-based, market-competitive health and welfare plans (medical, prescription, dental, vision, wellness, life and disability insurance) that are available to other eligible employees.

Perquisites

We provide executives with modest perquisites that the Committee deems reasonable and consistent with our compensation philosophy. We currently provide the following perquisites:

- airline club memberships;
- auto allowances; and

life insurance.

The Committee periodically reviews the amount and nature of perquisites and may approve additional perquisites on an individual basis in its discretion. No other additional perquisites were approved for fiscal year 2016.

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Setting Actual Compensation for Our NEOs

Our compensation actions for our NEOs are summarized below.

Base Salary

In setting NEO base salaries for fiscal year 2016, the Committee evaluated and weighed Company and individual performance, level of responsibility and actual salary compared to the targeted level. In February 2017, the Committee engaged in the same process and weighed the same factors in setting NEO base salaries for fiscal year 2017. The base salaries of our executive officers for 2017 are targeted at the 50th percentile of competitive market data.

The table below sets forth base salary information for each of our NEOs for fiscal years 2015 through 2017.

NEO	2015 Annual	2016 Annual	2017 Annual
	Base Salary	Base Salary	Base Salary
	(1)	(2)	(3)
Jennifer L. Sherman	\$ 435,000	\$ 650,000	\$ 669,500
Dennis J. Martin	\$ 805,000	\$ 600,000	\$ —
Brian S. Cooper	\$ 349,400	\$ 359,882	\$ 367,080
Ian A. Hudson	\$ —	\$ 264,069	\$ 279,913
Samuel E. Miceli	\$ —	\$ 283,250	\$ 291,748

(1) Messrs. Hudson and Miceli were not NEOs in fiscal year 2015.

(2) Salary adjustments for Mr. Martin and Ms. Sherman between 2015 and 2016 reflect their transition to the roles of Executive Chairman and President and CEO, respectively, effective January 1, 2016.

(3) Effective December 31, 2016, Mr. Martin retired from his position as Executive Chairman of the Company and therefore will not receive an annual salary in 2017. He continues to serve on the Board as Chairman. See below under the heading “Dennis Martin Separation Agreement” for additional information regarding Mr. Martin’s compensation.

Annual Cash Incentive Payments

Financial-Based Incentive Compensation

For fiscal year 2016, we measured the earnings component at the Company level based on consolidated income before income taxes. At the Group level, we measured earnings based on earnings before interest and taxes. In doing so, the Committee excluded items such as income taxes and interest expense, which generally are not impacted by the performance of lower level executives whose award includes a Group level earnings component.

The threshold, target and maximum goals relating to our NEOs, along with the Company’s actual performance with respect to these goals, are set forth in the following tables. In 2016, we did not meet the financial-based performance metric and, consistent with our pay-for-performance philosophy, none of our NEOs received an annual cash bonus payment for the financial component, weighted at 70%.

2016 — Financial-Based Incentive Earnings Measures and Actual Performance

(\$ in millions)	Threshold	Target	Maximum	Actual	Payout Percentage
Federal Signal Corporation	\$ 72.0	\$ 80.4	\$ 97.7	\$ 62.8	—
Environmental Solutions Group	\$ 76.5	\$ 84.5	\$ 102.2	\$ 58.6	—

Aggregate Targets and Actual Incentive Compensation

As shown in the tables that follow, for fiscal year 2016, the target annual bonus opportunities for Ms. Sherman and Mr. Martin were set at 100% of their base salaries and the target opportunities for Messrs. Cooper, Hudson and Miceli were set at 60%, 40%, and 50% of their base salaries, respectively.

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2016 — Aggregate Targets

Name	Target Bonus Opportunity as Percentage of Salary	Target Financial-Based Incentive	Target Individual Performance-Based Incentive	Total Target Incentive
Jennifer L. Sherman	100%	\$ 455,000	\$ 195,000	\$ 650,000
Dennis J. Martin	100%	\$ 420,000	\$ 180,000	\$ 600,000
Brian S. Cooper	60%	\$ 151,150	\$ 64,779	\$ 215,929
Ian A. Hudson	40%	\$ 73,940	\$ 31,688	\$ 105,628
Samuel E. Miceli	50%	\$ 99,137	\$ 42,488	\$ 141,625

The annual incentive bonuses awarded to our NEOs for fiscal year 2016 performance under the applicable financial and individual performance-based measures are shown below.

2016 — Aggregate Payments

Name	Payment Based on Company Performance	Payment Based on Group Performance	Payment Based on Individual Performance	Total STIP Payment
Jennifer L. Sherman	\$ —	N/A	\$ 214,500	\$ 214,500
Dennis J. Martin	\$ —	N/A	\$ 198,000	\$ 198,000
Brian S. Cooper	\$ —	N/A	\$ 64,779	\$ 64,779
Ian A. Hudson	\$ —	N/A	\$ 63,376	\$ 63,376
Samuel E. Miceli	\$ —	—	\$ 53,110	\$ 53,110

For fiscal year 2017, the annual cash incentive awards will again consist of earnings and individual performance metrics weighted at 70% and 30%, respectively.

Long-Term Equity Incentives

In 2016, the Committee granted long-term equity incentive awards in the form of options, performance share units and time-based restricted stock as specified below:

Ms. Sherman and Messrs. Martin, Cooper, Hudson and Miceli were granted options to purchase 177,727; 177,727; 47,395; 15,997; and 20,736 shares of our common stock, respectively, at an exercise price of \$12.66 per share (the closing price of our stock on date of grant). The options vest in three equal annual installments on the first three anniversaries of the grant date.

Ms. Sherman and Messrs. Martin, Cooper, Hudson and Miceli were granted performance share units of 59,241; 59,241; 15,797; 5,331; and 6,911, respectively. Each performance share unit represents a right to receive up to two shares of our common stock based upon achieving certain performance targets during a three-year performance period ending December 31, 2018. The award is subject to vesting requirements that require each recipient to remain employed with us through the end of the performance period.

Mr. Hudson received a time-based restricted stock award of 7,109 shares in recognition of his outstanding contributions with respect to the sale of the Company's former Fire Rescue Group. The restricted stock award cliff vests in full on its third anniversary, subject to continued employment.

Dennis Martin Separation Agreement

In connection with Mr. Martin's retirement from the Company and his transition from Executive Chairman to Chairman of the Board effective as of December 31, 2016, he and the Company entered into a Separation Agreement and General Release (the "Separation Agreement"), which became effective in accordance with its terms on January 8, 2017. The Separation Agreement, provides, among other things, for the following:

Subject to Mr. Martin's compliance with certain post-employment conditions contained in the Separation Agreement, including three-year non-competition and non-solicitation provisions, the Company accelerated the vesting of 31,075 and 19,747 PSUs originally granted to Mr. Martin in 2015 and 2016, respectively. The number of PSUs subject to

acceleration is based on Mr. Martin's pro-rata employment during the performance period (i.e., the number of full months of Mr. Martin's employment during the applicable performance period divided by 36, the number of months contained in the applicable performance period). Mr. Martin forfeited the remaining 15,537 PSUs originally granted in 2015, and 39,494 PSUs originally granted in 2016. The PSUs subject to accelerated vesting will be earned, if at all, based on actual

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performance through the end of the applicable three-year performance period, which is the three-year period ending on December 31, 2017 for the PSUs originally granted in 2015 and the three-year period ending on December 31, 2018 for the PSUs originally granted in 2016. The earned PSUs, if any, will be distributed in accordance with the terms of the original award agreements, at the same time as other 2015 and 2016 PSU award recipients, in January 2018 and 2019, respectively.

Stock options originally granted in 2014, 2015 and 2016 that have not yet vested will continue to vest in accordance with the original terms of the awards, conditioned upon Mr. Martin's continued service as a director of the Company. Any vested options will be exercisable for the shorter of their original expiration date or for a period of five years after the date that Mr. Martin ceases to serve as a director.

Stock options originally granted in 2013, 2014 and 2015 that have previously vested will remain exercisable for the shorter of their original expiration date or for a period of five years after the date that Mr. Martin ceases to serve as a director.

Stock options originally granted in 2010, 2011 and 2012 that have previously vested will remain exercisable for the shorter of their original expiration date or for a period of three years after the date that Mr. Martin ceases to serve as a director.

For fiscal year 2016, Mr. Martin was also awarded an annual cash bonus of \$198,000 through the STIP.

The Committee approved the modifications of the long-term equity incentive awards described above.

Pursuant to the Separation Agreement, Mr. Martin waived any rights to severance benefits for which he may have been eligible under any other plans, programs or agreements with the Company. Mr. Martin also agreed to a general release of the Company from any actions, claims or liabilities arising out of the termination of his employment with the Company and agreed to certain non-compete and non-solicitation provisions.

As described above under the heading "Additional Information about Director Compensation," as Chairman of the Board, Mr. Martin will be entitled to receive compensation for his Board service in accordance with the Board's then-current compensation policies.

