

FEDERAL SIGNAL CORP /DE/
Form DEF 14A
March 15, 2019
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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:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

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

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1415 West 22nd Street
Oak Brook, Illinois 60523

Notice of Annual Meeting of Stockholders
To Be Held on April 30, 2019

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 Tuesday, April 30, 2019, at 8:30 a.m., local time, for the following purposes:

- To elect eight directors;
- To approve, on an advisory basis, the compensation of our named executive officers (“NEOs”);
- To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019; 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 March 4, 2019, 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; and “FOR” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019.

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 15, 2019, contains instructions on how to access the proxy statement, this notice, and our 2018 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 15, 2019

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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, Tuesday, April 30, 2019

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

Record Date: March 4, 2019

Common Shares Outstanding on Record Date: 60,253,987

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 Eight Directors	For all nominees	<u>10</u>
Proposal 2 Advisory Vote to Approve the Compensation of our NEOs	For	<u>52</u>
Proposal 3 Ratification of the Appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for Fiscal Year 2019	For	<u>54</u>

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 EIGHT DIRECTORS

DIRECTOR NOMINEES

Name (1)(2)	Age	Director Since	Occupation and Experience	Independent	Audit Committee	Compensation and Benefits Committee	Nominating and Governance Committee
Eugene J. Lowe, III (3)	51	2019	President and Chief Executive Officer (“CEO”), SPX Corporation	Yes	ü		
Dennis J. Martin	68	2008	Chairman and former CEO, Federal Signal Corporation	No			
Patrick E. Miller (4)	51	2018	President and CEO, Commercial Vehicle Group, Inc.	Yes	ü		
Richard R. Mudge (5)	73	2010	President, Compass Transportation and Technology, Inc.	Yes	ü	ü	

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Name	Age	Director Since	Occupation and Experience	Independent	Audit Committee	Compensation and Benefits Committee	Nominating and Governance Committee
William F. Owens (6)	68	2011	Former Governor of Colorado	Yes		ü	Chair
Brenda L. Reichelderfer	60	2006	Director of Tribus Aerospace and Moog, Inc.	Yes		Chair	ü
Jennifer L. Sherman	54	2016	President and CEO, Federal Signal Corporation	No			
John L. Workman (5)	67	2014	Former CEO, Omnicare, Inc.	Yes	Chair	ü	

(1) All nominees are current directors. James E. Goodwin is currently Lead Independent Director and a member of the Audit and Nominating and Governance committees. Mr. Goodwin joined the Audit Committee on December 6, 2018, when Bonnie C. Lind resigned from the Board. Mr. Goodwin also served on the Compensation and Benefits Committee until December 17, 2018. Mr. Goodwin is not running for re-election when his term expires at the Annual Meeting on April 30, 2019. Accordingly, the Board approved its reconstitution from nine to eight directors to be effective at the Annual Meeting. Mr. Goodwin's successor as Lead Independent Director, and his successor as a member of the Nominating and Governance Committee, will be appointed on or before April 30, 2019, in accordance with our Corporate Governance guidelines.

(2) With the exception of Messrs. Lowe and Miller, who were appointed as directors on February 18, 2019 and December 17, 2018, respectively, each director attended at least 75% of the aggregate of all fiscal year 2018 meetings of the Board and each Committee on which he or she served.

(3) Mr. Lowe joined the Audit Committee on February 18, 2019.

(4) Mr. Miller joined the Audit Committee on December 17, 2018.

(5) Dr. Mudge and Mr. Workman joined the Compensation and Benefits Committee on May 1, 2018.

(6) Paul W. Jones was Chair of the Nominating and Governance Committee until his retirement from the Board on May 1, 2018. Mr. Owens became Chair of the Nominating and Governance Committee effective May 1, 2018.

CORPORATE GOVERNANCE

Standing Board Committees (Meetings Held in Fiscal Year 2018): Audit (9); Compensation and Benefits (5); and Nominating and Governance (5)

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, as published on our Corporate website, www.federsignal.com

Policy Prohibiting Hedging, Short Sale and Pledging: Yes, pursuant to our Insider Trading Policy as published on our Corporate website, www.federsignal.com

Recoupment Policy (Clawback): Yes

FISCAL YEAR 2018 HIGHLIGHTS

During 2018, 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.

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Highlights of the Company's achievement against these objectives in 2018 include the following:

With the traction on our organic growth initiatives, and benefits from the 2017 acquisition of Truck Bodies and Equipment International ("TBEI"), we accelerated the achievement of our goal of profitably growing our revenues in excess of \$1 billion by 2020. Our net sales for the year ended December 31, 2018 increased to \$1,089.5 million. We generated \$93.7 million of income from continuing operations during the year ended December 31, 2018, an increase of \$33.2 million, or 55%, compared to \$60.5 million in 2017.

On a consolidated basis, our adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA")* increased by \$47.0 million, or 41%, and our adjusted EBITDA margin* for 2018 was 14.7%, up from 12.6% in 2017. Our Environmental Solutions Group and our Safety and Security Systems Group each reported significant improvement in net sales and earnings, delivering adjusted EBITDA margins* towards the high end of our target ranges.

We have continued to focus on new product development and are encouraged that these efforts will provide additional opportunities to further diversify our customer base. In particular, we are pleased with the market reaction to our new hydro-excavator vehicle designed for utility markets.

Our eighty-twenty improvement ("ETI") initiatives remain a critical part of our culture and we continue to focus on reducing product costs and improving manufacturing efficiencies across all our businesses.

With \$92.8 million of cash being generated from continuing operations during 2018, we have been able to pay down \$62.1 million of debt in 2018, bringing our total debt repayment since the completion of the TBEI acquisition in June 2017 to approximately \$96.0 million.

During the year, we demonstrated our commitment to returning value to stockholders by paying increased cash dividends of \$18.7 million in 2018, up from \$16.8 million in 2017.

We also spent \$1.2 million repurchasing shares under our authorized repurchase program. At the end of 2018, we had \$30.2 million of authorization remaining under our existing share repurchase program, which represents approximately 2% of our market capitalization.

With our strong balance sheet and positive operating cash flow, we are well positioned to continue to invest in internal growth initiatives, pursue strategic acquisitions and consider ways to return value to stockholders.

Our consolidated financial results in 2018 reflected year-over-year improvement in many areas, driven by both organic growth and benefits from our recent acquisitions:

Net sales for the year ended December 31, 2018 increased by \$191.0 million, or 21%, to \$1,089.5 million, with organic sales growth of approximately 12%.

Operating income for the year ended December 31, 2018 increased by \$47.9 million, or 65%, to \$121.5 million.

Adjusted EBITDA* for the year ended December 31, 2018 was \$160.5 million, up \$47.0 million, or 41%, and our adjusted EBITDA margin* for the year ended December 31, 2018 was 14.7%, up from 12.6% in 2017.

