



Disciplined Growth

Safe Harbor Statement

This presentation contains unaudited financial information and forward-looking statements. Statements that are not historical are forward-looking statements and may contain words such as “may”, “will”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “project”, “estimate”, and “objective” or similar terminology, concerning the company’s future financial performance, business strategy, plans, goals and objectives. These expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning the Company’s possible or assumed future performance or results of operations and are not guarantees. While these statements are based on assumptions and judgments that management has made in light of industry experience as well as perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances, they are subject to risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different. Such risks and uncertainties include, but are not limited to, economic conditions, product and price competition, supplier and raw material prices, risks associated with acquisitions such as integration of operations and achieving anticipated revenue and cost benefits, foreign currency exchange rate changes, interest rate changes, increased legal expenses and litigation results, legal and regulatory developments and other risks and uncertainties described under Item 1A, Risk Factors, in the Company’s Annual Report on Form 10-K and in other filings with the Securities and Exchange Commission. Such forward-looking statements are made as of the date hereof and we undertake no obligation to update these forward-looking statements regardless of new developments or otherwise.

This presentation also contains certain measures that are not in accordance with U.S. generally accepted accounting principles (“GAAP”). The non-GAAP financial information presented herein should be considered supplemental to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company has provided this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the reconciliations, and to provide an additional measure of performance which management considers in operating the business. A reconciliation of these items to the most comparable GAAP measures is provided in our filings with the SEC and in the Appendix to this presentation.



Federal Signal at a Glance

- Founded in 1901, joined NYSE in 1969 (“FSS”)
- Diversified industrial manufacturer of specialized environmental cleaning vehicles such as street sweepers, sewer cleaners, vacuum trucks, dump bodies and trailers; as well as safety and security products including audible and visual warning devices
- Headquartered in Oak Brook, Illinois with 14 manufacturing facilities worldwide
- Leading brands of premium, value-adding products and systems
- Impressive first quarter 2019 results with significant growth in sales and income

**STRONG
CASH
FLOW**

**NYSE
SYMBOL
FSS**

**\$1.1B
REVENUE**
TTM 3/31/2019

**Market
capitalization
~\$1.7B**



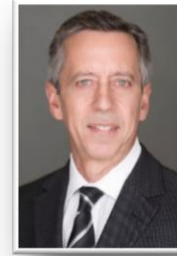
An Experienced Leadership Team



Jennifer Sherman

President and Chief Executive Officer

- Appointed January, 2016
- Previously Chief Operating Officer, Chief Administrative Officer, Secretary and General Counsel, with operating responsibilities for the Company's Safety and Security Systems Group
- Joined Federal Signal in 1994 as Corporate Counsel



Mark D. Weber

Senior Vice President and Chief Operating Officer

- Appointed January, 2018
- Previously served as President and Chief Executive Officer of Supreme Industries, Inc.
- Prior to joining Supreme, Mr. Weber spent 17 years at Federal Signal, initially as Vice President of Operations, Elgin Sweeper, before progressing through multiple roles of increasing responsibility, serving as President of the Environmental Solutions Group for over a decade



Ian Hudson

Senior Vice President and Chief Financial Officer

- Appointed October, 2017
- Joined Federal Signal in August 2013 as Vice President and Corporate Controller
- Previously served as Director of Accounting – Latin America and Asia Pacific at Groupon, Inc.
- 13+ years public accounting experience with Ernst & Young, LLP





Svetlana Vinokur

Vice President, Treasurer and Corporate Development

- Appointed April, 2015
- Previously served as Assistant Treasurer for Illinois Tool Works Inc., Finance Head of M&A Strategy at Mead Johnson Nutrition Company, and Senior Associate for Robert W. Baird & Company's Consumer and Industrial Investment Banking group



Two Attractive Platforms

Segment	Environmental Solutions Group (ESG)	 <p>\$887 M*</p> <p>\$227 M*</p> <p>*TTM net sales 3/31/19</p>	Safety and Security Systems Group (SSG)
Markets	Serves municipal, industrial, and utility markets for surface and sub-surface cleaning, safe-digging, infrastructure maintenance and material hauling		Serves the needs of municipalities and industrial verticals for audible and visual safety and security notification devices and systems
Products	<ul style="list-style-type: none"> • Street Sweeping • Sewer Cleaning • Safe Digging • Industrial Cleaning • Dump Bodies and Trailers 		<ul style="list-style-type: none"> • Lights & Sirens • Signaling Devices • Warning Systems
			



Environmental Solutions Group (ESG)

Have successfully established a platform serving maintenance and infrastructure markets to provide customers with a comprehensive suite of products and services



Routes to Market

Rental/Aftermarket

Depot Solutions
Provide parts / service / refurbishment / rental offering through the network of 20+ locations in US and Canada

Dealer Network

US Dealer Network

+ Largest Canadian distributor of maintenance equipment to municipalities

Distribution








US Distribution Network

+ For ESG products and other OEM's products such as snow equipment and garbage trucks

*Management estimates

Safety and Security Systems Group (SSG)

Serves the needs of government and industrial verticals for audible and visual safety and security notification devices

	Public Safety and Security	Signaling	Systems
Application	Lights and siren products for Police, Fire and Heavy Duty (HD) end-markets	Audible and visual signaling devices	Warning Systems Public Address General Alarming (PAGA)
Brands	 FEDERAL SIGNAL Safety and Security Systems  FEDERAL SIGNAL VAMA Safety and Security Systems	 FEDERAL SIGNAL Safety and Security Systems	 FEDERAL SIGNAL Safety and Security Systems
Products			
End Markets and Channels	Municipal Distributor	Industrial Oil & Gas Commercial Heavy Industry Manufacturing Indirect	Municipal Oil & Gas Commercial Direct
Addressable Market *	\$1.0 B	\$600 M	\$1.0 B