Independent Compensation Consultant

For fiscal year 2016, WTW assisted the Committee in its annual review of our executive compensation programs, including assistance in developing benchmarks for executive compensation and preparation of our proxy statement. WTW also participated in select Committee meetings. The aggregate fees paid to WTW for executive compensation services in fiscal year 2016 totaled \$36,901. WTW also provided pension and benefit consulting and other services to the Company during fiscal year 2016 at the request of Company management. The aggregate fees for the additional services totaled \$207,094. The Committee discussed the independence of WTW and whether the provision of the additional services created a conflict of interest. In doing so, the Committee considered each of the factors set forth in Rule 10C-1(b)(4) under the Securities Exchange Act of 1934, as amended, and NYSE rules. As part of its review, the Committee received a letter from WTW that discussed its independence and provided relevant disclosure regarding the SEC and NYSE factors.

The Committee determined that WTW was independent based in part on the following:

The total fees paid to WTW of \$243,995 represented approximately 0.003% of its revenue for its 2016 fiscal year-end (\$7.9 billion);

There is no overlap between the WTW team that provided services to the Committee and the WTW team that provided the additional services;

No member of the WTW team receives additional compensation as a result of the provision of services to the Committee or with respect to the additional services;

WTW prohibits compensation consultants from owning stock in any company it advises;

There are no business ventures or personal relationships between WTW and any member of the Committee; and

There is no affiliation between any member of WTW's team and any member of our Board or any NEO.

After its review, the Committee retained WTW as the Company's independent compensation consultant for 2017.

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Benchmarks for Executive Compensation

Compensation levels for our executives are compared to the compensation paid to executives at the peer companies listed below. Our objective is to attract and retain the most highly qualified executives. In doing so, we draw from a pool of talent that is highly sought after by large and established companies within a market that is global in scope. The Committee, with the assistance of WTW, reviews and updates the Company's peer group biennially. For 2016, the Company's peer group was unchanged from its 2015 peer group and consisted of the following companies:

2016 Peer Group Companies

- Actuant Corporation
- Alamo Group Inc.
- Astec Industries, Inc.
- Brady Corporation
- Columbus McKinnon Corporation
- Commercial Vehicle Group, Inc.
- EnPro Industries, Inc.
- ESCO Technologies Inc.
- L.B. Foster Company
- Franklin Electric Co., Inc.
- Graco Inc.
- The Greenbrier Companies, Inc.
- John Bean Technologies Corporation
- Nordson Corporation
- Powell Industries, Inc.
- Standex International Corporation
- Teleflex Incorporated
- Tennant Company
- TriMas Corporation

In December 2016, WTW assisted the Committee in revising our 2017 peer group to reflect market changes and position the Company closer to peer group median with respect to revenue and market capitalization. The revised peer group reflects a relevant mix of businesses and remains generally consistent with peer groups established by certain major proxy advisory firms.

2017 Peer Group Companies

- Actuant Corporation
- Alamo Group Inc.
- Altra Industrial Motion Corp.
- Astec Industries, Inc.
- Barnes Group Inc.
- Brady Corporation
- CLARCOR Inc. (1)
- Columbus McKinnon Corporation
- Commercial Vehicle Group, Inc.
- Douglas Dynamics, Inc.
- EnPro Industries, Inc.
- ESCO Technologies Inc.
- L.B. Foster Company
- Franklin Electric Co., Inc.
- John Bean Technologies Corporation
- Manitex International, Inc.
- Powell Industries, Inc.
- Standex International Corporation
- Tennant Company
- TriMas Corporation

(1) CLARCOR, Inc. was acquired by Parker-Hannifin in February 2017 and will be removed from our peer group.

Compensation Policy Regarding Tax Gross-Up Payments and Limitation of Severance Benefits

Our compensation policy provides as follows:

Except as noted below, we will not enter into any employment agreement, severance agreement or change-in-control agreement that requires us to make or agree to make any tax gross-up payments to any NEO except for such payments provided pursuant to a relocation or expatriate tax equalization plan, policy or arrangement; and

Unless approved by a vote of our stockholders entitled to vote in an election of directors, we will not enter into any compensation agreement with any NEO that provides for severance payments (excluding the value of any accelerated vesting of equity based awards) in an amount exceeding 2.99 times the sum of: (i) the NEO's highest annual base salary for the year of termination (determined as an annualized amount) or either of the immediate two preceding years; plus (ii) either the NEO's current target bonus or the highest annual bonus awarded to the NEO in any of the three years preceding the year in which the NEO's termination of employment occurs (excluding the value of any accelerated vesting of equity based awards).

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This compensation policy does not alter the terms of any agreement or compensation or benefit plan in effect before the adoption of the policy in 2009, including a change-in-control agreement with Ms. Sherman that was executed before 2009.

Impact of Accounting and Tax Treatment on Forms of Compensation Paid

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to each of the CEO and the next three most highly compensated other executive officers, excluding the CFO. The Committee intends to structure compensation arrangements in a manner that will avoid the deduction limitations imposed by Section 162(m) if it is appropriate based on its assessment of the interests of the Company and its stockholders. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Committee believes that it is important and necessary that it retains the discretion to provide and revise compensation arrangements, such as base salary and cash bonus incentive opportunities, that may not qualify under Section 162(m) if such arrangements are in the best interests of our Company and our stockholders.

COMPENSATION AND BENEFITS COMMITTEE REPORT

The Compensation and Benefits Committee has reviewed and discussed the Compensation Discussion and Analysis provided above with management. The Committee has recommended to the Board, and the Board has approved, that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION AND BENEFITS COMMITTEE

Brenda L. Reichelderfer, Chair

James E. Goodwin

Paul W. Jones

William F. Owens

Notwithstanding anything set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this proxy statement, in whole or in part, the preceding report shall not be deemed incorporated by reference in any such filings.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The table below sets forth information concerning compensation paid to or accrued by our NEOs during the last three fiscal years, except with respect to Messrs. Hudson and Miceli who were not NEOs in 2014 or 2015.

Summary Compensation Table for Fiscal Years 2014 through 2016

Name and Principal Position	Year	Salary	Stock Awards (1)	Option Awards (2)	Non-Equity Incentive Plan Compensation (3)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (4)	All Other Compensation (5)	Total
Jennifer L. Sherman, President and CEO	2016	\$650,000	\$-749,991	\$750,008	\$214,500	\$43,643	\$94,600	\$2,502,742
	2015	\$428,050	\$-274,994	\$275,002	\$395,850	\$—	\$85,968	\$1,459,864
	2014	\$391,083	\$-237,501	\$237,493	\$437,035	\$75,369	\$81,289	\$1,459,770
Dennis J. Martin, Executive Chairman	2016	\$600,000	\$-749,991	\$750,008	\$198,000	\$—	\$141,186	\$2,439,185
	2015	\$800,833	\$-749,987	\$750,012	\$1,046,500	\$—	\$176,927	\$3,524,259
	2014	\$775,833	\$-749,992	\$750,003	\$1,444,560	\$—	\$170,074	\$3,890,462
Brian S. Cooper, Senior Vice President and CFO	2016	\$358,135	\$-199,990	\$200,007	\$64,779	\$—	\$69,441	\$892,352
	2015	\$347,700	\$-199,999	\$199,995	\$241,086	\$—	\$67,916	\$1,056,696
	2014	\$336,000	\$-174,991	\$175,005	\$331,127	\$—	\$22,897	\$1,040,020
Ian A. Hudson, Vice President and Corporate Controller	2016	\$259,713	\$-157,490	\$67,507	\$63,376	\$—	\$35,188	\$583,274
	2015	\$—	\$—	\$—	\$—	\$—	\$—	\$—
	2014	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Samuel E. Miceli, Senior Vice President, Environmental Solutions Group	2016	\$287,163	\$87,493	\$87,506	\$53,110	\$11,526	\$44,477	\$571,275
	2015	\$—	\$—	\$—	\$—	\$—	\$—	\$—
	2014	\$—	\$—	\$—	\$—	\$—	\$—	\$—

The stock award values represent the aggregate grant date fair values computed in accordance with ASC 718.

These figures reflect long-term equity incentive restricted stock awards and performance share units, discussed in the section titled “Compensation Discussion and Analysis — Elements of Executive Compensation” under the heading “Long-Term Equity Incentives.” Restricted stock awards granted in fiscal year 2016 were valued at the closing price of our Company’s stock on the grant date, resulting in a value of \$12.66 for grants issued in 2016. Of our NEOs, only Mr. Hudson received such an award in 2016, in recognition of his contribution to the sale of our Fire Rescue Group. Performance share units granted in fiscal years 2014, 2015 and 2016 were valued at the closing price of our Company’s stock on the grant dates, resulting in values of \$14.48 for grants issued in 2014, \$16.09 for grants issued in 2015, and \$12.66 for grants issued in 2016. For fiscal year 2014, we adjusted the weighting of the EPS metric from 100% to 75%, added an ROIC performance metric weighted at 25% and expanded the performance period from one to two years. The Company achieved the maximum target levels under both metrics and 200% of the target units were earned on December 31, 2015. There was an additional one-year vesting period for these earned units and the shares underlying the earned units vested on December 31, 2016. For fiscal year 2015, we retained the EPS metric weighted at 75% and ROIC metric weighted at 25% and further expanded the performance period from two to three years. For fiscal year 2016, we retained the EPS metric weighted at 75%, the ROIC metric weighted at 25%, and the three-year performance period.

