

FEDERAL SIGNAL CORP /DE/
Form PRRN14A
March 30, 2009

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Amendment No. 1)

Filed by the Registrant:
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- 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 Under Rule 14a-12

FEDERAL SIGNAL CORPORATION
(Name of Registrant as Specified in its Charter)

WARREN B. KANDERS
STEVEN R. GERBSMAN
NICHOLAS SOKOLOW
(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

x

No fee required.

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PRELIMINARY COPY SUBJECT TO COMPLETION DATED MARCH 30, 2009

ANNUAL MEETING OF STOCKHOLDERS OF
FEDERAL SIGNAL CORPORATION

PROXY STATEMENT OF
WARREN B. KANDERS
STEVEN R. GERBSMAN
NICHOLAS SOKOLOW

To Stockholders of Federal Signal Corporation:

This proxy statement (the "Proxy Statement") and the enclosed GOLD proxy card are being furnished to stockholders of Federal Signal Corporation (the "Company" or "Federal Signal") in connection with the solicitation of proxies by Warren B. Kanders, Steven R. Gerbsman and Nicholas Sokolow (collectively, the "Kanders Group," "us" or "we") to be used at the 2009 annual meeting of stockholders of the Company, including any adjournments or postponements thereof and any meeting held in lieu thereof (the "2009 Annual Meeting"). The 2009 Annual Meeting is scheduled to be held on Wednesday, April 29, 2009 at 8:30 a.m., local time, at the Elgin Sweeper Company, 1300 West Bartlett Road, Elgin, Illinois 60120. The date of this Proxy Statement is _____, 2009. This Proxy Statement and the GOLD proxy card are first being furnished to stockholders on or about _____, 2009.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: Our proxy materials are available on the following web site: _____.

THIS SOLICITATION IS BEING MADE BY THE KANDERS GROUP AND NOT ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD").

The Kanders Group is soliciting your proxy for the 2009 Annual Meeting in support of the following proposals:

- (1) To elect Warren B. Kanders, Steven R. Gerbsman and Nicholas Sokolow (collectively, the "Nominees") to serve as Class I Directors of the Company until the 2012 annual meeting of stockholders or until their respective successors have been duly elected and qualified;
 - (2) To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2009; and
 - (3) To consider and act upon such other matters as may properly come before the 2009 Annual Meeting or any adjournments, postponements or continuations thereof.
-

Stockholders who own shares of the Company's common stock, \$1.00 par value per share (the "Common Stock") at the close of business on March 3, 2009, the record date for the 2009 Annual Meeting (the "Record Date"), as determined by the Company's Board, and as set forth in the Company's proxy statement for the 2009 Annual Meeting, will be entitled to vote at the 2009 Annual Meeting. Each stockholder is entitled to one vote for each share of Common Stock the stockholder owned as of the Record Date.

According to the Company's proxy statement for the 2009 Annual Meeting, as of the Record Date, there were 47,592,751 shares of Common Stock outstanding and entitled to vote at the 2009 Annual Meeting.

As of the Record Date, Warren B. Kanders beneficially owns, in the aggregate, 1,253,313 shares of Common Stock, representing approximately 2.63% of the Company's outstanding Common Stock and Nicholas Sokolow beneficially owns, in the aggregate, 119,043 shares of Common Stock. Messrs. Kanders and Sokolow intend to vote such shares of Common Stock FOR the election of the Nominees. As of the date hereof, Steven R. Gerbsman beneficially owns, in the aggregate, 10,000 shares of the Company's Common Stock acquired after the Record Date.

OUR NOMINEES ARE COMMITTED TO ACTING IN THE BEST INTERESTS OF ALL STOCKHOLDERS. YOU SHOULD HAVE A VOICE IN THE FUTURE OF THE COMPANY; WE BELIEVE THAT CAN BEST BE EXPRESSED THROUGH THE ELECTION OF OUR NOMINEES. ACCORDINGLY, THE KANDERS GROUP URGES YOU TO VOTE YOUR GOLD PROXY CARD FOR THE KANDERS GROUP'S NOMINEES.