Income from continuing operations for the year ended December 31, 2018 was \$93.7 million, up \$33.2 million, or 55%, from \$60.5 million in the prior year. This equated to earnings per share of \$1.53, up 53% from \$1.00 per share last year.

On an adjusted basis*, we reported full-year earnings of \$1.43 per share in 2018, which is up \$0.58 per share, or 68%, compared to \$0.85 per share last year.

Cash flow from continuing operating activities for the year ended December 31, 2018 was \$92.8 million, an increase of \$19.3 million, or 26%.

Total orders for the year ended December 31, 2018 were \$1,173.2 million, an increase of \$155.2 million, or 15%.

Our consolidated backlog at December 31, 2018 was \$337.7 million, up \$80.2 million, or 31%, from \$257.5 million at December 31, 2017.

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

COMMITMENT TO SOCIAL RESPONSIBILITY

We operate with the highest principles and deliver results through customer focus, innovation, continuous improvement, teamwork and investing in our people. We do this not solely because it is good business, but because it is the right thing for our customers, employees, stockholders, and business partners. We employ approximately 3,300 people throughout 14 principal manufacturing facilities in five countries around the world.

We thoughtfully consider and continuously recognize the impact we make on the people of these communities and on the environment. Our commitment to social responsibility includes the following initiatives:

• Sustainability

• Health, Safety and the Environment

• Commitment to our Employees

• Commitment to Ethical Business Practices

• Support of Community and Charitable Organizations

Additional information can be found on our website, at www.federsignal.com/social-responsibility

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Key Elements of our 2018 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.
Short-Term Incentive Bonus (Cash)	ü	Earnings and EBITDA Margin	Achievement of financial targets weighted 70%. Achievement of individual objectives weighted 30%. 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 (“PSUs”)	ü	Earnings Per Share from Continuing Operations and Return on Invested Capital	PSUs 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.
• Restricted Stock		N/A	Restricted stock awards cliff vest over three years.
Indirect Compensation		N/A	Includes access to the same health and welfare and retirement plans available to other eligible employees.

For 2018, long-term equity incentive awards granted to executives in connection with the annual grant were split between PSUs (50%), non-qualified stock options (25%), and time-based restricted stock (25%). Our (1) Compensation and Benefits Committee maintains the discretion and flexibility to grant additional equity-based incentives on a case-by-case basis, in accordance with our compensation philosophy.

(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: RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2019

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 2019.

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1415 West 22nd Street
Oak Brook, Illinois 60523

Proxy Statement for Annual Meeting of Stockholders
To Be Held on April 30, 2019

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 Tuesday, April 30, 2019, 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 eight directors;
2. To approve, on an advisory basis, the compensation of our NEOs;
3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019; and
4. 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 15, 2019, 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 2018 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 15, 2019.

Voting Your Shares

Only stockholders owning shares of our common stock on March 4, 2019, 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 eight directorships and on each other matter presented at the Annual Meeting. On the record date, there were 60,253,987 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 eight director nominees named on the proxy card, “for” the advisory approval of the compensation of the Company’s NEOs, and “for” the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019.

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 3 is a routine matter; Proposals 1 and 2 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 and 2, 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); and
- The ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019 (Proposal 3).

In tabulating the voting results for Proposals 1 and 2, 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 the Federal Signal Corporation Retirement Savings Plan (“401(k) Plan”)

Our 401(k) Plan held 895,161 shares of our common stock in the name of Vanguard Fiduciary Trust Company (“Vanguard”), as trustee of the 401(k) Plan, as of March 4, 2019. 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 March 4, 2019.

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	8,706,981 (2)	14.5%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746	4,180,350 (3)	6.9%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	3,685,530 (4)	6.1%

(1) Based on 60,253,987 shares of common stock issued and outstanding as of March 4, 2019.

Based solely on a Schedule 13G (Amendment No. 11) filed with the Securities and Exchange Commission (“SEC”)

(2) on January 28, 2019, in which BlackRock, Inc. reported that, as of December 31, 2018, it had sole voting power over 8,574,151 shares and sole dispositive power over 8,706,981 shares.

(3) Based solely on a Schedule 13G (Amendment No. 6) filed with the SEC on February 8, 2019, in which Dimensional Fund Advisors LP reported that, as of December 31, 2018 it had sole voting power over 4,003,145 shares and sole dispositive power over 4,180,350 shares in its capacity as an investment adviser registered under the Investment Advisors Act of 1940 to four investment companies and as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts. Dimensional Fund Advisors LP disclaims beneficial ownership of these shares.

(4) Based solely on a Schedule 13G (Amendment No. 1) filed with the SEC on February 11, 2019, in which The Vanguard Group reported that, as of December 31, 2018, it had sole voting power over 119,262 shares, shared voting power over 11,519 shares, sole dispositive power over 3,560,249 shares, and shared dispositive power over 125,281 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 March 4, 2019.

Name (1)	Amount and Nature of Beneficial Ownership (2)(3)	Percent of Outstanding Common Stock (4)
Daniel A. DuPré	94,747	*
Robert E. Fines	1,944	*
James E. Goodwin (6)	102,426	*
Ian A. Hudson	70,963	*
Eugene J. Lowe, III. (6)	—	*
Dennis J. Martin (6)	1,239,955	2.0%
Patrick E. Miller (6)	76	*
Richard R. Mudge (6)	60,635	*
William F. Owens (6)	71,691	*
Brenda L. Reichelderfer (6)	74,046	*
Jennifer L. Sherman	636,311	1.1%
Mark D. Weber (5)	5,593	*
John L. Workman (6)	41,862	*
All Directors and Executive Officers as a Group (15 persons) (7)	2,445,885	4.0%

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

(2) Totals include shares subject to stock options exercisable within 60 days of March 4, 2019 as follows: Mr. DuPré, 50,737; Mr. Hudson, 32,019; Mr. Martin, 942,122; Dr. Mudge, 5,000; Ms. Sherman, 337,801; and Mr. Workman, 5,000. All directors and executive officers as a group hold stock options exercisable within 60 days of March 4, 2019 with respect to 1,395,532 shares. Totals for Ms. Sherman also include 54,906 shares held in our 401(k) Plan.

(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; Mr. Martin, 12,247; Dr. Mudge, 33,567; and Mr. Owens, 20,076. Based upon 60,253,987 shares of common stock issued and outstanding as of March 4, 2019 and, for each director

(4) or executive officer or the group, the number of shares subject to stock options exercisable by such director or executive officer or the group within 60 days of March 4, 2019. The use of "*" denotes percentages of less than 1%.

(5) Mr. Weber was appointed to the position of Senior Vice President and Chief Operating Officer ("COO") effective January 15, 2018.

(6) Denotes non-employee director. Mr. Miller was appointed as a director on December 17, 2018. Mr. Lowe was appointed as a director on February 18, 2019. Mr. Goodwin is not running for re-election to the Board in 2019.