(2) The option award values represent the grant date fair values computed in accordance with ASC 718. These amounts reflect long-term equity incentive stock option grants, discussed in further detail in the sections titled

“Compensation Discussion and Analysis — Elements of Executive Compensation” under the heading “Long-Term Equity Incentives” and “Compensation Discussion and Analysis — Setting Actual Compensation for Our NEOs” under the heading “Dennis Martin Separation Agreement.” The Black-Scholes model is used to estimate the fair value of stock options, resulting in an estimated value of \$4.22 for options granted on May 5, 2016; \$6.12 for options granted on April 10, 2015; and \$7.19 for options granted on May 5, 2014. For information on the assumptions used to calculate the value of the stock option awards, refer to Note 13 — Stock-Based Compensation to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 28, 2017.

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Reflects annual cash incentive payments. For a description of these incentive awards, see the section titled (3) “Compensation Discussion and Analysis — Elements of Executive Compensation” under the heading “Annual Cash Incentive Payments.”

Reflects the actuarial increase in the present value of NEO benefits under all pension plans, including our supplemental pension plans, determined using interest rate and mortality rate assumptions consistent with those used in our financial statements, and includes amounts which the NEO may not currently be entitled to receive because such amounts are not vested. The present value of the benefits for Ms. Sherman and Mr. Miceli, the only (4) NEOs that are participants in the Company’s pension plan, increased by \$43,643 and \$11,526, respectively, in 2016. Decreases are recorded as \$0 in the Summary Compensation Table. Earnings on deferred compensation are not reflected in this column because the return on earnings is calculated in the same manner and at the same rate as earnings on externally managed investments of employees participating in the tax-qualified 401(k) savings plan, and dividends on our common stock are paid at the same rate as dividends paid to stockholders.

(5) All other compensation in fiscal year 2016 includes the following aggregate perquisites and other items.

Name	Auto Allowance (a)	Contribution to Retirement Savings Plans	Savings Restoration Plan Contributions	Other Items (b)	Totals
Jennifer L. Sherman	\$ 11,400	\$ 14,663	\$ 66,895	\$ 1,642	\$94,600
Dennis J. Martin	\$ 13,800	\$ 15,225	\$ 110,603	\$ 1,558	\$141,186
Brian S. Cooper	\$ 11,400	\$ 18,550	\$ 38,888	\$ 603	\$69,441
Ian A. Hudson	\$ 9,000	\$ 11,354	\$ 14,397	\$ 437	\$35,188
Samuel E. Miceli	\$ 9,000	\$ 15,468	\$ 19,525	\$ 484	\$44,477

Ms. Sherman’s auto allowance was increased to \$13,800, effective January 1, 2016, upon her promotion to (a) President and CEO. Ms. Sherman will be eligible to receive a retroactive adjustment in 2017 to account for the underpayment in 2016.

For Ms. Sherman, includes \$550 for membership in the United Airlines United Club and \$1,092 for life insurance premium payments. For Mr. Martin, includes \$550 for membership in the United Airlines United Club and \$1,008 (b) for life insurance premium payments. For Messrs. Cooper, Hudson and Miceli, the amounts stated are for life insurance premium payments.

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Grants of Plan-Based Awards

The table below sets forth information concerning grants of plan-based awards to our NEOs during fiscal year 2016.

Grants of Plan-Based Awards in Fiscal Year 2016

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Sh)	Grant Date and Fair Value of Option Awards (3)
		Threshold	Target	Maximum	Threshold (#)	Target (#)	Maximum (#)				
Jennifer L. Sherman		\$325,000	\$650,000	\$1,300,000	—	—	—	—	—	\$ —	\$ —
	5/5/16	\$ —	\$ —	\$ —	29,621	59,241	118,482	—	—	\$ —	\$749,991
Dennis J. Martin		\$300,000	\$600,000	\$1,200,000	—	—	—	—	—	\$ —	\$ —
	5/5/16	\$ —	\$ —	\$ —	29,621	59,241	118,482	—	—	\$ —	\$749,991
Brian S. Cooper		\$107,965	\$215,929	\$431,858	—	—	—	—	—	\$ —	\$ —
	5/5/16	\$ —	\$ —	\$ —	7,899	15,797	31,594	—	—	\$ —	\$199,990
	5/5/16	\$ —	\$ —	\$ —	—	—	—	—	47,395	\$12.66	\$200,007
Ian A. Hudson (4)	3/10/16	\$ —	\$ —	\$ —	—	—	—	7,109	—	\$ —	\$90,000
	5/5/16	\$52,814	\$105,628	\$211,256	—	—	—	—	—	\$ —	\$ —
Samuel E. Miceli	5/5/16	\$ —	\$ —	\$ —	2,666	5,331	10,662	—	—	\$ —	\$67,490
	5/5/16	\$ —	\$ —	\$ —	—	—	—	—	15,997	\$12.66	\$67,507
Samuel E. Miceli		\$70,813	\$141,625	\$283,250	—	—	—	—	—	\$ —	\$ —
	5/5/16	\$ —	\$ —	\$ —	3,456	6,911	13,822	—	—	\$ —	\$87,493
	5/5/16	\$ —	\$ —	\$ —	—	—	—	—	20,736	\$12.66	\$87,506

(1) See the section titled “Compensation Discussion and Analysis — Elements of Executive Compensation” under the heading “Annual Cash Incentive Payments.”

(2) These columns include information regarding performance share units. The “Threshold” column represents the minimum amount payable when threshold performance is met (50% of performance share units granted would be earned). If performance is below the threshold performance, no units are earned. The “Target” column represents the amount payable if actual performance is equal to target (100% of performance share units granted would be earned). The “Maximum” column represents the full payout potential under the plan if actual performance is equal to or greater than maximum (200% of performance share units granted would be earned). Shares of Company stock are awarded, if any, as a percentage of the pre-determined target shares for that executive officer ranging from 0% to 200% as determined by the performance against the applicable metrics. For fiscal year 2016, the performance metrics were EPS from continuing operations weighted at 75% and ROIC weighted at 25%, measured over a three-year performance period. The performance period ends on December 31, 2018.

(3) The grant date fair values are determined in accordance with ASC 718. The fair value of restricted stock awards is based on the closing price of our Company’s common stock on the grant date, resulting in an estimated fair value of \$12.66 for shares granted to Mr. Hudson on March 10, 2016. The fair value of performance share units is based on the closing price of our Company’s common stock on the grant date, resulting in an estimated fair value of \$12.66 for units granted on May 5, 2016. The Black-Scholes model is used to estimate the fair value of stock options, resulting in an estimated value of \$4.22 for stock options granted on May 5, 2016.

(4) On March 10, 2016, Mr. Hudson was awarded a grant of restricted stock, valued at \$90,000, with respect to the sale of the Company’s Fire Rescue Group. The 7,109 shares of restricted stock will vest in full on March 10, 2019,

subject to his continued employment.

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Information Regarding Equity Awards

Outstanding Equity Awards at Fiscal Year-End

The table that follows sets forth information concerning outstanding equity awards held by our NEOs at the end of fiscal year 2016.

Name	Grant Date	Option Awards				Stock Awards				Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, or Other Unvested Rights
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price (2)	Option Expiration Date	Number of Unvested Shares or Stock Units (3)(4)(5)	Market Value of Unvested Shares or Units of Stock (6)	Equity Incentive Plan Awards: Number of Shares, Units, or Other Unvested Rights	
Jennifer L. Sherman	2/26/07	11,700	—	—	\$ 16.10	2/26/17	—	\$—	—	\$ —
	2/22/08	16,100	—	—	\$ 10.59	2/22/18	—	\$—	—	\$ —
	2/20/09	16,100	—	—	\$ 6.68	2/20/19	—	\$—	—	\$ —
	8/7/09	14,479	—	—	\$ 8.53	8/7/19	—	\$—	—	\$ —
	4/26/10	20,200	—	—	\$ 10.04	4/26/20	—	\$—	—	\$ —
	5/4/11	45,277	—	—	\$ 6.52	5/4/21	—	\$—	—	\$ —
	5/9/12	68,681	—	—	\$ 5.50	5/9/22	—	\$—	—	\$ —
	5/9/13	50,556	—	—	\$ 8.40	5/9/23	—	\$—	—	\$ —
	5/5/14	22,021	11,010	—	\$ 14.48	5/5/24	—	\$—	—	\$ —
	4/10/15	14,979	29,956	—	\$ 16.09	4/10/25	—	\$—	—	\$ —
	4/10/15	—	—	—	\$ —	—	17,091	\$266,790	—	\$ —
	5/5/16	—	177,727	—	\$ 12.66	5/5/26	—	\$—	—	\$ —
	5/5/16	—	—	—	\$ —	—	59,241	\$924,752	—	\$ —
	Dennis J. Martin (7)	3/12/08	5,000	—	—	\$ 12.39	3/12/18	—	\$—	—
10/30/10		90,875	—	—	\$ 5.39	10/30/20	—	\$—	—	\$ —
5/4/11		159,990	—	—	\$ 6.52	5/4/21	—	\$—	—	\$ —
5/9/12		201,465	—	—	\$ 5.50	5/9/22	—	\$—	—	\$ —
5/9/13		144,444	—	—	\$ 8.40	5/9/23	—	\$—	—	\$ —
5/5/14		69,541	34,771	—	\$ 14.48	5/5/24	—	\$—	—	\$ —
4/10/15		40,851	81,700	—	\$ 16.09	4/10/25	—	\$—	—	\$ —
4/10/15		—	—	—	\$ —	—	46,612	\$727,613	—	\$ —
5/5/16		—	177,727	—	\$ 12.66	5/5/26	—	\$—	—	\$ —
5/5/16		—	—	—	\$ —	—	59,241	\$924,752	—	\$ —
Brian S. Cooper	5/28/13	31,622	—	—	\$ 9.03	5/28/23	—	\$—	—	\$ —
	5/5/14	16,227	8,113	—	\$ 14.48	5/5/24	—	\$—	—	\$ —
	4/10/15	10,893	21,786	—	\$ 16.09	4/10/25	—	\$—	—	\$ —
	4/10/15	—	—	—	\$ —	—	12,430	\$194,032	—	\$ —
	5/5/16	—	47,395	—	\$ 12.66	5/5/26	—	\$—	—	\$ —
	5/5/16	—	—	—	\$ —	—	15,797	\$246,591	—	\$ —