* Management estimates



Key Strategic Initiatives

Areas of
Focus

Safe Digging



**Aftermarket Parts and
Services**



**Specialty Vehicles for
Diverse
End-Markets**



**Audible and Visual
Warning Devices**



Supported By

**Flexible
Manufacturing & “ETI”
Culture**

**New Product
Development**

**Technology as an
Enabler**

Disciplined M&A



Strategic Initiative – Safe Digging

Federal Signal is well positioned to establish a leading position in an emerging application for vacuum-excitation technology; increased regulation expected to accelerate growth

What is it?

- Vacuum excavation or “Safe Digging” involves the use of pressurized air or water (“hydro-excitation”) to dig (coupled with a vacuum system) as an alternative to the use of traditional equipment such as backhoes and mechanical excavators
- Acceptance of safe-digging applications continues to improve significantly over the last decade
- Application has been widely accepted in Canada; US is behind but great early indicators – 16 states now include vacuum excavation as part of “safe excavation practices”

Why is it Attractive?

- In many circumstances, vacuum excavation is a safer and more productive means for digging (in comparison to traditional excavation)
- Significantly minimizes chances of damage to underground infrastructure during the digging process
- Less intrusive to the surrounding site at point of digging
- Provides opportunity for the use of our broad range of offerings in new and emerging end markets beyond oil and gas

Why Federal Signal?

- Sole manufacturer of complete range of truck-mounted safe-digging equipment, with applications across a number of end-markets
- 30 year track record of manufacturing leading vacuum-excitation products
- Widest service and support network for vacuum-excitation products
- Best-in-class payload for Ontario market
- Dedicated and experienced sales organization in place to support initiative
- ~\$60M of incremental vacuum truck orders in 2018



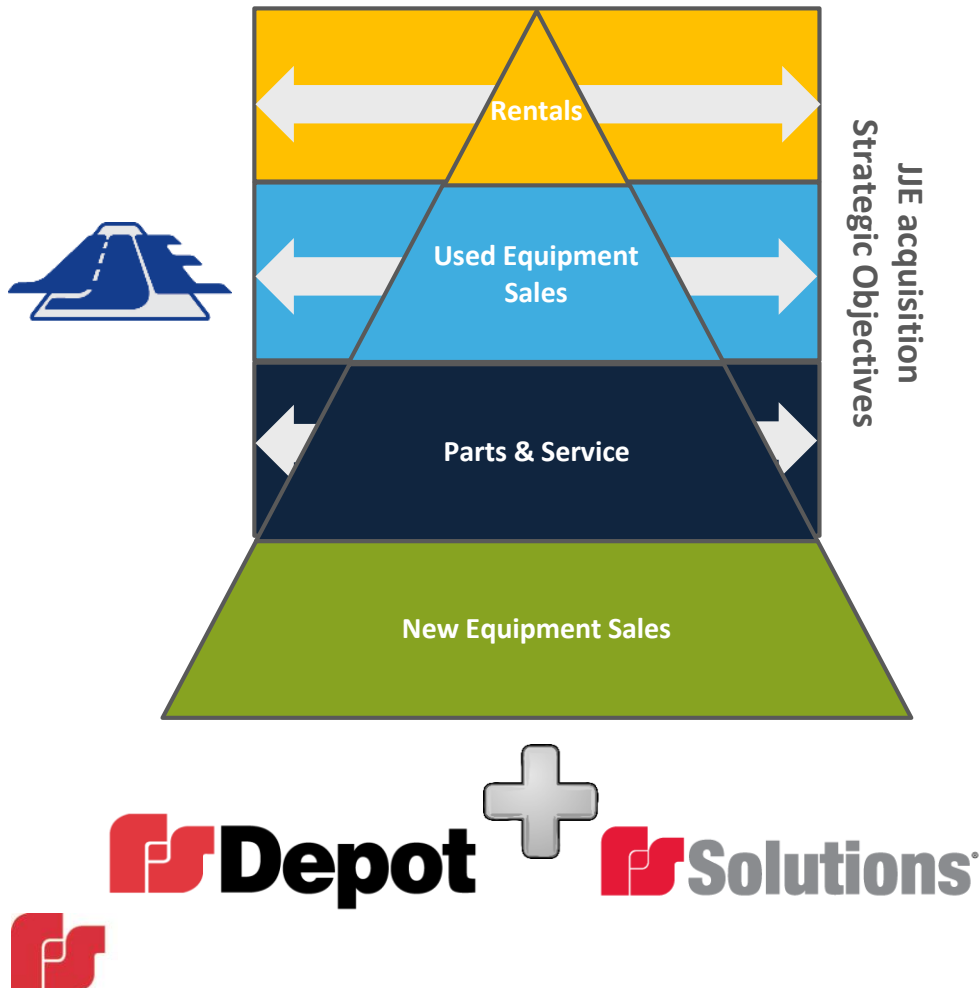
In Q1 2019:

- Announced plans to invest up to \$25 M to expand Streator, IL manufacturing facility; expected to increase production capacity by ~40%, with completion targeted by end of 2019
- Launched TRUVAC™, a dedicated line of vacuum excavation trucks designed specifically to satisfy the safe-digging requirements of organizations that locate and verify underground utility lines and pipes