(7) 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 EIGHT DIRECTORS

In accordance with the recommendation of the Nominating and Governance Committee, our Board has nominated the following eight individuals for election at the Annual Meeting to hold office for one year or until their successors are elected and qualified: Eugene J. Lowe, III., Dennis J. Martin, Patrick E. Miller, 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. One of our existing directors, James E. Goodwin, is not running for re-election at the end of his term at the Annual Meeting on April 30, 2019. Accordingly, the Board approved its reconstitution from nine to eight directors to be effective at the Annual Meeting.

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. Lowe has served as President and CEO and a director of SPX Corporation (“SPX”) (NYSE: SPXC) since September 2015. SPX is a supplier of highly engineered products and technologies, holding leadership positions in the HVAC, detection and measurement, and engineered solutions markets. He was appointed an officer of SPX in 2014 and previously served as Segment President, Thermal Equipment and Services, from 2013 to 2015; President, Global Evaporative Cooling, from 2010 to 2013; and Vice President of Global Business Development and Marketing, Thermal Equipment and Services, from 2008 to 2010. Prior to joining SPX, Mr. Lowe held positions with Milliken & Company, Lazard Technology Partners, Bain & Company, and Andersen Consulting.

Eugene J.
Lowe, III

Key Qualifications:

Director since February 2019

- Current public company CEO with vast experience in operations
- Expertise in strategic planning and marketing
- Extensive business development experience

Committees:
• Audit
(effective February 18, 2019)

Age: 51

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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 served as a director of Essendant Inc. (formerly NASDAQ: ESND), a leading supplier of workplace essentials, from July 2016 to January 2019. 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
- In-depth knowledge of our Company and its operations as our former President and CEO

Age: 68

Mr. Miller has served as President and CEO and a director of Commercial Vehicle Group, Inc. (“CVGI”), a leading supplier of a full range of cab related products and systems for the global commercial vehicle market (NYSE: CVGI), since November 2015. Mr. Miller joined CVGI in 2005, serving in a number of different executive positions prior to his appointment as CEO, including President of CVGI’s Global Truck & Bus Segment, Senior Vice President & General Manager of Aftermarket, Senior Vice President of Global Purchasing, Vice President of Global Sales, Vice President & General Manager of North American Truck and Vice President & General Manager of Structures. Prior to joining CVGI, Mr. Miller held engineering, sales, and operational leadership positions with Hayes Lemmerz International, Alcoa, Inc. and ArvinMeritor.

Patrick E. Miller

Key Qualifications:

Director since December 2018

- Current public company CEO with vast experience in operations
- Extensive engineering experience
- Expertise in sales and marketing

Committees:
 • Audit (effective December 17, 2018)

Age: 51

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Richard R. Mudge

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

Committees:
 • Audit
 • Compensation and Benefits
 (effective May 1, 2018)

- Expertise across multiple facets of the transportation industry
- Leadership in technology, finance, business, government policy and research
- Experience growing businesses

Age: 73

Mr. Owens serves on the Board of Directors of High Point Resources (formerly Bill Barrett Corporation), an independent oil and gas company (NYSE: HPR); 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. 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

Committees:
 • Nominating and Governance (Chair - effective May 1, 2018)

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

- Compensation and Benefits

Age: 68

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Brenda L. Reichelderfer
 Director since October 2006

Ms. Reichelderfer serves on the Board of Directors of Tribus Aerospace (“Tribus”), an aerospace components manufacturing group owned by a private equity firm, a position she has held since November 2017. From February through July 2018, Ms. Reichelderfer served as Interim CEO of Tribus while it searched for a new leader. 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 July 2008 to December 2017, she was Senior Vice President and Managing Director of TriVista Business Group. From June 2011 to April 2017, Ms. Reichelderfer 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). 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).

Key Qualifications:

- Committees:
 and Benefits (Chair)
 and Governance
- Expertise in growing industrial and aerospace businesses
 - Compensation
 - Extensive experience in operations, innovation and new product development
 - Nominating
 - Significant international business experience

Age: 60

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: 54

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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 Chief Financial Officer ("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 (now Encompass Health Corporation) (NYSE: EHC), a provider of inpatient rehabilitation services in the U.S. (formerly 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 Agiliti Health, Inc. (formerly 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 Agiliti. 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. (formerly NYSE: CCP), a healthcare REIT, from August 2015 until the company's merger with Sabra Health Care Reit (NASDAQ: SBRA). Mr. Workman is a Certified Public Accountant (inactive).
Director since February 2014	
Committees:	
• Audit (Chair)	
• Compensation and Benefits (effective May 1, 2018)	Key Qualifications:
Age: 67	<ul style="list-style-type: none"> • 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 2018, our Board held six meetings, the Audit Committee held nine meetings, the Compensation and Benefits Committee held five meetings and the Nominating and Governance Committee held five meetings. Our Corporate Governance Guidelines require regular attendance by our directors at Board meetings and their respective Committee meetings. With the exception of Messrs. Lowe and Miller, who were appointed as directors on February 18, 2019 and December 17, 2018, respectively, all directors who served in 2018 attended our Annual Meeting and at least 75% of our Board meetings and their respective 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.federsignal.com.

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Current Committee Membership

Name	Audit	Compensation and Benefits	Nominating and Governance
James E. Goodwin (1) (6)	ü	—	ü
Eugene J. Lowe, III. (2)	ü	—	—
Dennis J. Martin	—	—	—
Patrick E. Miller (3)	ü	—	—
Richard R. Mudge (4)	ü	ü	—
William F. Owens (5)	—	ü	Chair
Brenda L. Reichelderfer	—	Chair	ü
Jennifer L. Sherman	—	—	—
John L. Workman (4) (6)	Chair	ü	—

- Mr. Goodwin joined the Audit Committee on December 6, 2018, when Ms. Lind resigned from the Board. Mr. Goodwin served on the Compensation and Benefits Committee until December 17, 2018. Mr. Goodwin is not running for re-election to the Board when his term expires at the Annual Meeting on April 30, 2019. Accordingly, (1) the Board approved its reconstitution from nine to eight directors to be effective at the Annual Meeting. Mr. Goodwin's successor as Lead Independent Director, and his successor as a member of the Nominating and Governance Committee, will be appointed on or before April 30, 2019, in accordance with our Corporate Governance guidelines.
- (2) Mr. Lowe joined the Audit Committee on February 18, 2019.
- (3) Mr. Miller joined the Audit Committee on December 17, 2018.
- (4) Dr. Mudge and Mr. Workman joined the Compensation and Benefits Committee on May 1, 2018.
- (5) Mr. Owens became Chair of the Nominating and Governance Committee effective May 1, 2018, when Mr. Jones retired from the Board.
- (6) The Board has determined that each of Messrs. Goodwin and Workman qualifies 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 Director 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

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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. The Company and the Committee 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.