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Ian A. Hudson	5/5/14	5,563	2,781	—	\$ 14.48	5/5/24	—	\$—	—	\$	—
	4/10/15	3,405	6,808	—	\$ 16.09	4/10/25	—	\$—	—	\$	—
	4/10/15	—	—	—	\$—	—	3,884	\$60,629	—	\$	—
	3/10/16	—	—	—	\$—	—	7,109	\$110,971	—	\$	—
	5/5/16	—	15,997	—	\$ 12.66	5/5/26	—	\$—	—	\$	—
	5/5/16	—	—	—	\$—	—	5,331	\$83,216	—	\$	—
Samuel E. Miceli	5/9/12	4,010	—	—	\$ 5.50	5/9/22	—	\$—	—	\$	—
	5/9/13	4,987	—	—	\$ 8.40	5/9/23	—	\$—	—	\$	—
	5/5/14	3,555	1,777	—	\$ 14.48	5/5/24	—	\$—	—	\$	—
	5/5/14	—	—	—	\$—	—	2,647	\$41,319	—	\$	—
	4/10/15	—	—	—	\$—	—	2,486	\$38,806	—	\$	—
	4/10/15	2,179	4,357	—	\$ 16.09	4/10/25	—	\$—	—	\$	—
	4/10/15	—	—	—	\$—	—	2,486	\$38,806	—	\$	—
	5/5/16	—	20,736	—	\$ 12.66	5/5/26	—	\$—	—	\$	—
5/5/16	—	—	—	\$—	—	6,911	\$107,880	—	\$	—	

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Stock options vest ratably (i.e. one-third annually) over three years from the grant date. Pursuant to the Separation

(1) Agreement, options issued to Mr. Martin in 2014, 2015, and 2016 will continue to vest so long as he continues to serve as a director.

(2) During and prior to fiscal year 2007, the exercise price for each option grant was the lowest sale price of our common stock on the grant date. Beginning in fiscal year 2008 and since that date, we use the closing price for our common stock, as reported by the NYSE, on the grant date to determine the exercise price of stock options.

(3) Restricted stock in this column, granted to Mr. Hudson in March 2016 and to Mr. Miceli in May 2014 and April 2015, respectively, vests in full on the third anniversary of the grant date, subject to continued employment.

(4) The performance share units granted on April 10, 2015 are earned only if the threshold is met during a three-year performance period ending on December 31, 2017. Any earned shares vest at the end of the performance period.

(5) The performance share units granted on May 5, 2016 are earned only if the threshold is met during a three-year performance period ending on December 31, 2018. Any earned shares vest at the end of the performance period.

(6) Based on the closing price of \$15.61 per share on December 30, 2016.

In connection with his retirement from his position of Executive Chairman, Mr. Martin and the Company entered into a Separation Agreement, which became effective on January 8, 2017. Pursuant to the terms of the Separation

(7) Agreement, certain adjustments were made to Mr. Martin's outstanding equity awards reflected in the table above.

For further information, please refer to the the section titled "Compensation Discussion and Analysis — Setting Actual Compensation for Our NEOs" under the heading "Dennis Martin Separation Agreement."

Option Exercises and Stock Vested in Fiscal Year 2016

The table below sets forth information concerning amounts received or realized by our NEOs upon exercise of options or similar instruments, and the vesting of stock or similar instruments.

Name	Option Awards (1)		Stock Awards (2)	
	Number of Shares Realized on Exercise	Value Realized on Exercise	Number of Shares Realized on Vesting	Value Realized on Vesting
Jennifer L. Sherman	—	\$ —	32,804	\$ 512,070
Dennis J. Martin	—	\$ —	103,590	\$ 1,617,039
Brian S. Cooper	—	\$ —	24,170	\$ 377,293
Ian A. Hudson	—	\$ —	8,288	\$ 129,375
Samuel E. Miceli	—	\$ —	9,362	\$ 135,144

(1) None of our NEOs exercised stock options during fiscal year 2016.

These columns relate to shares that vested in fiscal year 2016 pursuant to performance share unit awards granted in

(2) fiscal year 2014 and restricted stock awards granted in fiscal year 2013. In regard to the performance share unit awards, we achieved EPS from continuing operations at the maximum level and 200% of the target units were earned.

Post Retirement BenefitsPension Benefits Table for Fiscal Year 2016

The table below sets forth the present value of accumulated pension benefits paid to or accrued for our NEOs.

Name	Plan Name (1)	Number of Years Credited Service	Present Value	
			Accumulated Benefit	Payments During Fiscal Year 2016
Jennifer L. Sherman	FSC Retirement Plan	11.00	\$ 340,574	\$ —
Dennis J. Martin	—	—	\$ —	\$ —
Brian S. Cooper	—	—	\$ —	\$ —
Ian A. Hudson	—	—	\$ —	\$ —
Samuel E. Miceli	FSC Retirement Plan	3.50	\$ 90,678	\$ —

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This qualified retirement plan, which has been frozen since 2006, provides defined payment retirement benefits for certain salaried and hourly employees, including executive officers. Contributions were made on an actuarial group (1) basis and no specific contribution was set aside for any individual participant. The approximate annual pension benefit set forth in the table is based on years of service and compensation, and reflects dollar limitations under the Internal Revenue Code, which limits the annual benefits which may be paid from a tax-qualified retirement plan. The normal retirement age under our qualified retirement plan is age 65. Ms. Sherman and Mr. Miceli are the only NEOs who participate in this defined benefit retirement plan. The annual pension earned is equal to 50% of average monthly compensation (up to a maximum of \$180,000), less one-half of Social Security payments, multiplied by the number of years of credited service (up to a maximum of 30 years). For purposes of the plan, “compensation” is calculated as the total of salary plus non-equity incentive plan amounts as set forth in the “Summary Compensation Table.” Ms. Sherman and Mr. Miceli are eligible to retire under this plan at age 55, after completing at least ten years of service. In the event of commencement of retirement benefits under the plan prior to age 65, the pension benefits payable are reduced by 1/180 for each month up to 60 months, and 1/360 for each month over 60 months by which the actual retirement age (defined as the age at which the participant begins to receive pension benefit payments) is less than 65 years.

Non-Qualified Deferred Compensation for Fiscal Year 2016

The following table sets forth the contributions, earnings, withdrawals/distributions and aggregate balances for NEOs participating in the Federal Signal Corporation Savings Restoration Plan (“Savings Restoration Plan”). The Savings Restoration Plan is an amendment and restatement of the Federal Signal Corporation Supplemental Savings and Investment Plan as of January 1, 2007.

Savings Restoration Plan

Name	Executive Contributions in 2016 (1)	Registrant Contributions in 2016 (2)	Aggregate Earnings in 2016 (3)	Aggregate Withdrawals/Distributions	Aggregate Balance at Fiscal Year-End (4)
Jennifer L. Sherman	\$ 112,541	\$ 66,895	\$ 63,694	\$	—\$ 1,091,481
Dennis J. Martin	\$ 205,405	\$ 110,603	\$ 53,760	\$	—\$ 1,472,277
Brian S. Cooper	\$ 33,333	\$ 38,888	\$ 10,211	\$	—\$ 116,453
Ian A. Hudson	\$ 28,361	\$ 14,397	\$ 6,785	\$	—\$ 105,529
Samuel E. Miceli	\$ 44,162	\$ 19,525	\$ 16,455	\$	—\$ 199,470

(1) Amounts are included in the “Salary” column of the Summary Compensation Table.

(2) Amounts are included in the “All Other Compensation” column of the Summary Compensation Table.

(3) Aggregate earnings under the plan are not above-market and neither earnings nor losses are included in the Summary Compensation Table.

(4) Includes the following amounts that were deferred during fiscal years 2015 and 2014, respectively, under the Savings Restoration Plan: Ms. Sherman, \$50,328 and \$47,422; Mr. Martin, \$230,564 and \$143,323; Mr. Cooper, \$16,597 and \$0. Messrs. Hudson and Miceli were not NEOs in fiscal years 2015 or 2014.

The Savings Restoration Plan is a non-qualified, unfunded defined contribution plan. The plan provides participants with benefits that would have been provided under the Company’s qualified 401(k) plan but could not be provided due to compensation limits for qualified plans under the Internal Revenue Code.