Strategic Initiative – Aftermarket Parts & Services

Optimizing platform to transform Federal Signal's aftermarket business into an industry leader of parts and services to maintenance and infrastructure markets



- Unified platform to serve municipal and industrial customers across all ESG businesses
- Undivided focus on growing and optimizing Federal Signal's non-whole goods capabilities
- Areas of focus:
 - E-commerce capability development
 - Joint procurement initiatives to optimize input costs
 - Pricing harmonization across customers
 - Alternative ownership structures – rental and used equipment
- ESG's rental income in 2018 increased by over 30% from 2017, while total aftermarket revenues increased by \$20 M, or 10%

Strategic Initiative – Audible & Visual Warning Devices

SSG businesses focused on optimizing their existing channels and expanding product offerings



Optimize Channel

- Pricing / Promotion Strategy
- E-commerce platform development
- Comprehensive customer service solution



Product Portfolio Expansion

- “Allegiant” – low cost lightbar to expand addressable market
- “Pathfinder” siren – superior product features at a lower price point
- Automatic License Plate Recognition (“ALPR”) product introduction



Smart Products

- CommanderOne – monetization of existing installed base for outdoor warning products
- Smart peripheral lights for police and fire markets
- Multifunction, intelligent and connected industrial signaling products

Eighty-Twenty Improvement (“ETI”) Culture

Material Cost Reduction

- Waste reduction
- SKU rationalization
- Savings through volume aggregation
- Sourcing optimization



Manufacturing Efficiency

- Lean manufacturing focus
- Throughput flexibility
- Labor pool management
- Flexible manufacturing model
- Recent investments in machinery expected to result in productivity improvements

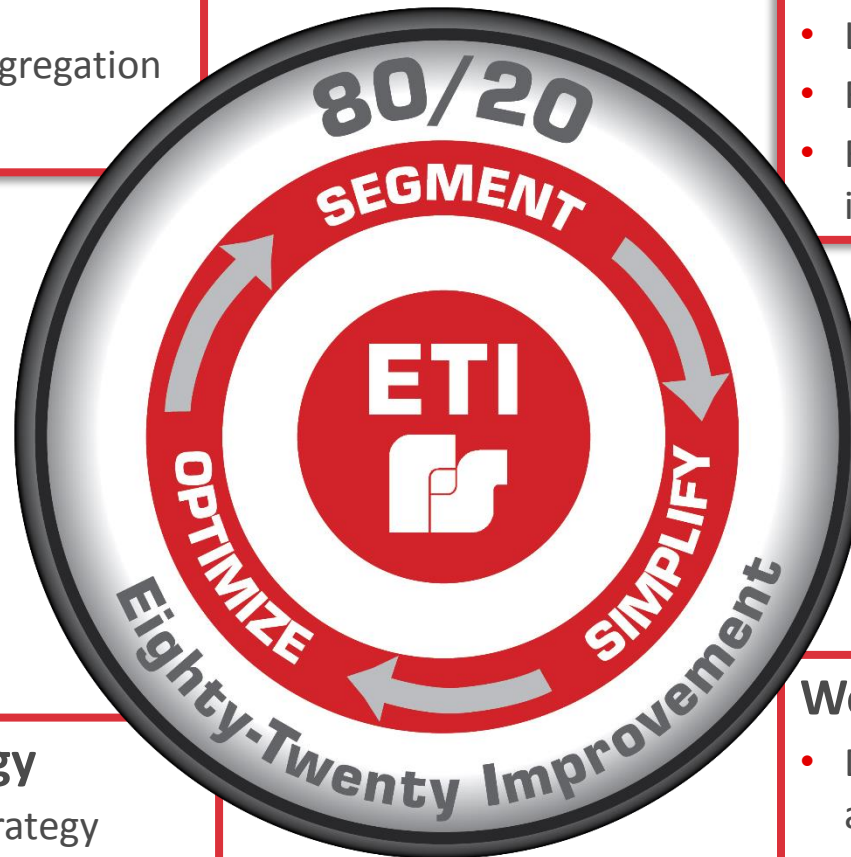


Pricing Strategy

- Parts pricing strategy
- Effective “options” pricing

Working Capital Optimization

- Derived benefits from manufacturing efficiencies and SKU rationalization
- Improved cycle times to drive inventory reductions



New Product Development (“NPD”)

Customer Focused Process

- Complete change in approach to innovation, starting in 2013
- Current innovation organization has had a number of successes, including the record-breaking launch of the ParaDIGm vacuum excavator
 - Most successful new product launch in over a decade
 - Initial market demand exceeding expectations
 - Named a 2016 Chicago Innovation Awards Winner
- In 2018, announced acceleration of innovation initiatives to drive long-term organic growth; targeting long-term organic revenue growth of a couple percentage points above GDP



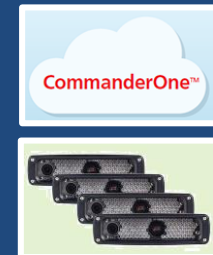
Environmental Solutions Group (ESG)

- Vehicle-based monitoring and reporting solutions
- Sewer Cleaner productivity improvements such as new boom design and upgraded control panel
- Enhanced Street Sweeper Models
- All-New HXX Hydro-Excavator with improved weight distribution
- Jetstream portfolio of attachments