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 2018. Our President and CEO, Ms. Sherman, did not receive any additional compensation for her service on our Board in 2018. In addition, Mr. Lowe was appointed as a director in February 2019 and did not receive any compensation in 2018.

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Non-Employee Director Compensation in Fiscal Year 2018

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (2)	Other Compensation (3)	Total
Dennis J. Martin (3)	\$ 120,000	\$ 120,000	\$	—\$ 1,500	\$ 241,500
James E. Goodwin (4)	\$ 99,911	\$ 100,000	\$	—\$ —	\$ 199,911
Paul W. Jones (5)	\$ 31,298	\$ —	\$	—\$ —	\$ 31,298
Bonnie C. Lind (6)	\$ 72,548	\$ 100,000	\$	—\$ —	\$ 172,548
Patrick E. Miller (7)	\$ 3,042	\$ —	\$	—\$ —	\$ 3,042
Richard R. Mudge	\$ 78,027	\$ 100,000	\$	—\$ —	\$ 178,027
William F. Owens (8)	\$ 82,034	\$ 100,000	\$	—\$ —	\$ 182,034
Brenda L. Reichelderfer	\$ 87,000	\$ 100,000	\$	—\$ —	\$ 187,000
John L. Workman	\$ 90,027	\$ 100,000	\$	—\$ —	\$ 190,027

- Each non-employee director is issued a stock award annually. The annual award is determined by dividing the grant date value of the equity award (i.e., in 2018, \$120,000 in the case of our Chairman and \$100,000 for all other non-employee directors) 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 non-employee directors on May 1, 2018, at a closing share price of \$21.47: 5,590 deferred shares in the form of restricted stock units to Mr. Martin as Chairman; 4,658 shares of common stock to Mr. Goodwin as Lead Independent Director; and 4,658 shares of common stock to each of Mr. Workman and Ms. Reichelderfer. Messrs. Mudge and Owens and Ms. Lind received 4,658 deferred shares in the form of restricted stock units. As of December 31, 2018, each non-employee director held the following aggregate number of shares: Mr. Martin, 310,080 shares, including 12,247 deferred shares held in the form of restricted stock units, and 19,352 performance shares which were earned as of December 31, 2018, but not issued until the first quarter of 2019; Mr. Goodwin, 127,587 shares, including 25,161 deferred shares held in the form of restricted stock units; Mr. Miller, 76 shares, Dr. Mudge, 89,202 shares, including 33,567 deferred shares held in the form of restricted stock units; Mr. Owens, 91,767 shares, including 20,076 deferred shares held in the form of restricted stock units; Ms. Reichelderfer, 74,046 shares; and Mr. Workman, 36,862 shares. Directors electing to defer the receipt of shares have the right to receive a cash payment, at the same time as the ultimate distribution of the applicable shares, equal to the dividends that would have been received if the director had elected to receive such shares upon issuance. As of December 31, 2018, accumulated dividend equivalents associated with these deferred stock units were as follows: Mr. Martin, \$4,803; Dr. Mudge, \$4,003; and Mr. Owens, \$8,308. Annual stock awards to non-employee directors vest immediately upon issuance.
- Effective in fiscal year 2018, the Board’s independent compensation consultant, Willis Towers Watson (“WTW”), recommended certain changes to non-employee director compensation to align with director compensation programs utilized by the Company’s peer group, including elimination of initial non-qualified stock option awards to new directors upon their appointment to the Board. As a result, no stock options were granted to Mr. Miller in connection with his appointment as a director during the fiscal year ended December 31, 2018. Similarly, Mr. Lowe did not receive an initial stock option award in connection with his appointment as a director, effective February 18, 2019. As of December 31, 2018, each non-employee director had the following number of stock options outstanding: Mr. Martin, 1,001,364; Mr. Goodwin, 0; Mr. Lowe, 0; Mr. Miller, 0; Dr. Mudge, 5,000; Mr. Owens, 0; Ms. Reichelderfer, 0; and Mr. Workman, 5,000.
- Mr. Martin served as Chairman during 2018. His fees in the first column are comprised of an annual retainer of \$120,000 which he received in that capacity. Mr. Martin’s “Other Compensation” in 2018 represents the Company’s match of donations made by Mr. Martin to eligible charitable organizations during 2018.
- Mr. Goodwin served as Lead Independent Director during 2018. In that capacity, he received an annual retainer of \$87,500 in addition to the same Committee membership fees applicable to other directors. His fees in the first column are comprised of an annual retainer of \$87,500 and Committee membership fees of \$12,411. Mr. Goodwin

is not running for re-election when his term expires at the Annual Meeting on April 30, 2019. His successor as Lead Independent Director, and his successor as a member of the Nominating and Governance Committee, will be appointed on or before April 30, 2019, in accordance with our Corporate Governance guidelines.

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Mr. Jones retired and did not seek re-election at the 2018 Annual Meeting on May 1, 2018. His fees in the first (5) column are comprised of the pro-rata payment of an annual retainer and Committee membership fees, reflecting services provided during 2018.

(6) Ms. Lind resigned as a director effective December 6, 2018. Her fees in the first column are comprised of the pro-rata payment of an annual retainer and Committee membership fees, reflecting services provided during 2018.

Mr. Miller was appointed as a director effective December 17, 2018. His fees in the table above are comprised of (7) the pro-rata payment of an annual retainer and Committee membership fees, totaling \$2,672 and \$370, respectively. As Mr. Miller has not yet met his target stock ownership level, 50% of his fees earned in 2018 were paid in shares of our common stock, with the remainder paid in cash.

Following Mr. Jones's retirement, Mr. Owens was appointed as Chair of the Nominating and Governance (8) Committee. His fees in the first column include the pro-rata payment of fees earned as Chair of the Nominating and Governance Committee during 2018.

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 (as it did with respect to director compensation in 2018), 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 2018 cash compensation structure for non-employee directors.

2018 Cash Compensation of Our Non-Employee Directors

	Annual Retainer (1)
Chairman	\$120,000
Lead Independent Director	\$87,500
Director (excluding Lead Independent Director)	\$65,000
Audit Committee Chair	\$21,000
Audit Committee Member (non-Chair)	\$9,000
Compensation & Benefits Committee Chair	\$16,000
Compensation & Benefits Committee Member (non-Chair)	\$6,000
Nominating & Governance Committee Chair	\$13,500
Nominating & Governance Committee Member (non-Chair)	\$6,000

Effective for fiscal year 2018, the Board's independent compensation consultant, WTW, recommended certain changes to non-employee director compensation to align with director compensation programs utilized by the Company's peer group. The Board adopted WTW's recommended annual cash retainers as set forth above, and (1) eliminated: (a) per-meeting fees for all non-employee directors; (b) initial non-qualified stock option awards to new directors; and (c) the Chairman's per diem fee for non-Board services to the Company. The Board also continued the existing non-employee director stock ownership requirement in the amount of five times each director's respective annual cash retainer fee.