There are three ways you may vote:

1. **By Mail.** If your shares are registered in your own name, you may sign, date and return the enclosed GOLD proxy card directly to the Kanders Group, c/o MacKenzie Partners, Inc., in the enclosed postage-paid envelope. The Kanders Group recommends that you vote on the GOLD proxy card even if you plan to attend the 2009 Annual Meeting.

If your shares are held in the name of a brokerage firm, bank, or nominee on the Record Date, only such brokerage firm, bank, or nominee can vote such shares and only upon receipt of your specific instructions. Accordingly, please promptly contact the person responsible for your account at such institution and instruct that person to execute and return the GOLD proxy card on your behalf. Please do this for each account you maintain to ensure that all of your shares are voted. We urge you to confirm your instructions in writing to the person responsible for your account and to provide a copy of such instructions to the Kanders Group at the address set forth on the back cover, so that we are aware of all instructions and can attempt to ensure that such instructions are followed.

2. **In Person.** If you are a record holder, you may vote in person by attending the 2009 Annual Meeting. Written ballots will be distributed to stockholders of record who wish to vote in person at the 2009 Annual Meeting. However, if you hold your shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the meeting.

3. By Telephone or Internet. You may deliver your voting instructions by telephone or over the Internet. Instructions for voting by telephone or over the Internet may be found on the GOLD proxy card.

THE KANDERS GROUP URGES YOU NOT TO VOTE THE WHITE PROXY CARD SENT TO YOU BY THE COMPANY. IF YOU HAVE ALREADY VOTED THE WHITE PROXY CARD, YOU MAY VOTE FOR THE KANDERS NOMINEES AND REVOKE YOUR PREVIOUSLY SIGNED PROXY BY SIGNING AND RETURNING A LATER-DATED GOLD PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE, BY DELIVERING A WRITTEN NOTICE OF REVOCATION TO THE KANDERS GROUP OR TO MACKENZIE PARTNERS, INC. AT THE ADDRESS SET FORTH BELOW OR, IF YOU ARE THE RECORD OWNER OF YOUR SHARES, BY VOTING IN PERSON BY ATTENDING THE 2009 ANNUAL MEETING. ONLY YOUR LATEST DATED PROXY WILL COUNT AT THE 2009 ANNUAL MEETING.

HOLDERS OF SHARES AS OF THE RECORD DATE ARE URGED TO SUBMIT A GOLD PROXY CARD EVEN IF YOUR SHARES WERE SOLD AFTER THE RECORD DATE. IF YOUR SHARES ARE HELD IN THE NAME OF A BROKERAGE FIRM, BANK, BANK NOMINEE OR OTHER INSTITUTION ON THE RECORD DATE, ONLY THAT INSTITUTION CAN VOTE THOSE SHARES AND ONLY UPON RECEIPT OF YOUR SPECIFIC INSTRUCTIONS. ACCORDINGLY, PLEASE CONTACT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND INSTRUCT THAT PERSON TO SIGN AND RETURN ON YOUR BEHALF THE GOLD PROXY CARD AS SOON AS POSSIBLE.

The Kanders Group has retained MacKenzie Partners, Inc. to assist us in communicating with stockholders in connection with the proxy solicitation and to assist in efforts to obtain proxies, and will pay them a fee of \$_____, plus expenses, for their services. If you have any questions about executing your GOLD proxy, or if you require assistance, please contact:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, NY 10016

Call Collect: (212) 929-5500

or

Call Toll-Free: 1-800-322-2885

E-Mail: proxy@MacKenziepartners.com

INTRODUCTION

According to publicly available information, the Company has a classified board, currently consisting of three (3) Class I directors, three (3) Class II directors and four (4) Class III directors. At each annual meeting of stockholders, directors are duly elected for a full term of three years to succeed those whose terms are expiring. The Company has announced that three persons will be elected as Class I directors of the Company at the 2009 Annual Meeting. Each person elected as a Class I director is elected to hold office until the 2012 annual meeting and until his or her respective successor shall have been duly elected and qualified. The Class II and Class III directors currently serve until the annual meetings of stockholders to be held in 2010 and 2011, respectively.