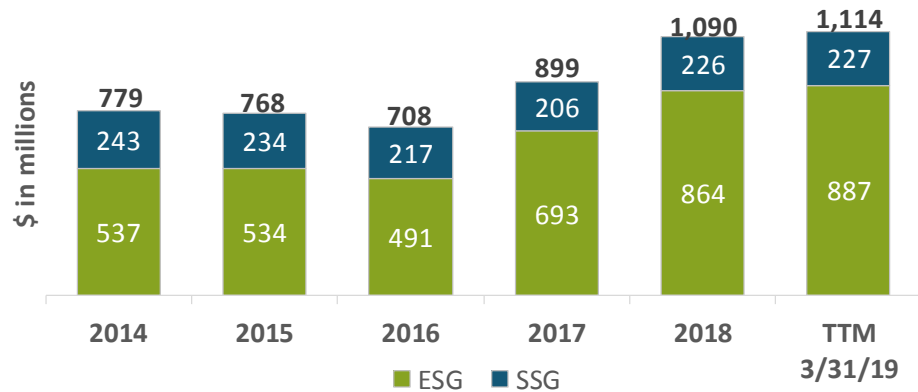
Safety and Security Systems Group (SSG)

- Automatic License Plate Recognition (ALPR) Systems
- CommanderOne Direct Messaging (SMS/Phone)
- IP-Enabled Warning Devices
- Next-Generation PAGA
- Optimized Light Bar Production
- Global Series Signaling Devices
- Allegiant Police Light Bar

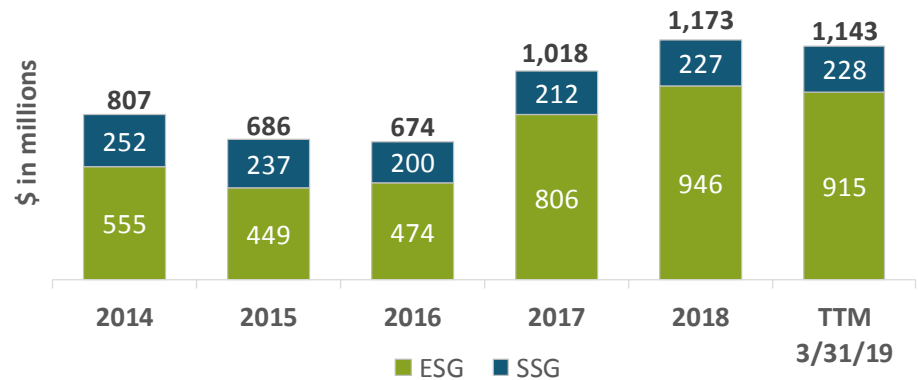


Profitable Growth Execution and Strong Financial Position

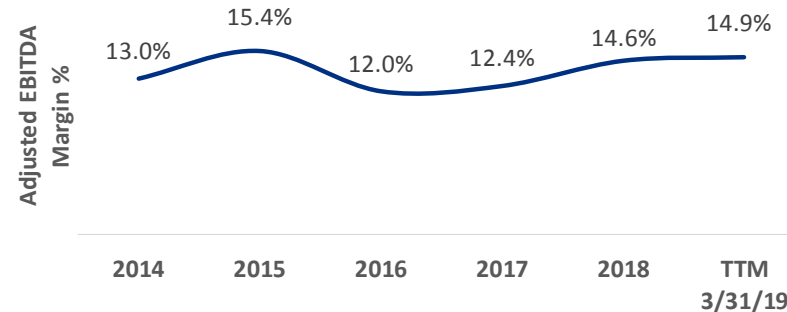
Net Sales



Orders



Adjusted EBITDA Margin** (Consolidated)



Target EBITDA Margin ranges¹

- ESG: 15% - 18%
- SSG: 15% - 17%
- Consolidated: 12% - 16%
 - Historical EBITDA margins and targets place Federal Signal in the top tier of its peer group of specialty vehicle manufacturers

(1) Underlying assumptions: Absence of extraordinary factors affecting demand from end-markets; No unusual hearing loss litigation expenses

Q1 2019 Highlights:

- Outstanding first quarter results with double-digit increases in both sales and income
- Net sales of \$274M, up \$24M, or 10%, from Q1 2018
- Adjusted EBITDA* of \$36M, up 24%, from \$29M** in Q1 2018
- Improved Adjusted EBITDA margin* of 13.1%, up from 11.6%** in Q1 2018
- Adjusted EPS* of \$0.30, up 30% from \$0.23** in Q1 2018
- Funded dividends of \$4.8M and share repurchases of \$1.0M
- Total orders of \$299M; third-highest quarterly orders on record
- Record backlog of \$364M, up over \$25M, or 8%, from both last year and year-end



*Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS are non-GAAP measures. See Appendix II for additional information, including reconciliation to GAAP measures.

**Revised to exclude deferred gain recognition resulting from adoption of new accounting standard. See Appendix II for additional information, including reconciliation to GAAP measures.

Disciplined M&A

Target companies that accelerate our current strategic initiatives or provide a platform for growth in adjacent markets or new geographies

Business Characteristics

- Niche market leader (product, geography, end-market)
- Sustainable competitive advantage
- Deep domain expertise (technology, application, manufacturing)
- Strong management team
- Leverages our distribution and manufacturing capabilities

Financial Characteristics

- Solid growth potential
- Through-the-cycle margins comparable to or higher than our target margins
- Ideally, identifiable synergies and recurring revenue opportunities
- Return on capital greater than our cost of capital, appropriately adjusted for risk



Priority Driven Long-Term Capital Allocation

Reinvest in the Business

- Organic projects leverage existing assets, generally require limited cash investment
- Innovation R&D efforts target new and updated products
- Generally, funded within operating results, cash flow and normal cap ex
- In addition to annual cap ex of ~\$15M - \$20M, anticipating up to \$25M of expenditure in 2019 associated with the Vactor plant expansion