Eligibility for the Savings Restoration Plan is prescribed by our Company’s Benefits Planning Committee. Under this plan, a participant’s deferral percentage must be the same as under the Retirement Savings Plan. The Company-matching contributions, the Company-paid retirement contributions, deferral percentage limits and eligible compensation follow the same requirements as the Retirement Savings Plan. Amounts deferred under this plan are credited with returns based on the same investment alternatives selected by the participant under the Retirement Savings Plan, which include a Company stock fund and other mutual fund investment alternatives. There are no “above-market earnings” as all earnings are market-based and consistent with the investment funds elected. All deferred amounts, both the Company-matching contributions and Company-paid contributions, are accounted for on the

Company's financial statements as unfunded obligations of the Company.

Generally, distribution of vested account balances occurs after six months following a termination of employment in a lump sum or in annual installments for 5, 10 or 15 years.

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Other Potential Post-Employment Payments

Arrangements of NEOs

The tables on the pages that follow reflect the payments and benefits that are available to our NEOs under the Executive General Severance Plan and Change-in-Control Agreements under each type of termination event. The amounts shown assume that the termination of employment occurred on December 31, 2016. The actual amount of payments and benefits that would be received can only be determined upon an actual termination date.

Material Conditions to Receipt of Payments

Payments and benefits in the event of involuntary termination without “Cause” or voluntary termination for “Good Reason” are conditioned upon an NEO’s compliance with the following:

- Execution of a general release;
- Non-disclosure of confidential information to a third-party;
- Non-competition with our Company for 12 months; and
- Non-solicitation of employees for 12 months.

Payments under the Executive General Severance Plan

Our Executive General Severance Plan provides for the payment of severance in the event of involuntary termination without “Cause” or voluntary termination for “Good Reason.” The Plan limits certain benefits to prevent the payment of duplicative benefits and permits the Company to complete certain corporate transactions without triggering severance obligations.

In March 2013, we limited the group of employees eligible to participate in the Executive General Severance Plan and implemented a one-year service requirement for eligibility, with certain limited grandfathered exceptions. We retained discretion to waive all such limitations and eligibility requirements as may be determined by the Compensation and Benefits Committee on a case-by-case basis.

Additionally, to the extent required to comply with Section 409A of the Internal Revenue Code, certain severance benefits would not be paid to the executive officer prior to the date that is six months from the date of termination (other than due to death).

Termination of the Executive by our Company without “Cause” or by the Executive for “Good Reason”

If an executive’s employment is terminated by our Company without “Cause” or by the executive for “Good Reason” as defined by the Executive General Severance Plan, the Company will provide the following:

Cash payments equal to the sum of the executive officer’s base salary and current annual bonus target for Tier I executives; cash payments equal to 75% of the executive officer’s base salary and current annual bonus target for Tier II executives; or cash payments equal to 50% of the executive officer’s base salary and current annual bonus target for Tier III executives;

• Payment of a percentage of targeted annual incentive bonus based on the number of days worked in the current year; For Tier I, II and III executives, continuation of health and welfare benefits for up to 12, 9 or 6 months, respectively, following termination at the same premium cost and at the same coverage level to the executive as in effect for active employees (with the value of medical coverage treated as taxable income to the executive to the extent necessary to comply with Section 409A of the Internal Revenue Code);

• Right to exercise vested options within three months from date of termination (unvested options, performance share units, restricted stock awards and restricted stock units are forfeited); and

• Vested amounts under our Retirement Savings Plan and Savings Restoration Plan.

If, however, we terminate the executive officer for “Cause” or if the executive officer voluntarily terminates his or her employment without “Good Reason,” no post-termination payments or benefits are provided beyond those vested and accrued under our various compensation plans and programs.

Payments Made Upon Retirement

Upon retirement, payments to NEOs include payment of accrued and unpaid base salary through the date of retirement, vested amounts under our Retirement Savings Plan and Savings Restoration Plan and, subject to the discretion of the Compensation and Benefits Committee as determined on a case-by-case basis, may include:

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- The right to exercise vested options until the earlier of the expiration date or five years from date of termination; and
- Vesting of unvested equity awards.

Payments Made Upon Death or Disability

In the event of termination of employment due to death or disability, our Executive General Severance Plan and award documents provide the following:

- Accrued and unpaid base salary through the date of termination of employment;
- Immediate vesting of all outstanding and unvested stock options which may be exercised for one year from the date of termination of employment;
- Immediate vesting or lapse of restrictions on all restricted stock and restricted stock units, as applicable;
- Immediate vesting of performance share units, with performance shares distributed at the end of the performance period based on the greater of actual or target performance and pro-rated through the date of termination of employment;
- Pro-rata payment of STIP at target for the current performance period; and
- Payment of vested amounts under our Retirement Savings Plan and Savings Restoration Plan.

In addition to the benefits listed above, in the event of death or disability, executive officers may receive benefits under our disability or our group life insurance plans available to all employees.

Payments Made Upon a Change-in-Control

Certain of the equity award agreements issued under our 2005 Executive Incentive Compensation Plan (2010 Restatement) and 2015 Executive Incentive Compensation Plan provide for accelerated vesting or a lapse of restrictions in the event of a “Change-in-Control.” Under these plans, vesting may also be accelerated in the event of a divestiture of a business segment in which a participant is primarily employed, and such a divestiture results in the termination of the participant’s employment.

Our Executive Change-in-Control Severance Agreements provide for certain payments in the event of a “Change-in-Control” and a qualifying termination. Any executive officer eligible for payment under an Executive Change-in-Control Severance Agreement will not be eligible for payment under the Executive General Severance Plan. Pursuant to our Executive Change-in-Control Severance Agreements, in the event of a separation from service (as defined in Section 409A of the Internal Revenue Code) within 24 calendar months following a Change-in-Control (other than termination for “Cause,” voluntary termination without “Good Reason” or termination by reason of death or disability), or if the executive terminates his employment in certain circumstances defined in the agreement which constitute “Good Reason,” we provide the separated NEO with the following severance benefits:

- Payment of any accrued and unpaid salary through the date of termination and pro-rated annual cash incentive bonus target;
- A lump-sum cash payment up to two times the sum of the executive’s annual base salary and current annual target bonus opportunity established under the annual bonus plan in which the executive participates;
- A lump-sum cash payment up to one times the sum of the executive’s annual base salary and annual cash incentive bonus target as further consideration for an 18-month non-compete covenant;
- Immediate vesting and lapse of restrictions on all equity-based long-term incentives;
- Immediate vesting and cash-out of all outstanding cash-based long-term incentive awards, if any; and
- Continuation of medical insurance coverage for up to 36 months following termination at the same premium cost and at the same coverage level to the executive as in effect for active employees (with the value of medical coverage treated as taxable income to the executive to the extent necessary to comply with Section 409A of the Internal Revenue Code) and continuation of other health and welfare benefits for up to 12 months at the same premium cost and at the same coverage level available to active employees to the extent not duplicative.

Ms. Sherman is entitled to receive an additional “gross-up” payment to cover the full cost of any excise tax and any additional federal, state and local income, excise and employment taxes that arise on the additional payment. No other executive officer is entitled to a “gross-up” payment. For further information, please see the section of this

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proxy statement under the heading “Compensation Discussion and Analysis — Compensation Policy Regarding Tax Gross-Up Payments and Limitation of Severance Benefits.”

To the extent required to comply with Section 409A of the Internal Revenue Code, a six-month waiting period after termination applies to certain severance benefits payable to an executive officer, unless otherwise payable earlier due to the executive’s death before the six-month waiting period has elapsed.

A “Change-in-Control” under the Executive Change-in-Control Severance Agreements is defined as the occurrence of any one or more of the following events:

Acquisition by any one person or group of beneficial ownership of 40% or more of the combined voting power of our Company’s then outstanding securities;

Replacement of the majority of the directors during any period of 24 consecutive months;

Consummation of a merger or consolidation of our Company with another corporation, other than: (i) a merger or consolidation in which the combined voting securities of our Company immediately prior to such merger or consolidation continue to represent more than 60% of the combined voting power of the voting securities of our Company or the surviving entity outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of our Company or similar transaction in which no person or group acquires more than 40% of the combined voting power of our Company’s then outstanding securities;

Approval by our stockholders of a plan or an agreement for the sale or disposition of all or substantially all of our Company’s assets; or

Any other transaction that our Board designates as being a Change-in-Control. The Board modified the Change-in-Control Policy and the form of Executive Change-in-Control Severance Agreement to remove, after March 2010, Board discretion on designating transactions as a Change-in-Control. This modified policy is included in the Executive Change-in-Control Severance Agreements executed by each NEO.

Under the Executive Change-in-Control Severance Agreements, “Cause” generally means: (i) the executive officer’s willful and continued failure to substantially perform his or her duties; (ii) the executive’s conviction of a felony; or (iii) the executive’s willful engagement in conduct that is demonstrably and materially injurious to our Company, monetarily or otherwise. “Good Reason” generally means one or more of the following which results in a material negative change in the executive officer’s employment relationship with our Company: (i) the assignment of the executive officer to duties materially inconsistent with the executive’s authority and duties prior to the Change-in-Control or a material reduction in the executive’s duties and authorities; (ii) a reduction in or cancellation of the executive’s salary, bonus, compensation or other benefit plans; (iii) relocation of the executive to a new principal office in excess of 50 miles from the executive’s principal office immediately prior to the Change-in-Control; (iv) the failure of our Company to obtain a satisfactory agreement from any successor to our Company to assume and agree to perform our Company’s obligations under the agreement; or (v) any material breach of the Executive Change-in-Control Severance Agreement by our Company.