Warren B. Kanders has provided written notice to the Company of his intent to nominate three individuals, Warren B. Kanders, Steven R. Gerbsman and Nicholas Sokolow, for election to the Board as Class I directors at the 2009 Annual Meeting, and is soliciting your proxy in support of their election. We believe the Nominees are highly qualified individuals based on their extensive business and professional experience and credentials.

A quorum of stockholders is necessary to transact business at the 2009 Annual Meeting. A majority of the outstanding shares, present in person or by proxy, will constitute a quorum at 2009 Annual Meeting. According to the Company's proxy statement for the 2009 Annual Meeting, for purposes of determining if a quorum is present, the Company will count all proxies designated as "withholding authority" to vote for a nominee or nominees or "abstaining" from any proposal, as well as "broker non-votes," as shares represented at the meeting and counted toward establishing the presence of a quorum. A "broker non-vote" occurs when a nominee (such as a broker) holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. If a quorum is present at the 2009 Annual Meeting, since this is a contested election, each of the Kanders Group's Nominees will be elected if they receive a plurality of the votes cast. The three nominees receiving the highest number of votes cast will be elected to the Board. According to the Company's 2009 proxy statement, stockholder instructions to withhold authority to vote for one or more of the nominees, and abstentions, will result in those nominees receiving fewer "FOR" votes but will not count against a nominee's election.

In the event the Company purports to increase the number of directorships pursuant to its Bylaws, or otherwise increases the number of directors to be elected at the 2009 Annual Meeting, the Kanders Group reserves the right to nominate additional persons as directors to fill any vacancies created by the increase or to fill any additional positions on the Board which the Company's stockholders shall vote on at the 2009 Annual Meeting.

BACKGROUND AND CERTAIN CONTACTS WITH THE COMPANY

Mr. Kanders invested in the Company in the latter part of 2007, having followed the Company for a number of years as an independent investor and as the CEO and Chairman of Armor Holdings, Inc., a company which competed with the Company's signal business.

In December 2007, the Company announced the resignation of Robert Welding as the CEO and President, and disclosed that the Company had formed a search committee (the "Search Committee"), comprised of directors of the Board, to begin the search for a new CEO.

In early 2008, Mr. Kanders was advised by the Company's investment banker, Goldman Sachs, and the Company's then largest shareholder that they had independently recommended Mr. Kanders to the Search Committee as a viable candidate for the CEO position. Not having heard from the Company, on April 24, 2008, Mr. Kanders delivered a letter to the Board in which Mr. Kanders formally submitted his candidacy to serve as the Company's CEO and set forth his qualifications for the CEO position.

On May 15, 2008, Mr. Kanders met in Chicago with the members of the Search Committee and presented in person his credentials as a candidate for the CEO position.

On May 21, 2008 the Company, through the executive search firm it had retained, requested that, in connection with the Search Committee's consideration of his candidacy for the CEO position, Mr. Kanders participate in certain interviews and psychological testing and complete a related questionnaire in advance of such interviews and testing. On May 23, 2008, in connection with such interviews and testing, Mr. Kanders sent a letter to the executive search firm requesting, among other things, that the Company and each member of the Board agree that the results of such interviews and testing be held in the strictest confidence. In a letter dated May 30, 2008, the executive search firm confirmed to Mr. Kanders that all finalists under consideration would undergo the same tests and interviews, and that the results of the interview would be held in the strictest confidence.

On June 10, 2008, Mr. Kanders presented himself to take the psychological tests; however, midway through the testing, a representative of Psychological Associates administering the tests presented Mr. Kanders with a new, previously unseen agreement outlining the new terms and conditions that would govern the testing program and requested that he sign it before any further testing could proceed. Mr. Kanders immediately arranged for the confidentiality agreement to be delivered to his counsel for review, while the testing process was halted by Psychological Associates. Mr. Kanders nonetheless offered to proceed with the testing program while the new agreement was being reviewed by counsel, which offer was rejected. Upon review of the confidentiality agreement, Mr. Kanders' counsel advised him not to sign it, as it failed to incorporate the previously agreed upon confidentiality protections and safeguards.