Acquisitions

- Completed acquisitions of TBEI for \$270M (Q2 2017) and JJE for C\$126M (Q2 2016)
- Focused primarily on acquisitions that fit closely within our existing products and services, manufacturing competencies, channels and customers
- In 2019, expecting to pay up to C\$18M associated with JJE earnout and deferred payment

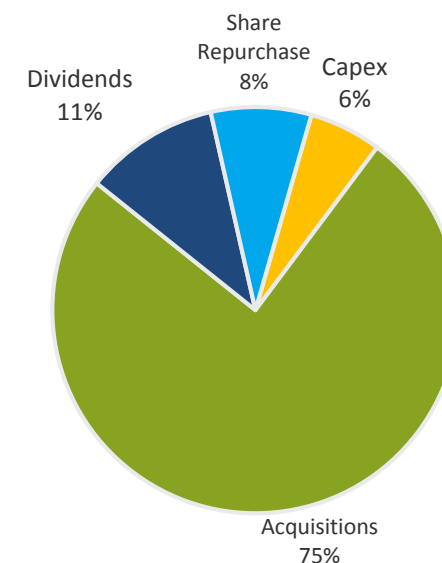
Dividend Policy

- Provide a competitive dividend yield while funding business growth
- At \$0.08 per share, dividend yield is ~1.1%
- Paid dividends of \$4.8M in Q1 2019 and \$18.7M for full year 2018

Share Repurchases

- Opportunistic share buybacks as a return of cash to our shareholders
- Spent \$1.0M in Q1 2019 (average price of \$19.84/share); spent \$1.2M in 2018 (average price of \$19.79/share); no repurchases in 2017; spent \$37.8M in 2016 (average price of \$12.75/share) and \$10.6M in 2015 (average price of \$14.62/share)
- Remaining repurchase authorization is \$29M

Cash Deployment (2016-18)¹



1) Chart depicts use of cash for each category, relative to the total cash used on all four activities, for the cumulative period 2016-18; excludes investment in rental fleet, which is reported as part of operating cash flows



Headwinds and Tailwinds in 2019

- ▲ Strong backlog, particularly for sewer cleaners and vacuum trucks, providing good visibility into first half of 2019
- ▲ Amount of used equipment in end markets continues to be at “normal” levels
- ▲ Industrial demand remains healthy, particularly from rental customers
- ▲ Steady municipal markets
- ▲ Continued expansion of safe-digging technology into new end-markets
- ▲ Focus on new product development; number of planned product launches within ESG
- ▲ Ongoing focus on Eighty-Two Initiatives (“ETI”) to drive operational improvements
- ▲ Acquisitions remain on track to deliver on previously-announced accretion estimates
- ▲ Active M&A pipeline
- ▲ Strong financial position
- ▶ Chassis availability at certain TBEI locations being monitored
- ▶ Expect commodity costs in 1H 2019 to be higher than 1H 2018; continuing to take necessary actions against commodity cost increases
- ▶ Impact of Ford model year changeover may cause temporary slow down in number of police cars, partially offset by ongoing new product launches at SSG
- ▼ Continue to vigorously defend hearing loss litigation; could result in higher legal costs
- ▼ New lease accounting standard impacts recognition of deferred gain