Benefits Upon Termination or Change-in-Control Tables

The following tables illustrate the potential payments and benefits to our NEOs under various employment termination events. The assumptions used in preparation of these tables are as follows:

We assumed the executive was in his or her role as of December 31, 2016, with the exception of Mr. Martin, who retired as our Executive Chairman and transitioned to the role of Chairman of the Board effective December 31, 2016. In connection with his retirement, Mr. Martin and the Company entered into a Separation Agreement, which became effective on January 8, 2017. As a non-employee director, Mr. Martin is no longer eligible for executive severance.

However, pursuant to the terms of the Separation Agreement, Mr. Martin remains eligible for accelerated vesting of his outstanding equity awards in the event of death, disability or a Change-in-Control. With respect to Mr. Martin, the tables that follow reflect the accelerated vesting implications on his outstanding equity awards in the event of death, disability or a Change-in-Control. For further information on Mr. Martin’s Separation Agreement, please refer to the the section titled “Compensation Discussion and Analysis — Setting Actual Compensation for Our NEOs” under the heading “Dennis Martin Separation Agreement.”

¶We assumed the executive’s termination date was December 31, 2016;

When applicable, we used the closing price of our common stock on December 30, 2016, which was \$15.61; and

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When applicable, we assumed the executives were subject to a 39.6% federal tax rate, 3.75% state tax rate, 1.45% Medicare tax rate and an additional 0.9% Medicare tax.

Potential Post-Employment Payments in Effect as of December 31, 2016

President and Chief Executive Officer — Jennifer L. Sherman (1)

Type of Payment	Involuntary Termination Without Cause or Voluntary Termination for Good Reason	Death	Disability	Retirement	Change-in-Control Only	Change-in-Control and Termination Without Cause or for Good Reason
Severance Compensation	\$ 1,300,000	\$—	\$—	\$—	\$—	\$ 3,900,000
Pro-Rata Bonus	\$ 650,000	\$ 650,000	\$ 650,000	\$—	\$—	\$ 650,000
Stock Options	\$—	\$ 536,736	\$ 536,736	\$—	\$—	\$ 536,736
Restricted Stock	\$—	\$—	\$—	\$—	\$—	\$—
Performance Shares	\$—	\$ 486,111	\$ 486,111	\$—	\$—	\$ 1,191,543
Life Insurance	\$ 1,092	\$—	\$—	\$—	\$—	\$ 1,092
Medical Benefits	\$ 14,814	\$—	\$—	\$—	\$—	\$ 44,442
Dental Benefits	\$ 524	\$—	\$—	\$—	\$—	\$ 524
Excise Tax & Gross-Up	\$—	\$—	\$—	\$—	\$—	\$ 2,311,809
Other	\$—	\$—	\$—	\$—	\$—	\$—
Total	\$ 1,966,430	\$ 1,672,847	\$ 1,672,847	\$—	\$—	\$ 8,636,146

(1) Ms. Sherman's severance compensation under a Change-in-Control and Termination Without Cause or for Good Reason scenario is capped at 2.99 times the sum of her base salary and her bonus at target.

Executive Chairman — Dennis J. Martin (1)

Type of Payment	Involuntary Termination without Cause or Voluntary Termination for Good Reason	Death	Disability	Retirement	Change-in-Control Only	Change-in-Control and Termination without Cause or for Good Reason
Severance Compensation	\$—	\$—	\$—	\$—	\$—	\$—
Pro-Rata Bonus	\$—	\$—	\$—	\$—	\$—	\$—
Stock Options	\$—	\$ 563,586	\$ 563,586	\$—	\$—	\$ 563,586
Restricted Stock	\$—	\$—	\$—	\$—	\$—	\$—
Performance Shares	\$—	\$ 793,326	\$ 793,326	\$—	\$—	\$ 1,652,365
Life Insurance	\$—	\$—	\$—	\$—	\$—	\$—
Medical Benefits	\$—	\$—	\$—	\$—	\$—	\$—
Dental Benefits	\$—	\$—	\$—	\$—	\$—	\$—
Excise Tax & Gross-Up	\$—	\$—	\$—	\$—	\$—	\$—
Other	\$—	\$—	\$—	\$—	\$—	\$—
Total	\$—	\$ 1,356,912	\$ 1,356,912	\$—	\$—	\$ 2,215,951

(1) Mr. Martin retired as our Executive Chairman effective December 31, 2016, at which time he transitioned to the role of Chairman of the Board. In connection with his retirement, Mr. Martin and the Company entered into a Separation Agreement, which became effective on January 8, 2017. Pursuant to the terms of the Separation

Agreement, Mr. Martin remains eligible for accelerated vesting of his outstanding equity awards in the event of death, disability or a Change-in-Control. For further information, please refer to the the section titled “Compensation Discussion and Analysis — Setting Actual Compensation for Our NEOs” under the heading “Dennis Martin Separation Agreement.”

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Senior Vice President and CFO — Brian S. Cooper (1)

Type of Payment	Involuntary Termination Without Cause or Voluntary Termination for Good Reason	Death	Disability	Retirement	Change-in-Control Only	Change-in-Control and Termination Without Cause or for Good Reason
Severance Compensation	\$ 575,811	\$—	\$—	\$	—\$ —	\$ 1,721,675
Pro-Rata Bonus	\$ 215,929	\$215,929	\$215,929	\$	—\$ —	\$ 215,929
Stock Options	\$ —	\$148,983	\$148,983	\$	—\$ 148,983	\$ 148,983
Restricted Stock	\$ —	\$—	\$—	\$	—\$ —	\$—
Performance Shares	\$ —	\$211,552	\$211,552	\$	—\$ 440,623	\$ 440,623
Life Insurance	\$ 605	\$—	\$—	\$	—\$ —	\$ 605
Medical Benefits	\$ 12,632	\$—	\$—	\$	—\$ —	\$ 37,896
Dental Benefits	\$ 360	\$—	\$—	\$	—\$ —	\$ 360
Excise Tax & Gross-Up	\$ —	\$—	\$—	\$	—\$ —	\$—
Other	\$ —	\$—	\$—	\$	—\$ —	\$—
Total	\$ 805,337	\$576,464	\$576,464	\$	—\$ 589,606	\$ 2,566,071

(1) Mr. Cooper's severance compensation under a Change-in-Control and Termination Without Cause or for Good Reason scenario is capped at 2.99 times the sum of his base salary and his bonus at target.

Vice President, Corporate Controller — Ian A. Hudson (1)

Type of Payment	Involuntary Termination Without Cause or Voluntary Termination for Good Reason	Death	Disability	Retirement	Change-in-Control Only	Change-in-Control and Termination Without Cause or for Good Reason
Severance Compensation	\$ 277,273	\$—	\$—	\$	—\$ —	\$ 739,394
Pro-Rata Bonus	\$ 105,628	\$105,628	\$105,628	\$	—\$ —	\$ 105,628
Stock Options	\$ —	\$50,334	\$50,334	\$	—\$ 50,334	\$ 50,334
Restricted Stock	\$ —	\$110,971	\$110,971	\$	—\$ 110,971	\$ 110,971
Performance Shares	\$ —	\$68,158	\$68,158	\$	—\$ 143,846	\$ 143,846
Life Insurance	\$ 333	\$—	\$—	\$	—\$ —	\$ 333
Medical Benefits	\$ 11,111	\$—	\$—	\$	—\$ —	\$ 29,628
Dental Benefits	\$ 393	\$—	\$—	\$	—\$ —	\$ 393
Excise Tax & Gross-Up	\$ —	\$—	\$—	\$	—\$ —	\$—
Other	\$ —	\$—	\$—	\$	—\$ —	\$—
Total	\$ 394,738	\$335,091	\$335,091	\$	—\$ 305,151	\$ 1,180,527

(1) Mr. Hudson's severance compensation under a Change-in-Control and Termination Without Cause or for Good Reason scenario is capped at 2.0 times the sum of his base salary and his bonus at target.

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Senior Vice President, Environmental Solutions Group — Samuel E. Miceli (1)

Type of Payment	Involuntary Termination Without Cause or Voluntary Termination for Good Reason	Death	Disability	Retirement	Change-in-Control Only	Change-in-Control and Termination Without Cause or for Good Reason
Severance Compensation	\$ 318,656	\$—	\$—	\$	—\$ —	\$ 849,750
Pro-Rata Bonus	\$ 141,625	\$ 141,625	\$ 141,625	\$	—\$ —	\$ 141,625
Stock Options	\$ —	\$ 63,179	\$ 63,179	\$	—\$ 63,179	\$ 63,179
Restricted Stock	\$ —	\$ 80,126	\$ 80,126	\$	—\$ 80,126	\$ 80,126
Performance Shares	\$ —	\$ 61,831	\$ 61,831	\$	—\$ 146,687	\$ 146,687
Life Insurance	\$ 357	\$—	\$—	\$	—\$ —	\$ 357
Medical Benefits	\$ 9,474	\$—	\$—	\$	—\$ —	\$ 25,264
Dental Benefits	\$ 393	\$—	\$—	\$	—\$ —	\$ 393
Excise Tax & Gross-Up	\$ —	\$—	\$—	\$	—\$ —	\$—
Other	\$ —	\$—	\$—	\$	—\$ —	\$—
Total	\$ 470,505	\$ 346,761	\$ 346,761	\$	—\$ 289,992	\$ 1,307,381

(1) Mr. Miceli's severance compensation under a Change-in-Control and Termination Without Cause or for Good Reason scenario is capped at 2.0 times the sum of his base salary and his bonus at target.