On June 12, 2008, Mr. Kanders delivered a letter to the Board which explained the events that had occurred at Psychological Associates and reiterated his commitment to the process and his continued interest in the CEO position. Mr. Kanders stated that having rearranged his schedule with considerable difficulty to make himself available to take the full day of tests on June 10, his schedule for the rest of the month did not allow for a "make-up" date. Mr. Kanders expressed his belief that the Board had more than sufficient information about him to evaluate his candidacy based upon his extensive public record of achievement, interviews with the Search Committee and rigorous background check, without the need for further psychological tests.

On June 13, 2008, Mr. Janning delivered a letter to Mr. Kanders indicating that if Mr. Kanders would like to be considered for the position of CEO of the Company, he should make arrangements again to complete the testing on or before June 25, 2008.

In a letter dated June 17, 2008, Mr. Kanders responded to Mr. Janning, expressing his disappointment in Mr. Janning's June 13 letter, citing its failure to address the issues raised in Mr. Kanders' June 12 letter.

On June 20, 2008, Mr. Janning delivered a letter to Mr. Kanders insisting that if Mr. Kanders is to remain a candidate for the CEO position, he must comply with the process of the psychological testing and complete such testing by June 25, 2008.

On June 24, 2008, Mr. Kanders delivered a letter responding to Mr. Janning's June 20 letter and, among other things, reaffirmed his interest in the CEO position.

On June 26, 2008, Mr. Kanders received a letter from Mr. Janning, which stated that since Mr. Kanders did not complete its psychological testing by June 25, the Company was "moving forward with its selection and recruiting process with the remaining candidates for the [Company's] CEO position." The Company did not offer Mr. Kanders the opportunity to complete the testing program at a mutually agreeable date after June 25.

On July 9, 2008, Mr. Kanders sent a letter to the Company's Board of Directors advising the Board that he remained "keenly interested" in the CEO position and stating, among other things, that BMO Capital Markets Corp.'s downgrade of the Company to "underperform" gave the Board even more reason to carefully consider its selection of the next CEO, and on July 10, 2008, Mr. Kanders issued a press release highlighting the contents of his July 9, 2008 letter to the Board.

On July 14, 2008, Mr. Kanders received a letter from Mr. Janning, which reiterated the offer made in his June 26, 2008 letter to meet with Mr. Kanders, either in person or by telephone conference, to discuss Mr. Kanders' ideas about the Company, but not for consideration as a candidate for the CEO position.

On July 16, 2008, Mr. Kanders sent a letter to the Company's Board of Directors reaffirming his continued interest in becoming the Company's CEO, despite the obstacles that the Search Committee and Psychological Associates had placed in his path and requesting the Company to fully disclose the circumstances surrounding the resignation of prior CEO Robert D. Welding in December 2007, and on July 17, 2008, Mr. Kanders issued a press release, highlighting the contents of his July 16, 2008 letter to the Company's Board of Directors. The Board did not respond to Mr. Kanders' letter.

On July 23, 2008, following the Company's announcement of the sale of E-One, Inc. ("E-One") for \$20 million, Mr. Kanders sent a letter to the Company's Board of Directors requesting a public explanation as to why the Company accepted what he and a number of independent analysts believed to be an extremely low price for E-One from American Industrial Partners ("AI") and a group of Company insiders, including Mr. Peter Guile, E-One's President. Mr. Kanders questioned whether a bona fide auction had taken place, how the Board had fulfilled its fiduciary and ethical duties in light of the fact that the purchasers included insiders of the Company, and whether the Board had obtained a fairness opinion from an independent investment banker, and if obtained, why the fairness opinion had not been made public.

On July 24, 2008, Mr. Kanders issued a press release highlighting the contents of the July 23, 2008 letter to the Company's Board of Directors.