2019 Outlook

**Raising low end of adjusted EPS* outlook range by \$0.02,
establishing a new range of \$1.50 to \$1.60**

Key Assumptions

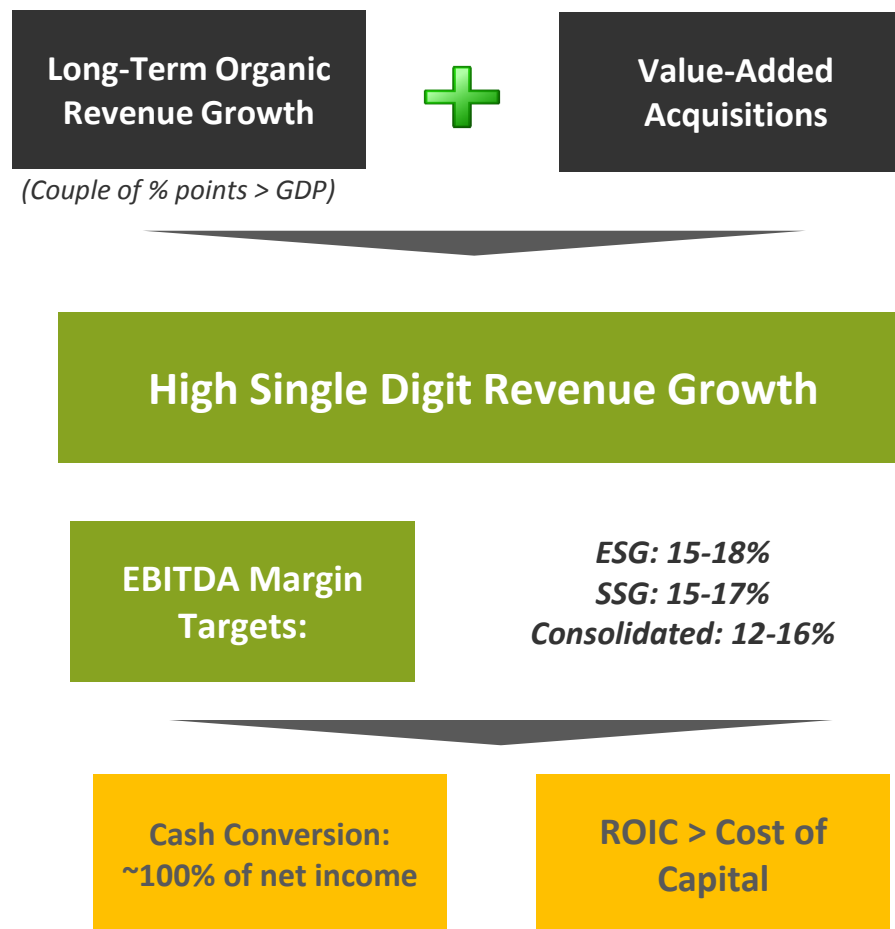
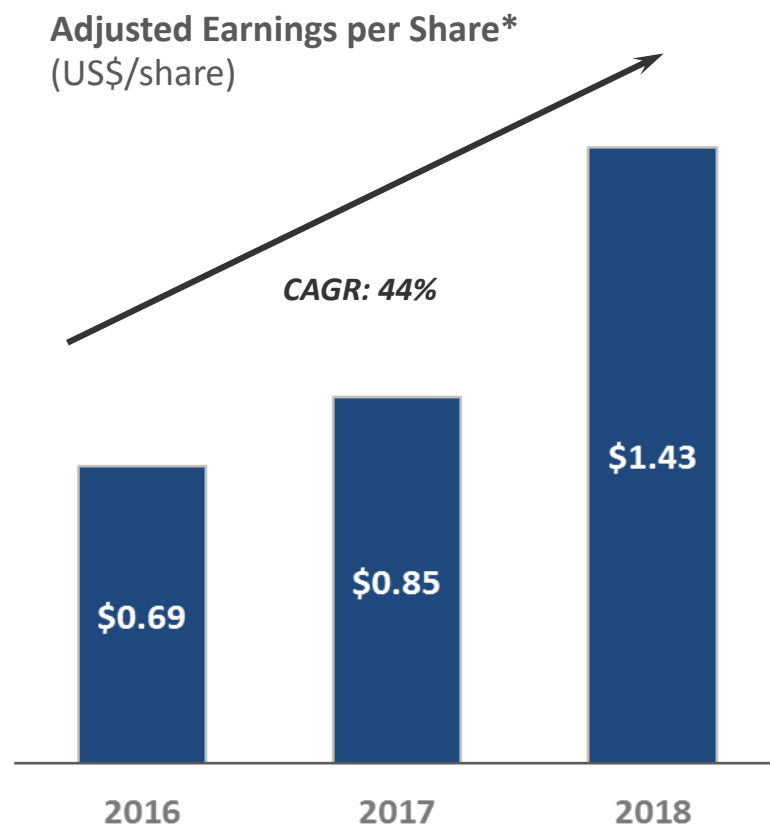
- Adjustments to include acquisition-related items
- Depreciation and amortization expense to increase by ~\$5M to \$6M
- Not expecting to maintain same level of debt repayment as in 2018:
 - *Vactor plant expansion of up to \$25M*
 - *Other capital expenditures of between \$15M and \$20M*
 - *JJE earnout payment due in Q2 2019*
- Interest expense of ~4%
- Increase in pension expense (non-operating) of \$0.5M
- Effective income tax rate of ~25%-26%

*Adjusted EPS is a non-GAAP measure, which includes certain adjustments to reported GAAP net income and diluted EPS. Our outlook assumes certain adjustments to exclude the impact of acquisition and integration-related expenses and purchase accounting effects, where applicable. In 2018, we also made adjustments to exclude the impact of hearing loss settlement charges and special tax items, where applicable. Should any similar items occur during 2019, we would expect to exclude them from the determination of adjusted EPS. However, because of the underlying uncertainty in quantifying amounts which may not yet be known, a reconciliation of our Adjusted EPS outlook to the most applicable GAAP measure is excluded based on the unreasonable efforts exception in Item 10(e)(1)(i)(B). In addition, to facilitate comparisons with prior periods, when reporting our interim and annual results in 2019, we are adjusting our previously-issued non-GAAP results for 2018 to exclude the recognition of a deferred gain, which will no longer occur in 2019 following the adoption of the new lease accounting standard. On this basis, Adjusted EPS for 2018 would have been \$1.41. See Appendix II for reconciliation of GAAP EPS for 2018 to Adjusted EPS for 2018, as initially presented, and to the revised Adjusted EPS for 2018 (excluding the deferred gain recognition).



Positioned for Long-Term Growth

With continued focus on organic growth and M&A, and margin performance above that of many of our peers, our financial framework aims to create long-term shareholder value



* Adjusted earnings per share ("EPS") is a non-GAAP measure. See Appendix II.

Appendix

- I. Segments Overview
- II. Non-GAAP Measures
- III. Executive Compensation
- IV. Investor Information



Appendix I: ESG Products



Appendix I: ESG Products (continued)