AUDIT COMMITTEE REPORT

The Audit Committee of our Board is currently comprised of three independent directors, two of whom are financial experts, as defined by the SEC and NYSE. The Board has adopted a charter for the Audit Committee, which is available on our website: www.federsignal.com.

In accordance with its written charter, the Audit Committee assists the Board in fulfilling its responsibility for monitoring: (i) the integrity of the accounting, auditing, and financial reporting practices and (ii) compliance with legal and regulatory requirements of our Company, including our codes of business conduct and ethics. In addition, for each fiscal year, the Audit Committee selects the independent registered public accounting firm to audit the financial statements of our Company and its subsidiaries, subject to approval by the Board. In fulfilling its oversight responsibilities, the Audit Committee reviewed: (i) the audited financial statements in the Annual Report with management, including a discussion of the appropriateness, not just the acceptability, of the accounting principles; (ii) the reasonableness of significant judgments; and (iii) the clarity of disclosures in the financial statements. The Audit Committee also reviewed disclosures made by our Company's management during the certification process for the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in our internal controls.

The Audit Committee reviewed with the independent accountants, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the appropriateness, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee per the PCAOB Statement on Auditing Standards No. 1301. In addition, the Audit Committee has discussed with the independent accountants the accountants' independence from management and our Company, including matters in the written disclosures pursuant to PCAOB Rule 3526 – Communication with Audit Committees Concerning Independence, and considered the compatibility of non-audit services with the accountants' independence.

The Audit Committee has adopted a policy for the pre-approval of all services and fees to be provided by our independent accountants for audit, audit-related, tax and all other services, which are allowable under applicable rules

and regulations. The Audit Committee: (i) annually pre-approves types of services and fees and (ii) periodically approves changes in such authorization and also delegates such periodic approval to the Committee Chairman, who reports any such authorizations to the Audit Committee at its next meeting.

The Audit Committee discussed with our internal auditors and independent accountants the overall scope and plans for their respective audits. The Audit Committee routinely meets with the internal auditors and independent

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accountants, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls and the overall appropriateness of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the SEC.

AUDIT COMMITTEE

John L. Workman, Chair

Bonnie C. Lind

Richard R. Mudge

Notwithstanding anything set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings, including this proxy statement, in whole or in part, the preceding Audit Committee Report shall not be deemed incorporated by reference in any such filings.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES

Accounting Fees

The table below sets forth Deloitte & Touche LLP's fees for fiscal years 2016 and 2015:

Description of Fees (\$ in thousands)	2016	2015
Audit Fees (1)	\$1,453	\$1,480
Audit-Related Fees (2)	\$5	\$15
Tax Fees (3)	\$2	\$10
All Other Fees (4)	\$—	\$—
Total	\$1,460	\$1,505

(1) These are fees for professional services for: (i) the audit of our annual financial statements and review of financial statements included in our Form 10-Q filings, and services that are normally provided in connection with statutory and regulatory filings or engagements; and (ii) the audit of internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

(2) These are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements.

(3) These are fees for professional services with respect to tax compliance, advice and planning. Fees incurred principally relate to review of tax returns, preparation of tax returns or supporting documentation and consultation with regard to various tax planning issues.

(4) No fees were paid for miscellaneous other services that fall outside the other categories above this row.

Per the policy as described in the Audit Committee Report, the Audit Committee must pre-approve all services and fees to be provided by our independent registered public accounting firm for audit, audit-related, tax and all other services allowable under applicable rules and regulations. All such fees and services provided by our independent registered public accounting firm during fiscal years 2016 and 2015 were pre-approved by the Audit Committee.

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PROPOSAL 2

ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In this “say-on-pay” vote, we are asking for your advisory vote on the compensation of our NEOs as disclosed in this proxy statement. We currently hold our say-on-pay vote every year. At the 2016 Annual Meeting, our proposal for NEO compensation received the support of approximately 98% of the votes cast. The goals, philosophies and practices approved last year are fundamentally the same today.

As described in the “Compensation Discussion and Analysis” section of this proxy statement, we believe in pay-for-performance. Our executive compensation programs are designed to attract, motivate and retain executive officers who are critical to our success. We reward performance and provide compensation that aligns with the interests of our executives and stockholders. Our Compensation and Benefits Committee periodically reviews compensation programs for NEOs and structures them to align with our stockholders’ interests and current market practices. We emphasize at-risk compensation, in particular equity compensation, including performance share unit awards.

This vote is not intended to address any specific item of compensation, but rather the overall compensation approach for executive compensation and the Board’s policies and practices described herein. You have the opportunity to vote “FOR,” “AGAINST,” or “ABSTAIN.”

Our Compensation and Benefits Committee and our Board believe our process effectively implements our compensation philosophy. Accordingly, we ask you to vote “FOR” the following proposal:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion set forth in this Proxy Statement, is hereby approved.”

In deciding how to vote on this proposal, you are encouraged to read the description of the Compensation and Benefits Committee’s executive compensation philosophy and its decisions in the “Compensation Discussion and Analysis” section and the executive compensation tables and accompanying disclosures in this proxy statement, as well as the following:

Our long-term incentive program is designed to align each executive’s goals with the intermediate and long-term goals of our stockholders and are awards are split 50/50 between stock options (which only have value if our share price increases) and performance share units (which are only earned if performance goals are attained and vest over a three-year period). Time-based restricted stock awards, subject to 3-year cliff vesting, may also be awarded in recognition of outstanding individual performance.

•Our pay-for-performance philosophy is evident in the composition of our NEOs’ compensation. As shown below, equity compensation is a significant percentage of our NEOs’ total compensation.

Name	2016 Equity Compensation	2016 Total Compensation	Percentage of 2016 Total Compensation Attributable to Equity
Jennifer L. Sherman	\$ 1,499,999	\$ 2,502,742	59.9%
Dennis J. Martin	\$ 1,499,999	\$ 2,439,185	61.5%
Brian S. Cooper	\$ 399,997	\$ 892,352	44.8%
Ian A. Hudson	\$ 224,997	\$ 583,274	38.6%
Samuel E. Miceli	\$ 174,999	\$ 571,275	30.6%

On an enterprise level, in 2016, we did not meet the earnings performance metric applicable to annual cash incentive awards. As a result, consistent with our pay-for-performance philosophy, none of our NEOs received an annual cash bonus payment for the financial component, weighted at 70%, for fiscal year 2016.

•Our Compensation and Benefits Committee has taken a conservative approach with regard to base salaries. Base salaries of our NEOs are generally targeted at or below the 50th percentile of competitive market data.

•We believe our pay practices are favorable to stockholders. For example:

•Our 2015 Plan does not use liberal share counting;

•

Over the years, we have limited the perquisites available to our executive officers in a manner that we believe is friendly to stockholders. For example, since 2009, we have prohibited any tax gross-up payments, except for such payments provided pursuant to a relocation or expatriate tax equalization

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plan, policy or arrangement. Only one of our NEOs is entitled to tax gross-up payments based on a grandfathered agreement;

Unless approved by our stockholders, since 2009, we have limited severance payments for NEOs to an amount not exceeding 2.99 times the sum of: (i) the NEO's highest annual base salary for the year of termination or either of the immediate two preceding years and (ii) either the NEO's current target bonus, or the highest annual bonus awarded to the NEO in any of the three years preceding the year of termination;

Annual cash incentive payments are subject to a "clawback" policy under which the Company will require, to the extent practicable upon the occurrence of specified events, a Section 16 Officer to repay a portion of his or her performance bonus payment plus a reasonable rate of interest. The clawback policy is triggered by: (i) an accounting restatement or a determination by our Board that the performance results were materially inaccurate; and (ii) a determination that the amount of such performance-based bonus payment would have been less than the amount previously paid to such Section 16 Officer, taking into account the restated financial results or otherwise corrected performance results; and Under the Company's Executive General Severance Plan, we have limited certain benefits, prevented the payment of duplicative benefits, defined "Cause" (which results in ineligibility for benefits), reduced the ability of the executive to terminate for "Good Reason," increased the Company's flexibility to complete corporate transactions without triggering severance obligations, limited the group of employees eligible to participate, and implemented a one-year service requirement for eligibility (with certain limited grandfathering exceptions).

Our Section 16 Officers, selected key management personnel and other corporate officers are required to own substantial holdings of our common stock while employed by us. Individual stock ownership targets are based on a multiple of between one and five times the executive's base salary. Until the target ownership is met, our executive officers' ability to sell shares of our common stock is limited. In addition, after achieving the ownership target, each executive officer must maintain his or her target ownership level (which is measured annually) and is required to hold 50% of the net shares received from exercised options or vested shares of common stock (over and above the target ownership level) for at least two years from the date of exercise or vesting.

The Compensation and Benefits Committee is advised by an independent compensation consultant who keeps the Committee apprised of developments and best practices.

For all of these reasons, we believe our executive compensation programs: (i) are well-designed; (ii) appropriately align executive pay with Company performance; and (iii) are designed to attract, motivate and retain individuals whose interests are aligned with our stockholders.