On July 28, 2008, Mr. Kanders received a letter from Mr. Janning, which, among other things, attacked Mr. Kanders' letter as allegedly containing a "number of inaccuracies, innuendos and misrepresentations." Mr. Janning's letter claimed that E-One was "fully shopped" and that the transaction terms were "fully negotiated at arm's length" with the successful bidder "who is unrelated and independent from the [Company]."

On August 4, 2008, Mr. Kanders sent a letter to Mr. Janning responding to his July 28, 2008 letter, refuting with specificity Mr. Janning's allegations of "inaccuracies, innuendos and misrepresentations" in Mr. Kanders' July 23, 2008 letter and calling upon Mr. Janning to resign as Chairman and as a member of the Board. With respect to the Company's denial that E-One was sold to "a management led buyout group," Mr. Kanders pointed out, among other things, that the press releases issued by both the Company and E-One on July 16, 2008 expressly stated that E-One management would invest alongside AI as significant shareholders of the company. Mr. Kanders noted that "[t]he Board apparently did not see fit to obtain an independent fairness opinion, yet FSS wrote off an additional \$21M as a result of this material transaction." Mr. Kanders also criticized the Board for adopting a completely revised set of Amended and Restated By-Laws that significantly restricted the rights of shareholders and that Mr. Kanders believed were designed to insulate the current Board.

On August 5, 2008, Mr. Kanders issued a press release highlighting the contents of his August 4, 2008 letter to Mr. Janning. The Board did not respond to Mr. Kanders' letter.

However, on August 7, 2008, the Company filed a Form 8-K with the Securities and Exchange Commission ("SEC") which contained as exhibits two letters from Mr. Goodwin, the Company's then interim CEO, to the Company's employees. In the two letters, Mr. Goodwin, among other things, criticized what he characterized as inaccurate, assertions made by Mr. Kanders regarding the E-One sale and the Company's corporate governance, including the recent Amended and Restated By-laws.

On August 8, 2008, Mr. Kanders issued a press release which contained an open letter to the Company's employees responding to, and refuting, the allegations in Mr. Goodwin's letters.

On August 15, 2008, Mr. Kanders sent a letter to the Company's Board of Directors informing them that information had come to his attention leading him to believe that James C. Janning, the Company's Chairman, and possibly several other current members of the Board who were directors at the time, may have been involved in a cover-up of possible insider trading by family members of Joseph J. Ross, former Chairman, CEO and President of the Company, that led to his sudden retirement in November, 2003.

- Based upon the information he presented, Mr. Kanders stated: "I believe the Board has no alternative but to call for Mr. Janning's immediate resignation and to comply with the requirements of the [Securities and Exchange Commission] and the New York Stock Exchange by promptly and fully disclosing all of the facts and circumstances leading to Mr. Ross's so-called 'retirement'..."
- Mr. Kanders also called upon directors McCartney, Wright, Martin and Reichelderfer, who were not directors at the time the events allegedly occurred, to conduct an independent investigation of the role played by directors Gerrity, Hamada, Campbell and Jones, who were members of the Board at that time (Messrs. Campbell and Jones also served as members of the Governance Committee of the Board) and to make the results of the investigation public. Pending the outcome of such an investigation, Mr. Kanders urged that directors Gerrity, Hamada, Campbell and Jones "be quarantined and recuse themselves from active participation in the business and affairs of FSS." Mr. Kanders concluded, "only in this way can the confidence of shareholders and employees be restored in the integrity of the Board."

On August 18, 2008, Mr. Kanders issued a press release highlighting the contents of his August 15, 2008 letter to the Board. The Company did not respond to Mr. Kanders' letter.

However, on August 25, 2008, the Company filed a Form 8-K with the SEC in which the Company for the first time publicly disclosed that in 2003 the Board had conducted an investigation by independent counsel of possible insider trading violations by family members of its former CEO and its possible relevance to Mr. Ross' resignation as Chairman and CEO. The occurrence of such investigation had not previously been disclosed by the Company and to this day such report has not been made public.