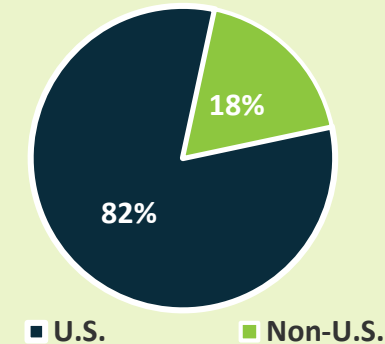


Appendix I: ESG - Market Influencers & Where We Play

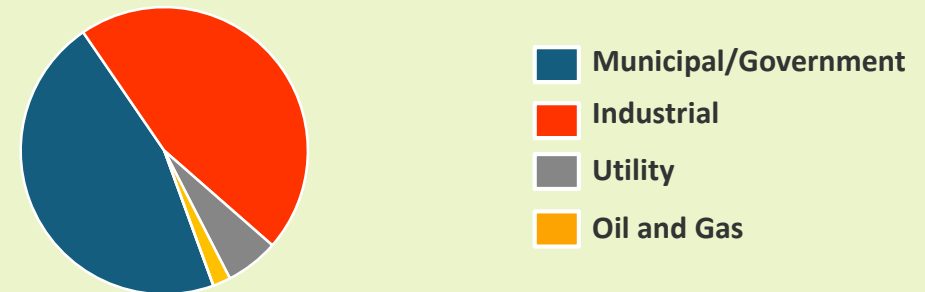
Market Dynamics

- Economic recovery supports state and local funding for sweepers and sewer cleaners
 - Funding for sewer cleaners through water tax revenues adds further stability
- Continued recovery in oil & gas markets benefiting hydro-excavation and industrial cleaning business
- Aging infrastructure, pipeline expansion, and increasing urbanization support long-term demand for safe digging products, dump bodies and trailers
- Healthy housing market and improving industrial activity supports growth opportunities for dump bodies and trailers
- Upsides from prospective infrastructure spending, if any approved
- Tracking new housing starts, Class 8 truck chassis, municipal spending, oil rig counts, and overall industrial activity

2018 Sales by Geography



2018 End Markets by Users



Source: Management Estimates



Appendix I: SSG Products



FEDERAL SIGNAL
Safety and Security Systems
Public Safety Systems



FEDERAL SIGNAL
Safety and Security Systems
Integrated Systems



FEDERAL SIGNAL VAMA
Safety and Security Systems

Victor

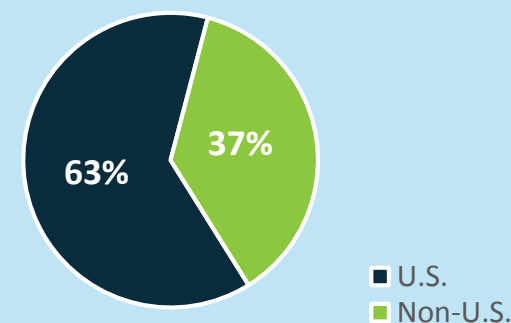


Appendix I: SSG - Market Influencers & Where We Play

Market Dynamics

- Increased national focus on issues of public safety and law enforcement, and rising public expectations for transparency and accountability driving demand for safety and security products
- Recovery in oil & gas will benefit signaling products and systems applications for hazardous areas
- Rising occurrence of natural and man-made disasters
- Shift in customer preference towards inter-connected platforms expected to drive demand for security systems integration
- Tracking police data that indicates the number of new police vehicle registrations; 2019 demand expected to be temporarily impacted by Ford's model year changeover

2018 Sales by Geography



2018 End Markets by Users



Source: Management Estimates



Appendix II: Non-GAAP Measures

- Impact of New Lease Accounting Standard on Non-GAAP measures - Effective January 1, 2019, the Company adopted the new lease accounting standard, which resulted in a change to the Company's recognition of the deferred gain associated with historical sale lease-back transactions. Prior to 2019, the deferred gain, which initially totaled \$29.0 million, was being recognized through the Consolidated Statement of Operations on a straight-line basis over the 15-year lease term. As a result, approximately \$1.9 million of the deferred gain had been recognized each year since 2008, of which approximately \$1.1 million and \$0.8 million has been recognized within the Environmental Solutions Group and Safety and Security Systems Group, respectively. Effective in 2019, the Company no longer recognizes any portion of the gain through the Consolidated Statement of Operations, and recognized the remaining deferred gain balance, net of the related deferred tax asset, as a cumulative effect adjustment to opening retained earnings. To facilitate comparisons with prior periods, we have revised our previously-issued non-GAAP results for the three months ended March 31, 2018, the annual periods ended 2014 through 2018, and the trailing twelve month period ended March 31, 2019.
- We have included a reconciliation of our GAAP EPS to Adjusted EPS for the three months ended March 31, 2019 and March 31, 2018, as initially presented, and to the revised Adjusted EPS for March 31, 2018 (excluding the deferred gain recognition) on page 27.
- We have included a reconciliation of our GAAP income from continuing operations for the trailing twelve months periods ended December 31, 2014 through March 31, 2019 to Adjusted EBITDA, as initially presented, and to the revised Adjusted EBITDA (excluding the deferred gain recognition) on page 28.



Appendix II: Adjusted Earnings per Share

(\$ in millions)		Three Months Ended March 31,	
		2019	2018
Net income	\$	17.5	\$ 12.9
<u>Add:</u>			
Income tax expense		5.9	4.1
Income before income taxes		23.4	17.0
<u>Add:</u>			
Acquisition and integration-related expenses		0.6	0.5
Purchase accounting effects (1)		0.1	0.6
Hearing loss settlement charges		-	0.4
Adjusted income before income taxes		24.1	18.5
Adjusted income tax expense (2)		(6.0)	(4.5)
Adjusted net income	\$	18.1	\$ 14.0
<u>Less:</u>			
Deferred gain recognition, net of income tax expense		-	(0.4)
Adjusted net income, as revised	\$	18.1	\$ 13.6
Diluted EPS	\$	0.29	\$ 0.21
Adjusted diluted EPS	\$	0.30	\$ 0.23
Adjusted diluted EPS, as revised	\$	0.30	\$ 0.23

(1) Purchase accounting effects relate to adjustments to exclude the step-up in the valuation of acquired JJE equipment that was sold subsequent to the acquisition in the three months ended March 31, 2019 and 2018, as well as to exclude the depreciation of the step-up in the valuation of the rental fleet acquired.