Equity Compensation

Our non-employee directors typically receive an annual stock award as partial compensation for their Board service. Such stock awards vest immediately. The table below sets forth the value of the equity awards granted on May 1, 2018, the date of our 2018 Annual Meeting of Stockholders, to our non-employee directors as compensation for their service in fiscal year 2018.

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2018 Annual Equity Awards Granted to Non-Employee Directors

	Grant Date \$
	Value of
	Common Stock
	Award
Chairman	\$ 120,000
Lead Independent Director	\$ 100,000
All other non-employee directors	\$ 100,000

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 restricted stock units that are ultimately distributable as common shares of Company stock on or about a date selected by the director or, in the absence of a date selected by the director, upon the termination of the services of the director as a member of our Board. Directors electing to defer the receipt of shares have the right to receive a cash payment, at the same time as the ultimate distribution of the applicable shares, equal to the dividends that would have been received if the director had elected to receive such shares upon issuance. 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 payable in shares of Company stock, along with the cash equivalent of associated dividends at the time of stock distribution. Of our current directors, Messrs. Martin, Mudge, and Owens elected to defer stock under the program during 2018. As of December 31, 2018 accumulated dividend equivalents associated with these deferred stock units were as follows: Mr. Martin, \$4,803; Dr. Mudge, \$4,003; and Mr. Owens, \$8,308.

Director Stock Ownership Guidelines

We require our non-employee directors to hold shares of Company stock valued at five times their annual retainers. Until target ownership is achieved, 50% of a non-employee director's total compensation will be paid in shares of our common stock. Target ownership value is measured annually. Once a determination is made that target ownership has been achieved, a subsequent decrease in the Company's share price will not impact that determination. Non-employee directors are not permitted to sell shares prior to achieving their ownership target. However, a non-employee director may tender shares to: (i) satisfy withholding taxes upon the vesting of restricted stock shares, PSUs or exercise of stock options; or (ii) pay the exercise price upon the exercise of stock options. After a non-employee director has met his or her target ownership requirement, he or she is required to retain 50% of the net shares received from any exercised options or vested shares of common stock (over and above target ownership level) for at least two years from the date of exercise or vesting. With the exception of Messrs. Lowe and Miller, who were appointed as directors on February 18, 2019 and December 17, 2018, respectively, all of our non-employee directors have met their target ownership levels.

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 Company 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 financial officers, are available for review on our website at www.federalsignal.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 chairs meetings of the independent directors in 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

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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. With the exception of Messrs. Lowe and Miller, who were appointed as directors on February 18, 2019 and December 17, 2018, respectively, all directors who served in 2018 attended the 2018 Annual Meeting of Stockholders.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal year 2018, all directors who served on the Compensation and Benefits Committee were independent directors. With the exception of Mr. Goodwin, who served on the Compensation and Benefits Committee until December 17, 2018, no member of the Compensation and Benefits Committee 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.federalsignal.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 CEO, CFO, Corporate Controller, 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 2018, 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 exceptions noted below.

The son of Dennis J. Martin, Chairman of the Board, is employed as Director and General Manager of United Electric Englewood Electrical Supply ("EESCO"), a division of WESCO International, Inc. ("WESCO"). During 2018, the Company sold products to WESCO for aggregate consideration of approximately \$4.1 million. Of that amount, sales to EESCO were approximately \$100,000. Mr. Martin's son is not responsible for the purchasing decisions of WESCO or EESCO. Mr. Martin and his son 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.

In addition to serving as CEO of CVGI, Patrick E. Miller, one of the Company's directors, holds a 1% beneficial interest in CVGI's common stock, according to CVGI's most recent proxy statement. CVGI has had, and continues to have, a commercial relationship with the Company. During 2018, the Company purchased commercial vehicle

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parts from CVGI for aggregate consideration of less than \$200,000. Mr. Miller did not participate in the solicitation of the Company's business with CVGI and did not receive any material benefit from the transactions. Consistent with our Business Conduct Policies, this relationship and the supply arrangements between the Company and CVGI were disclosed to the Audit Committee. Given that the terms and conditions of these arrangements 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 2018 NEOs:

- Jennifer L. Sherman, President and CEO;
- Mark D. Weber, Senior Vice President and COO;
- Ian A. Hudson, Senior Vice President and CFO;
- Daniel A. DuPré, Vice President and General Counsel; and
- Robert E. Fines, Vice President and General Manager, TBEI.

We encourage you to read this section in conjunction with Proposal 2, the advisory vote to approve the compensation of our NEOs (the “Say-on-Pay Advisory Vote”) regarding compensation of our NEOs, as this section includes: (i) a review of our 2018 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 2018 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 2017 Annual Meeting regarding the frequency of the Say-on-Pay Advisory Vote, 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 2018 Annual Meeting.

Executive Summary
During 2018, 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 2018 Highlights

Highlights of the Company’s achievement against these objectives in 2018 include the following:

With the traction on our organic growth initiatives, and benefits from the 2017 acquisition of TBEI, we accelerated the achievement of our goal of profitably growing our revenues in excess of \$1 billion by 2020. Our net sales for the year ended December 31, 2018 increased to \$1,089.5 million.

We generated \$93.7 million of income from continuing operations during the year ended December 31, 2018, an increase of \$33.2 million, or 55%, compared to \$60.5 million in 2017.

On a consolidated basis, our adjusted EBITDA* increased by \$47.0 million, or 41%, and our adjusted EBITDA margin* for 2018 was 14.7%, up from 12.6% in 2017.

Our Environmental Solutions Group and our Safety and Security Systems Group each reported significant improvement in net sales and earnings, delivering adjusted EBITDA margins* towards the high end of our target ranges.

We have continued to focus on new product development and are encouraged that these efforts will provide additional opportunities to further diversify our customer base. In particular, we are pleased with the market reaction to our new hydro-excavator vehicle designed for utility markets.

Our ETI initiatives remain a critical part of our culture and we continue to focus on reducing product costs and improving manufacturing efficiencies across all our businesses.

With \$92.8 million of cash being generated from continuing operations during 2018, we have been able to pay down \$62.1 million of debt in 2018, bringing our total debt repayment since the completion of the TBEI acquisition in June 2017 to approximately \$96.0 million.

During the year, we demonstrated our commitment to returning value to stockholders by paying increased cash dividends of \$18.7 million in 2018, up from \$16.8 million in 2017.

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We also spent \$1.2 million repurchasing shares under our authorized repurchase program. At the end of 2018, we had \$30.2 million of authorization remaining under our existing share repurchase program, which represents approximately 2% of our market capitalization.

With our strong balance sheet and positive operating cash flow, we are well positioned to continue to invest in internal growth initiatives, pursue strategic acquisitions and consider ways to return value to stockholders.