On September 2, 2008, Mr. Kanders sent a letter to the Company's Board of Directors, questioning the Company's claims that no securities laws violations had occurred and demanding that the release of the report of independent counsel be made public. On September 3, 2008, Mr. Kanders issued a press release highlighting the contents of his September 3, 2008 letter to the Board of Directors. The Company did not respond to Mr. Kanders' letter, nor did it make the report of independent counsel public.

On October 28, 2008, Mr. Kanders sent a letter to the Company's Chief Executive Officer and Board of Directors once again questioning the low \$20 million price obtained by the Company in its sale of E-One to members of E-One's management team and AI.

Mr. Kanders also questioned possible abdication by Board members of their fiduciary duties to the company in connection with the E-One sale, noting that Paul W. Jones, a director of the Company, sits on the board of directors of Bucyrus International Inc. with Robert L. Purdum and Theodore C. Rogers. According to Bucyrus' 2008 proxy statement, Mr. Purdum is a partner in AI and Mr. Rogers is a co-founder and current officer and director of AI, leading Mr. Kanders to question what role Mr. Jones played in the sale of E-One to AI and E-One insiders. The Company did not respond to Mr. Kanders' letter.

On September 15, 2008, the Board announced the appointment of Mr. William H. Osborne as its new CEO.

In early 2009, only after the continued failure of the Company to respond to concerns raised by Mr. Kanders, did Mr. Kanders decide to nominate a slate of directors, and on January 16, 2009, Mr. Kanders sent a letter to the Company, notifying the Company of his intent to nominate himself and each of Steven R. Gerbsman and Nicholas Sokolow for election to the Board at the 2009 Annual Meeting.

On February 5, 2009, Mr. Kanders received a letter from the Company, inviting each of Messrs. Kanders, Gerbsman and Sokolow to meet with the Nominating and Governance Committee, ostensibly to allow the Committee to evaluate each Nominee's qualifications for director and potential contributions to the Company. In subsequent correspondence between February 6, 2009 and February 11, 2009, the Company and Mr. Kanders agreed that February 24, 2009 would be a mutually convenient date to hold the interviews. Mr. Kanders separately contacted Mr. Osborne to set up a meeting with him when Mr. Kanders was in Chicago to meet with the members of the Nominating Committee. A meeting with Mr. Osborne was confirmed for February 23, 2009.

On February 13, 2009, the Company sent a letter to Mr. Kanders, enclosing the form of Director and Officer Questionnaire to be completed by each of Mr. Kanders' nominees, in accordance with the Company's Amended and Restated By-Laws. Each of Messrs. Kanders, Gerbsman and Sokolow returned a completed questionnaire to the Company on February 20, 2009.

On February 23, 2009, Mr. Kanders met in Chicago with Messrs. Osborne and Barker and subsequently had a private meeting with Mr. Osborne and discussed the Company's strategy and personnel issues at the Company's Safety and Security Systems division.

On February 24, 2009, each of the Kanders Nominees met with the Nominating and Governance Committee and Mr. McCartney.

On February 25, 2009, Mr. Kanders sent a letter to the Company, thanking the members of the Nominating and Governance Committee that participated in the interviews on February 24, 2009 for the opportunity to present the credentials of Messrs. Kanders, Gerbsman and Sokolow.

On March 5, 2009, the Company sent a letter to Mr. Kanders, thanking him, Mr. Gerbsman and Mr. Sokolow for meeting with the Nominating and Governance Committee on February 24, 2009 and informing Mr. Kanders that the Board, upon the recommendation of the Nominating and Governance Committee, had determined to nominate Messrs. Goodwin, Osborne and Wright as its candidates for election as Class I directors at the upcoming Annual Meeting. On the same day, the Company filed its preliminary proxy statement with the SEC, nominating Messrs. Goodwin, Wright and Osborne for election to the Board.