(2) Adjusted income tax expense for the three months ended March 31, 2019 and 2018 was recomputed after excluding the impact of acquisition and integration-related expenses, purchase accounting effects and hearing loss settlement charges, where applicable.



Appendix II: Consolidated Adjusted EBITDA

The Company uses adjusted EBITDA and the ratio of adjusted EBITDA to net sales ("adjusted EBITDA margin") as additional measures which are representative of its underlying performance and to improve the comparability of results across reporting periods. We believe that investors use versions of these metrics in a similar manner. For these reasons, the Company believes that adjusted EBITDA and adjusted EBITDA margin are meaningful metrics to investors in evaluating the Company's underlying financial performance. Consolidated adjusted EBITDA is a non-GAAP measure that represents the total of income from continuing operations, interest expense, pension settlement charges, hearing loss settlement charges, debt settlement charges, acquisition and integration-related expenses, restructuring activity, executive severance costs, purchase accounting effects, other expense/income, income tax expense (benefit), and depreciation and amortization expense. Consolidated adjusted EBITDA margin is a non-GAAP measure that represents the total of income from continuing operations, interest expense, pension settlement charges, hearing loss settlement charges, debt settlement charges, acquisition and integration-related expenses, restructuring activity, executive severance costs, purchase accounting effects, other expense/income, income tax expense (benefit), and depreciation and amortization expense divided by net sales for the applicable period(s). Other companies may use different methods to calculate adjusted EBITDA and adjusted EBITDA margin. The following table summarizes the Company's consolidated adjusted EBITDA and adjusted EBITDA margin and reconciles income from continuing operations to consolidated adjusted EBITDA for the trailing twelve month periods ended:

(\$ in millions)	2014	2015	2016	2017	2018	TTM 3/31/19
Total Sales, as reported	\$779.1	\$768.0	\$707.9	\$898.5	\$1,089.5	\$1,113.6
Income from continuing operations	59.7	65.8	39.4	60.5	93.7	98.3
Add:						-
Interest expense	3.6	2.3	1.9	7.3	9.3	8.8
Pension settlement charges	-	-	-	6.1	-	-
Hearing loss settlement charges	-	-	-	1.5	0.4	-
Debt settlement charges	-	-	0.3	-	-	-
Acquisition and integration-related expenses	-	-	1.4	2.7	1.5	1.6
Restructuring	-	0.4	1.7	0.6	-	-
Executive Severance Costs	-	-	-	0.7	-	-
Purchase accounting effects*	-	-	3.6	4.4	0.7	0.3
Other (income) expense, net	5.0	5.2	1.8	(0.8)	0.6	0.9
Income tax (benefit) expense	23.7	34.1	17.4	0.5	17.9	19.7
Depreciation and amortization	11.5	12.3	19.1	30.0	36.4	37.3
Adjusted EBITDA	\$103.5	\$120.1	\$ 86.6	\$113.5	\$ 160.5	\$ 166.9
Less: Deferred Gain Recognition**	(1.9)	(1.9)	(1.9)	(2.0)	(1.9)	(1.4)
Adjusted EBITDA, as revised	\$101.6	\$118.2	\$ 84.7	\$111.5	\$ 158.6	\$ 165.5
Adjusted EBITDA Margin	13.3%	15.6%	12.2%	12.6%	14.7%	15.0%
Adjusted EBITDA Margin, as revised	13.0%	15.4%	12.0%	12.4%	14.6%	14.9%

*Excludes purchase accounting effects reflected in depreciation and amortization of \$0.3 M, \$0.4 M, \$0.5 M, and \$0.4 M for 2016, 2017, 2018 and TTM 3/31/19, respectively.

**Adjustment to exclude recognition of deferred gain associated with historical sale lease-back transactions. Effective 2019, the Company will no longer recognize the gain due to the adoption of new lease accounting standard.



Appendix III: Executive Compensation Aligned with Long-term Objectives

- The Company continues to focus on executing against a number of key long-term objectives, which include the following:
 - Creating disciplined growth
 - Improving manufacturing efficiencies and costs
 - Leveraging invested capital
 - Diversifying our customer base

One Year	Three Years	Ten Years
Cash Bonus (STIP) <ul style="list-style-type: none"> Earnings (55%) EBITDA Margin (15%) Individual Objectives (30%) 		Short-Term <u>Annual Goals</u> <ol style="list-style-type: none"> Profitability and growth Market share
Performance Share Units <ul style="list-style-type: none"> EPS (75%) Return on Invested Capital (25%) 		Long-Term <u>3-year Performance and Vesting Periods</u> <ol style="list-style-type: none"> Profitability and growth Shareholder value creation Facilitates stock ownership Executive retention
Restricted Stock Awards		Long-Term <u>3-year Cliff Vesting</u> <ol style="list-style-type: none"> Executive recruitment Executive retention Facilitates stock ownership
Share Price Appreciation <ul style="list-style-type: none"> Stock Options 		Longer-Term <u>3-year Ratable Vesting Period and 10 Year Exercise Period</u> <ol style="list-style-type: none"> Shareholder value creation Facilitates stock ownership Executive retention



Appendix IV: Investor Information

Stock Ticker: NYSE:FSS

Company website: federalsignal.com/investors

HEADQUARTERS

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FEDERAL SIGNAL

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