Our consolidated financial results in 2018 reflected year-over-year improvement in many areas, driven by both organic growth and benefits from our recent acquisitions:

Net sales for the year ended December 31, 2018 increased by \$191.0 million, or 21%, to \$1,089.5 million, with organic sales growth of approximately 12%.

Operating income for the year ended December 31, 2018 increased by \$47.9 million, or 65%, to \$121.5 million.

Adjusted EBITDA* for the year ended December 31, 2018 was \$160.5 million, up \$47.0 million, or 41%, and our adjusted EBITDA margin* for the year ended December 31, 2018 was 14.7%, up from 12.6% in 2017.

Income from continuing operations for the year ended December 31, 2018 was \$93.7 million, up \$33.2 million, or 55%, from \$60.5 million in the prior year. This equated to earnings per share of \$1.53, up 53% from \$1.00 per share last year.

On an adjusted basis*, we reported full-year earnings of \$1.43 per share in 2018, which is up \$0.58 per share, or 68%, compared to \$0.85 per share last year.

Cash flow from continuing operating activities for the year ended December 31, 2018 was \$92.8 million, an increase of \$19.3 million, or 26%.

Total orders for the year ended December 31, 2018 were \$1,173.2 million, an increase of \$155.2 million, or 15%.

Our consolidated backlog at December 31, 2018 was \$337.7 million, up \$80.2 million, or 31%, from \$257.5 million at December 31, 2017.

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

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Executive Compensation Program Updates During Fiscal Years 2018 and 2019

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

In 2018, the Committee decided to maintain the performance metrics applicable to annual cash incentive awards made under the Federal Signal Corporation Short Term Incentive Bonus Plan (the “STIP”) to be based on financial objectives (weighted at 70%) and individual objectives (weighted at 30%). Beginning in 2018, the Committee introduced EBITDA margin as a second financial metric, weighted at 15%. As a result, the 2018 STIP comprised the following components: earnings (weighted at 55%), EBITDA margin (weighted at 15%), and individual objectives (weighted at 30%). The Committee believes that the additional financial metric will further incentivize executives to drive stockholder value.

In 2018, long-term equity incentive award grants to our NEOs and other Section 16 Officers consisted of the following: 50% PSUs, 25% stock options, and 25% restricted stock awards. The equity mix aligns with market-based executive incentive compensation practices while maintaining alignment of incentive pay with the Company’s long-term focus, goals, and initiatives.

In setting targets for PSUs granted as part of the annual award in 2018, the Committee retained both a 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%).

In considering the design of the STIP and long-term incentive awards for 2019, the Committee decided to retain the same methodology that was used in 2018.

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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, during all business cycles, to attract, motivate and retain experienced executives 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, WTW, assisted us in a 2017 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, and as our mix of businesses change, 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 value creation.

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;

- 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 our 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.

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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;
- Retention bonuses;
- 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 PSUs, stock options and cash incentives. In 2018, approximately 65% of our President and CEO's total target compensation was at-risk, and approximately 50% of our other NEOs' total compensation was at-risk.

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 2018, actual base salaries for our NEOs ranged from 21% below, to 8% below, the market midpoint target, excluding Mr. Fines, whose base salary was negotiated in connection with the acquisition of TBEI. 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 on the achievement of (i) one or more financial objectives and (ii) individual performance. The financial objectives component represents 70% of the target annual bonus opportunity and the individual performance component comprises the remaining 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 a specific business group ("Group") or business unit ("Business Unit").

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Financial Objectives (70% of target annual bonus opportunity)

Depending on position, the Company's financial objectives during fiscal year 2018 were based on a combination of target consolidated earnings and EBITDA margin for the Company and its subsidiaries and, in some cases, the relevant Group or Business Unit as depicted in the following table:

(Percentages are of total target annual bonus opportunity)	Company Financial Performance	Group Financial Performance	Business Unit Financial Performance
President and CEO	70 %	N/A	N/A
Senior Vice President and COO (1)	70 %	N/A	N/A
Senior Vice President and CFO	70 %	N/A	N/A
Vice President and General Counsel	70 %	N/A	N/A
Vice President and General Manager, TBEI	N/A	N/A	70 %

(1) Mr. Weber was appointed to the position of Senior Vice President and COO effective January 15, 2018.

For fiscal year 2018, the Committee elected to use two metrics for the financial objective component: (i) an earnings measure, weighted at 55% of the target annual bonus opportunity, and (ii) EBITDA margin, weighted at 15% of the target annual bonus opportunity. In considering the design of the STIP for 2019, the Committee decided to retain the same methodology that was used in 2018, as set forth in the following chart:

Component	Company Level	Group and Business Unit Level
Earnings (55% of the target annual bonus opportunity)	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 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. Based on EBITDA.

EBITDA Margin

(15% of the target annual bonus opportunity) Based on the ratio of EBITDA divided by total net sales.

Target goal achievement results in a corresponding cash incentive award equal to a pre-set percentage of the executive's base salary. The pre-set percentage for each executive is based on competitive market data. For 2018 and 2019 STIP, threshold level of performance against the financial targets pays out at 33% of target, target level of performance against the financial targets pays out at 100% of target, and maximum level of performance against the financial targets pays out at 200% of target (i.e. for a total of 140% of target annual bonus opportunity). If performance falls between the threshold and target goals or the target and maximum goals, the bonus percentage and resulting cash incentive award earned is interpolated on a straight-line basis between the end-points.

Individual Objectives (30% of target annual bonus opportunity)

The remaining 30% of the target annual bonus opportunity 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. Based on an assessment of performance and contributions to the Company, an individual has the opportunity to earn to up to 200% of the individual objective target (i.e. for a total of 60% of target annual bonus opportunity). 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.

Determination of STIP achievement and "clawback" policies

Based on the aggregation of the two components, participants may earn up to 200% of their target annual bonus opportunity. 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 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.

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 three components, i.e., PSUs, stock options and restricted stock awards. Since 2017, 50% of the overall value of the long-term incentive awards has been granted as PSUs; 25% has been granted as stock options and the remaining 25% has been granted as restricted stock. PSUs 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.

PSU 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 from 50% at threshold level of performance, to 100% at target level of performance, and 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.

If the Company does not achieve a threshold level of performance for each metric measured independently, no PSUs are earned and no shares are issued with respect to the corresponding percentage of the award tied to that metric. This structure advances our compensation philosophy by strengthening the link between the long-term interests of our executives and stockholders. These awards are valued using the closing price of our common stock on the grant date at target level of performance.

Stock options have value only if our share price appreciates and vest ratably over a three-year period measured from the date of grant.

Restricted stock awards cliff vest three years from the grant date.