On March 9, 2009, Mr. Kanders sent a letter to the Company, requesting the opportunity to inspect the Company's stockholders list and other materials pursuant to Section 220 of the Delaware General Corporation Law, and requesting certain information pursuant to Rule 14a-7 under the Securities Exchange Act of 1934. On March 16, 2009, the Company sent a letter to Mr. Kanders, agreeing to make available to Mr. Kanders such of the information referred to in his March 9, 2009 letter that was currently available to the Company that a stockholder of the Company is entitled to examine under Section 220 of the Delaware General Corporation Law upon payment of a fee of \$2,000 .

On March 23, 2009, Mr. Wright returned a call from Mr. Kanders of March 20, 2009. During the call, Mr. Wright, among other things, confirmed that he had been nominated to the Board by Ramius Capital in support of their investment in connection with the settlement of their threatened proxy contest in 2008 and, in response to Mr. Kanders' inquiry, discussed personnel issues at the Company's Safety and Security Systems division.

REASONS TO VOTE
FOR THE KANDERS GROUP'S NOMINEES

Although facing a difficult economic environment, Federal Signal operates a unique group of businesses with attractive long-term growth opportunities. Nevertheless, the Kanders Group believes that the lack of leadership and accountability on the Board is simply unacceptable.

For fiscal 1999, the year in which outgoing Chairman of the Board, James C. Janning, was first elected, the Company reported revenues of approximately \$1.1 billion and pre-tax income of \$84.4 million. The average stock price during 1999 was \$21.38.

In 2003, the Company reported revenues of approximately \$1.2 billion and pre-tax income of \$46.0 million. The average stock price during 2003 was \$16.90.

In 2008, the Company reported revenues of approximately \$958.8 million and pre-tax income of \$26.3 million, not including an enormous loss from the disposal of underperforming businesses of \$126.9 million. The average stock price during 2008 was \$11.79.

The average tenure of the current Board of Directors, excepting the two directors elected, including Mr. Wright, pursuant to a settlement of an threatened proxy contest in 2008 not involving members of the Kanders Group, is approximately 6.5 years. From fiscal 1999 through fiscal 2008, Federal Signal spent approximately \$213 million investing in property plant and equipment (excluding its former leasing business), approximately \$300.9 million acquiring other businesses, and an additional \$9.4 million either investing in or guaranteeing the debt of joint ventures, for a combined total \$523.3 million of capital invested. The average market capitalization during fiscal 1999 was approximately \$968.5 million. Federal Signal's market capitalization as of March 17, 2009 was approximately \$238.8 million.

On March 17, 2009, the closing price of the Company's stock was \$4.81. While a portion of the decline in share price may reflect recent market turmoil and general decline in financial activity and stock prices, we believe that the long term decline in share price is generally attributable to the failure of management, under the leadership of the Board, to develop and effectively execute a clear strategy and manage the business of the Company.

Recent analyst reports have been negative:

- "Federal Signal has been an underperformer for about a decade" (Goldman Sachs report, dated June 13, 2007);
- "If new FSS CEO Jim Goodwin were to increase focus on improving results in the short term, it would appear that intensifying cost control would be an area of potential opportunity" (Goldman Sachs report, dated February 25, 2008);
- "FSS shares . . . offer inferior ROCE, growth and cash generation." (Goldman Sachs report dated October 1, 2008, downgrading the Company's stock from "Neutral" to "Sell");
- cited need to "[deal] with overhead issues that have plagued the company for years." (Next Generation Equity Research LLC report dated February 4, 2009);

What has now been confirmed by the Company itself is that the business has been run inefficiently and that the Board has sanctioned undisciplined acquisitions with no integration planning.