The affirmative vote of a majority of the shares of our common stock cast in person or by proxy on the proposal will be considered approval by the stockholders of the advisory resolution on executive compensation.

The Board recommends that you vote "FOR" approval of the advisory resolution on executive compensation.

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PROPOSAL 3

ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON OUR NAMED EXECUTIVE OFFICER COMPENSATION

In this “say-when-on-pay” vote, we are asking for your advisory vote as to whether the advisory vote on our NEO compensation should occur every one, two or three years. In 2011, our stockholders voted overwhelmingly in favor of holding annual (or 1 year) say-on-pay advisory votes as over 88% of the votes cast were for an annual advisory vote. In accordance with that advisory vote, we have conducted annual say-on-pay advisory votes for the past six years. After careful consideration of this agenda item, the Board has determined that an annual (or 1 year) advisory vote on executive compensation continues to be the most appropriate for the Company and demonstrates our commitment to good corporate governance.

While the results of voting on this item are advisory, the Board values the opinions of our stockholders and will take the results of the vote into account when determining the frequency of an advisory vote on our named executive officer compensation. The alternative (one, two or three years) that receives the greatest number of votes will be considered by the Nominating and Governance Committee and the Board as our stockholders’ advice on the frequency issue.

You may cast your vote by specifying one of following four options on the accompanying proxy card: “1 year,” “2 years,” “3 years” or “Abstain.” You are not voting to approve or disapprove the Board’s recommendation.

The Board recommends that you vote “1 YEAR” as to the frequency of future advisory votes on our NEO compensation.

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PROPOSAL 4

RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2017

The Audit Committee selected Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017. A resolution will be presented at the Annual Meeting to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017.

The Audit Committee is responsible for appointing, retaining and overseeing the work of our independent registered public accounting firm. The Board considers the selection to be an important matter of stockholder concern and is submitting the selection for ratification by stockholders as a matter of good corporate practice.

Deloitte & Touche LLP served as our independent registered public accounting firm for fiscal year 2016. A representative of Deloitte & Touche LLP will be present at the Annual Meeting and will have the opportunity to make a statement if he or she desires. The representative will also respond to any questions you may have.

The affirmative vote of a majority of the shares of our common stock cast in person or by proxy is required to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017.

If a majority of our shares does not ratify the selection of Deloitte & Touche LLP, the Audit Committee will consider the result a recommendation to consider the selection of a different firm.

The Board recommends that you vote "FOR" ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017.

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To our knowledge, based solely upon our review of copies of reports received by us pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, we believe that all of our directors, officers and beneficial owners of more than ten percent (10%) of our common stock filed all such reports on a timely basis during 2016.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2016 with respect to the shares of common stock that may be issued under our existing equity compensation plans.

Equity Compensation Plans Approved by Stockholders (1)	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
2005 Executive Incentive Compensation Plan (2010 Restatement) (2)	1,912,874	\$ 9.99	—
2015 Executive Incentive Compensation Plan (3)	679,965	\$ 12.71	5,616,411
Total	2,592,839	\$ 10.71	5,616,411

(1) All of our equity compensation plans have been approved by our stockholders.

(2) No additional awards were available for grant under this plan after April 28, 2015.

(3) “Full value” awards, which include restricted stock awards and performance share units, count as 2.05 shares against the remaining available shares for future issuance under this plan.

FUTURE STOCKHOLDER PROPOSALS

Stockholders may submit proposals appropriate for stockholder action at the Company’s Annual Meeting consistent with the regulations of the SEC and the Company’s By-Laws. For the proposal to be considered for inclusion in the proxy statement for the 2018 Annual Meeting of Stockholders, the proposal must be received on or before November 10, 2017.

Stockholder proposals not intended to be included in the Company’s proxy statement may be brought before an Annual Meeting in accordance with the advance notice procedures detailed in our By-Laws. For the 2018 Annual Meeting, we must receive information relating to such other business by January 21, 2018, but not before December 22, 2017, which is not less than 90 days or more than 120 days prior to the anniversary date of the immediately preceding Annual Meeting. Stockholder proposals must also be in proper written form and meet the detailed disclosure requirements as described in our By-Laws. If you would like to receive a copy of the provisions of our By-Laws setting forth all of the requirements, you should write to our executive offices at 1415 West 22nd Street, Suite 1100, Oak Brook, IL 60523, Attn: Corporate Secretary. Any proposals we do not receive in accordance with these standards will not be voted on at the 2018 Annual Meeting. A stockholder may nominate candidates for election as directors at stockholder meetings by following the procedures set forth in this proxy statement under the heading “Committees of the Board — Nominating and Governance Committee.”

OTHER BUSINESS

As of the date hereof, the foregoing is the only business which our Board and management intend to present, or are aware that others will present, at the Annual Meeting. If any other proper business should be presented at the meeting, the proxy cards will be voted in respect thereof in accordance with the discretion and judgment of the person(s) voting such proxy cards.

By order of the Board of Directors,

DANIEL A. DUPRÉ,
Corporate Secretary
March 10, 2017

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APPENDIX A

SEC REGULATION G NON-GAAP RECONCILIATION

The Company's Proxy Statement includes reference to a total debt to adjusted EBITDA ratio. Adjusted EBITDA is a financial measure which is not in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial information presented herein should be considered supplemental to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP. A reconciliation of adjusted EBITDA to GAAP income from continuing operations in each of the two years in the period ended December 31, 2016 is included below:

(\$ in millions)	Year Ended	
	December 31,	
	2016	2015
Total debt	\$64.0	\$44.1
Income from continuing operations	39.4	65.8
Add:		
Interest expense	1.9	2.3
Debt settlement charges	0.3	—
Acquisition and integration-related expenses	1.4	—
Restructuring	1.7	0.4
Purchase accounting effects	3.9	—
Other (income) expense, net	(1.3)	1.0
Income tax expense (benefit)	17.4	34.1
Depreciation and amortization	19.1	12.3
Adjusted EBITDA	\$83.8	\$115.9
Total debt to adjusted EBITDA ratio	0.8	0.4

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VOTE BY INTERNET — www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 10:59 P.M. Central Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

FEDERAL SIGNAL CORPORATION
ATTN: DANIEL A. DUPRÉ
1415 W. 22ND STREET, STE. 1100
OAK BROOK, IL 60523-2004

VOTE BY PHONE — 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 10:59 P.M. Central Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors record you vote FOR ALL the following:

Election of 1. Nine Directors

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

Nominees:

- 01)06) William F. Jamieson
- E. Goodwin
- 02) Pau07) Brenda L. W. Reichelderfer
- Jones
- 03) Bor08) Jennifer L. C. Sherman
- Lind
- 04) Der09) John L. J. Workman
- Martin
- 05) Richard R. Mudge

The Board of Directors recommends you vote FOR the following proposal:

	For	Against	Abstain
2. Approve, on an advisory basis, the compensation of our named executive officers.	..	..	..

The Board of Directors recommends you vote 1 YEAR on the following proposal:

	1 year	2 years	3 years	Abstain
3. Approve, on an advisory basis, the frequency of future advisory votes on named executive officer compensation.	..	..	..	..

The Board of Directors recommends you vote FOR the following proposal:

	For	Against	Abstain
4. Ratify the appointment of Deloitte & Touche LLP as Federal Signal Corporation's independent registered public accounting firm for fiscal year 2017.	..	..	..

NOTE: This proxy also may be voted in the discretion of the proxies, on any matter that may properly come before the meeting or any adjournment(s) or postponement(s) thereof. Should a nominee be unable to serve, this proxy may be voted for a substitute selected by the Board of Directors.

For address change/comments, mark here. (see reverse for instructions)

Yes No

Please indicate if you plan to attend this

meeting.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature

[PLEASE SIGN WITHIN BOX]

Signature (Joint Owners)

Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report on Form 10-K are available at www.proxyvote.com.

FEDERAL SIGNAL CORPORATION
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS
YOUR VOTE IS VERY IMPORTANT — PLEASE VOTE TODAY

The undersigned having received the notice of the 2017 Annual Meeting of Stockholders of Federal Signal Corporation (the “Company”) and the proxy statement, appoints Daniel A. DuPré and Michael L. Basili, and each of them acting individually, as the undersigned’s proxies with full power of substitution, for and in the name, place and stead of the undersigned, to vote and act with respect to all of the shares of the Company’s Common Stock standing in the name of the undersigned or with respect to which the undersigned is entitled to vote and act at the Annual Meeting and at any adjournment(s) or postponement(s) thereof, and the undersigned directs that this proxy be voted as specified on the reverse side.

This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made for a proposal, the proxy will be voted: (a) “FOR ALL” of the Company’s director nominees in Proposal 1; (b) “FOR” Proposal 2; (c) “1 YEAR” on Proposal 3; and (d) “FOR” Proposal 4. The undersigned hereby revokes any proxy or proxies heretofore given to vote upon or act with respect to such stock.

This proxy also covers all shares for which the undersigned has the right to give voting instructions to Vanguard Fiduciary Trust Company, Trustee of the Federal Signal 401(k) Retirement Plan (the “Plan”). This proxy, when properly executed, will be voted as directed. If voting instructions are not received by the proxy tabulator by 10:59 PM CDT on April 18, 2017, you will be treated as directing the Plan’s Trustee to vote your shares held in the Plan in the same proportion as the shares for which the Trustee has received timely instructions from others who do vote.

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side