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 the mix of our annual equity awards that have been used since 2017. The Compensation and Benefits Committee decided to retain the same equity mix in 2019:

Compensation Elements	Mix	Primary Financial Metric(s)
PSUs (1)	50%	EPS from Continuing Operations (75%); and ROIC (25%)
Stock Options (2)	25%	Stock Price
Restricted Stock	25%	N/A
(1)		

For PSUs granted in fiscal year 2016, the performance period was the three-year period ended on December 31, 2018. Based on actual results over the performance period, shares were earned at 98% of target. In the first quarter of 2019, earned shares were issued to recipients who were employed by the Company on December

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31, 2018. For PSUs granted as part of the annual incentive award in fiscal years 2017 and 2018, actual performance will be determined at the end of fiscal years 2019 and 2020, respectively.

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

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 time-based restricted stock awards or units to certain executives, new hires, executives being promoted, and international employees in particular, in substitution for or in addition to 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 executive and country at issue.

Executive Stock Ownership Requirements

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 Guidelines”). Specifically, those executives who have the strongest ability to impact our earnings are subject to the provisions of the Stock Ownership Guidelines. 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 executives. 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
CFO	3 x Base Salary
COO	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

Executive officers are required to hold, and are not permitted to sell, shares of Company stock prior to achieving their target ownership levels and must maintain their target ownership levels thereafter. Sales of Company stock held in the 401(k) Plan are excluded from this restriction. Target ownership is measured annually. All stock owned outright by the executive (or by an immediate family member), unvested restricted stock, earned PSUs, and shares owned in the 401(k) Plan are counted towards satisfaction of the ownership requirements. Once a determination is made that target ownership has been achieved, a subsequent decrease in the Company’s share price will not affect that determination. Except in limited situations, executives are not permitted to sell shares prior to achieving their ownership target.

However, an executive may tender shares to: (i) satisfy withholding taxes upon the vesting of restricted stock shares, PSUs or exercise of stock options; or (ii) pay the exercise price upon the exercise of stock options.

After an executive officer has met his or her target ownership requirement, he or she is required to retain 50% of the net shares received from any exercised options or vested shares of common stock (over and above target ownership level) for at least two years from the date of exercise or vesting.

Because of our pre- and post-target holding requirements, there is no minimum time to reach target ownership level. As of December 31, 2018, the earned equity holdings of Ms. Sherman and Mr. DuPré exceed our target ownership levels. Mr. Weber and Mr. Fines joined the Company in January 2018 and June 2017, respectively. In addition, Mr. Hudson was promoted to CFO in 2017. Messrs. Weber, Hudson and Fines continue to make progress towards achieving their target ownership levels.

Similar guidelines also apply to non-employee directors and are discussed in the section titled “Additional Information about Director Compensation” under the heading “Director Stock Ownership Guidelines.”

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

Consistent with securities laws and pursuant to 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.federsignal.com.

Retention Bonuses

The Committee maintains the discretion and flexibility to grant retention bonuses on a case-by-case basis in accordance with our compensation philosophy and to incentivize executives to remain employed with the Company, including for on-boarding key executives in connection with acquisitions. For example, in connection with the acquisition of TBEI, the Company agreed to pay Mr. Fines a retention bonus in the amount of \$250,000, less taxes and withholdings, should he remain employed with the Company through June 2, 2020.

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. Prior to January 1, 2018, eligible employees received a Company-matching contribution of up to 50% of the first 6% of the compensation the employee elected to defer into the plan. Eligible employees also received an additional Company contribution between 1% and 4% of eligible compensation based on age and years of service. Effective January 1, 2018, the Company contribution was modified. Eligible employees now receive a Company-matching contribution of 100% of the first 3% contributed and 50% of the next 2%, as well as an additional Company contribution of 0.5% to 3%, depending on 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 one of our NEOs, continue to participate in our defined benefit plan. We froze years of service under the plan on 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.

Matching Gifts

We match donations made by an employee or director to eligible charitable organizations, up to a total of \$1,500 per year. The Company’s aggregate matching contribution is capped at \$100,000 per year.

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.

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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 2018.

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 2018, the Committee evaluated and weighed Company and individual performance, level of responsibility and actual salary compared to the targeted level. In February 2019, the Committee engaged in the same process and weighed the same factors in setting NEO base salaries for fiscal year 2019. The base salaries of our executive officers for 2019 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 2017 through 2019.

Name	2017 Annual Base Salary	2018 Annual Base Salary	2019 Annual Base Salary
Jennifer L. Sherman	\$ 669,500	\$ 709,670	\$ 780,637
Mark D. Weber (1)	N/A	\$ 450,000	\$ 472,500
Ian A. Hudson	\$ 320,000	\$ 368,000	\$ 397,440
Daniel A. DuPré	\$ 265,225	\$ 305,009	\$ 326,359
Robert E. Fines	\$ 400,000	\$ 400,000	\$ 400,000

(1) Mr. Weber joined the Company effective January 15, 2018.

Annual Cash Incentive Payments

Financial-Based Incentive Compensation

For fiscal year 2018, the financial-based metric consisted of an earnings component, weighted at 55% of the total opportunity, and an EBITDA margin component, weighted at 15%. We measured the earnings component at the Company level based on consolidated income before income taxes. At the Group and Business Unit level, we measured earnings based on operating income or EBITDA. In doing so, the Committee excluded items such as income taxes and interest expense, which generally are not impacted by the performance of executives whose award includes a Group or Business Unit earnings component. We measured the EBITDA margin component at the Company, Group and Business Unit level as the sum of earnings, interest expense, tax expense, depreciation and amortization expense divided by net sales.

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.

2018 — Financial-Based Incentive Earnings Measures and Actual Performance

(\$ in millions)	Threshold	Target	Maximum	Actual	Payout Percentage
Federal Signal Corporation	\$ 79.0	\$ 93.4	\$ 104.1	\$ 113.4	200%

2018 — Financial-Based Incentive EBITDA Margin Measures and Actual Performance

(\$ in millions)	Threshold	Target	Maximum	Actual	Payout Percentage
Federal Signal Corporation	12.4 %	13.4 %	14.6 %	14.6 %	200%

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Aggregate Targets and Actual Incentive Compensation

The table below sets forth target annual bonus opportunities under our STIP for each of our NEOs for fiscal year 2018.

2018 — 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%	\$ 496,769	\$ 212,901	\$ 709,670
Mark D. Weber (1)	65%	\$ 196,896	\$ 84,384	\$ 281,280
Ian A. Hudson	65%	\$ 167,440	\$ 71,760	\$ 239,200
Daniel A. DuPré	45%	\$ 96,078	\$ 41,176	\$ 137,254
Robert E. Fines	50%	\$ 140,000	\$ 60,000	\$ 200,000

(1) Mr. Weber joined the Company effective January 15, 2018 and his target bonus opportunity has been pro-rated to reflect the period of his employment during 2018.

The annual incentive bonuses awarded to our NEOs for fiscal year 2018 performance under the applicable financial and individual performance-based measures are shown below.

2018 — Aggregate Payments

Name	Payment Based on Company Performance	Payment Based on Group or Business Unit Performance	Payment Based on Individual Performance	Total STIP Payment
Jennifer L. Sherman	\$ 993,538	\$ —	\$ 425,802	\$ 1,419,340
Mark D. Weber	\$ 393,792	\$ —	\$ 168,768	\$ 562,560
Ian A. Hudson	\$ 334,880	\$ —	\$ 143,520	\$ 478,400
Daniel A. DuPré	\$ 192,156	\$ —	\$ 61,764	\$ 253,920
Robert E. Fines	\$ —	\$ —	\$ 120,000	\$ 120,000

For fiscal year 2019, the annual cash incentive awards will again consist of financial and individual performance metrics weighted at 70% and 30%, respectively. The financial metric will consist of an earnings component, weighted at 55% of the overall opportunity, and an EBITDA margin component, weighted at 15%.

Long-Term Equity Incentives

In 2018, the Committee granted long-term equity incentive awards in the form of options, PSUs, and time-based restricted stock as specified below:

Ms. Sherman and Messrs. Weber, Hudson, DuPré, and Fines were granted options to purchase 74,966; 17,436; 14,818; 7,847; and 6,276 shares of our common stock, respectively, at an exercise price of \$23.14 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. Weber, Hudson, DuPré, and Fines were granted PSUs of 46,456; 10,804; 9,184; 4,862; and 3,890, respectively. Each PSU 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, 2020. These awards are subject to vesting requirements that require each recipient to remain employed through the end of the performance period.

Ms. Sherman and Messrs. Weber, Hudson, DuPré, and Fines were granted restricted stock awards of 23,228; 5,401; 4,591; 2,430; and 1,944, respectively. The restricted stock awards cliff vest in full on the third anniversary of the grant date, subject to continued employment.

In connection with the Company's acquisition of TBEI, Mr. Fines was awarded 40,961 PSUs on July 25, 2017 at an original grant date value of \$749,996. Effective December 20, 2018, the Company and Mr. Fines agreed to make

certain modifications to the underlying award agreement. Included within the modifications, which were approved by the Committee, was a change in the target setting methodology to align with the Company's other PSU award agreements, a change of the performance period to align with fiscal year-end periods consistent with the

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Company's other awards and an extension of the performance period through December 31, 2020. There was no change to the number of PSUs awarded to Mr. Fines.

Independent Compensation Consultant

For fiscal year 2018, 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 2018 totaled \$50,041. WTW also provided pension and benefit consulting and other services to the Company during fiscal year 2018 at the request of Company management. The aggregate fees for the additional services totaled \$152,444. 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 \$202,485 represented approximately 0.002% of its revenue for its 2018 fiscal year-end of \$8.5 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; and

- There are no business or personal relationships between WTW or any member of WTW's team and any member of the Committee, the Board or any NEO.

After its review, the Committee retained WTW as the Company's independent compensation consultant for 2019.

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 and as needed to better align our business with relevant comparator companies.

In October 2017, WTW assisted the Committee in revising our peer group for 2018 to more closely align with changes to the Company's revenue and mix of businesses following the Company's acquisition of TBEL. These changes position the Company closer to peer group median with respect to revenue and market capitalization. The revised peer group reflects our current mix of businesses and remains generally consistent with peer groups established by certain major proxy advisory firms.

2018 Peer Group Companies

- Actuant Corporation
- Alamo Group Inc.
- Altra Industrial Motion Corp.
- Astec Industries, Inc.
- Barnes Group Inc.
- Blue Bird Corporation
- Brady Corporation
- Columbus McKinnon Corporation
- Commercial Vehicle Group, Inc.
- EnPro Industries, Inc.
- ESCO Technologies Inc.
- Franklin Electric Co., Inc.
- Graco Inc.
- John Bean Technologies Corporation
- MSA Safety Incorporated
- Powell Industries, Inc.
- REV Group, Inc.
- Standex International Corporation
- Tennant Company
- The Manitowoc Company, Inc.
- TriMas Corporation

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After consulting with WTW, the Company decided to retain the same peer group in 2019, with the exception of Powell Industries, Inc., which was excluded because its annual revenues were no longer considered to be comparable to the Company's revenues.

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).

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 places a limit of \$1 million on the amount of compensation that we may deduct in any year with respect to any one of our covered employees. Prior to the enactment of the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"), this limitation did not apply to compensation that met certain requirements for "qualifying performance-based" compensation. The Committee historically considered compensation arrangements in light of the deduction limitations imposed by Section 162(m) along with the interests of the Company and its stockholders. The 2017 Tax Act repealed the exemption from Section 162(m)'s deduction limit for performance-based compensation, effective for taxable years beginning after December 31, 2017. Accordingly, compensation paid to our covered executive officers in excess of \$1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017.

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

Richard R. Mudge

William F. Owens

John L. Workman

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 Mr. Weber who was not employed by the Company in 2016 and 2017, Mr. DuPré, who was not an NEO in 2016, and Mr. Fines who was not employed by the Company in 2016.

Summary Compensation Table for Fiscal Years 2016 through 2018

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (8)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (5)	All Other Compensation (6)	Total (7)
Jennifer L. Sherman, President and CEO	2018	\$702,975	\$—	\$1,612,488	\$537,506	\$1,419,340	\$—	\$156,037	\$4,428,346
	2017	\$666,250	\$—	\$1,186,124	\$395,374	\$1,043,751	\$58,551	\$84,922	\$3,434,972
	2016	\$650,000	\$—	\$749,991	\$750,008	\$214,500	\$43,643	\$94,600	\$2,502,742
Mark D. Weber, (7) Senior Vice President and COO	2018	\$432,981	\$—	\$374,984	\$125,016	\$562,560	\$—	\$44,636	\$1,540,177
	2017	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
	2016	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Ian A. Hudson, Senior Vice President and CFO	2018	\$360,000	\$—	\$318,754	\$106,245	\$478,400	\$—	\$55,783	\$1,319,182
	2017	\$296,716	\$—	\$224,994	\$49,998	\$261,200	\$—	\$31,128	\$864,036
	2016	\$259,713	\$—	\$157,490	\$67,507	\$63,376	\$—	\$35,188	\$583,274
Daniel A. DuPré, Vice President and General Counsel	2018	\$298,378	\$—	\$168,737	\$56,263	\$253,920	\$—	\$45,991	\$823,289
	2017	\$263,937	\$—	\$123,735	\$41,239	\$149,481	\$—	\$34,409	\$612,801
	2016	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Robert E. Fines, Vice President and General Manager, TBEI (8)	2018	\$400,000	\$—	\$194,392	\$44,999	\$120,000	\$—	\$21,818	\$781,209
	2017	\$230,769	\$7,500	\$749,996	\$—	\$—	\$—	\$9,105	