In its 2008 Annual Report on Form 10-K, the Company reported 2008 Selling, Engineering, General and Administrative (“SEG&A”) expenses of \$193.7 million, an 11.8% increase of \$20.5 million over 2007 SEG&A expenses. Not only did the Company not reduce expenses by the \$20 million that was targeted in the Company’s February 28, 2008 earning call, SEG&A expenses during fiscal 2008, which included Mr. Goodwin’s watch as interim CEO, increased by the same amount. Newly appointed CEO William E. Osborne, who has been on the job less than six months, was quoted in an interview with Melita Marie Garza reported on Bloomberg on March 12, 2009 as stating that Federal Signal “needs a big internal merger” to reduce expenses created by “our history of acquisitions without integration.” This admission confirms what many outside observers have already noted – under the direction of this Board of Directors, the Company has a track record of undisciplined acquisitions and capital allocation and has consistently failed to integrate and achieve synergies with companies it has acquired.

As to 2009, Mr. Osborne in the same interview was also quoted as stating that “[w]e have seen orders drop off in the 15 to 20 percent range so far in the first quarter. Unless there is a miraculous rebound in the economy in the second half, we don’t project a growth in revenue for this year.”

Mr. Kanders has been concerned for some time with the failure of management, which he believes under the direction of the Company’s Board, has failed to articulate and execute a strategy to reverse the Company’s long standing decline in stockholder value and failure to generate long-term growth. We believe that the Board’s current slate of nominees lacks the credibility and experience to implement the change needed for the Company to realize its potential.

Based on their published backgrounds, we believe that not a single member of the current Board of Directors, including its current nominees, has direct operating experience in the industry segments that management has cited as key drivers of growth for the future of Federal Signal. We believe that the Kanders Group’s Nominees, on the other hand, can provide the strategic oversight that Mr. Osborne and the management team require to overcome their inexperience and manage the “number of headwinds” facing the Company.

As described above, in “Background and Certain Contacts with the Company,” in a series of letters to the Board, between July 23, 2008 and October 28, 2008, and in several press releases, Mr Kanders raised a number of significant issues and concerns relating to the Company and actions of its Board, in particular, Mr. Janning and Mr. Goodwin, the Company’s acting CEO prior to the appointment of Mr. Osborne. Mr. Kanders expressed particular concern over:

- The Board’s decision to sell its subsidiary, E-One, for \$20 million dollars, a price significantly below what Mr. Kanders and a number of independent analysts believed it was worth, to a group which included members of E-One’s management team, including its President, Peter Guile, in addition to a private equity firm founded by colleagues of Federal Signal Board member Paul W. Jones .. Mr. Kanders questioned the process by which the E-One sale was conducted, particularly in light of the fact that E-One was sold to a group which included E-One’s management and business colleagues of a Board member, the apparent failure of the Company to receive an independent fairness opinion, and the Company’s refusal to publicly disclose the terms and provisions of the purchase agreement.
- The Board’s failure to fully and adequately explain the circumstances surrounding the apparently sudden retirement of Robert D. Welding, the Company’s former President and CEO, in December 2007, which led to a nine month long CEO search, while paying him a substantial severance package. According to the Release and Severance Agreement filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2007, the Company agreed to treat such retirement as a termination by the Company without “Cause” for purposes of cash severance benefits under the Company’s General Severance Plan and incurred \$1.27 million of termination costs and payments to the former President and CEO.
- The Board’s failure to publicly disclose the report of the independent investigation of alleged insider trading activities in September 2003 by family members of Mr. Joseph J. Ross, former Chairman of the Board, President and Chief Executive Officer of the Company, and which arguably may have led to Mr. Ross’ retirement as President and CEO in November 2003 and as Chairman and director in January 2004; as well as the resignation of Mr. Kim Wehrenberg, the Company’s then General Counsel and Corporate Secretary, in February 2004. Only after Mr. Kanders publicly raised his concerns did the Company publicly disclose, nearly five years after the fact, that Mr. Wehrenberg had presented information to the Board regarding certain trading activity by family members of Mr. Ross and that the Board had conducted an investigation of the matter. While the Company has stated in its Form 8-K filing dated August 25, 2008 that the Board concluded that the “investigation did not develop evidence” that there were any violations of any securities laws, the Company continues to refuse to publicly release the report of the independent counsel that investigated the matter.

- The Board's actions in July 2008 amending the Company's By-laws to restrict the rights of stockholders by:
 - Moving the date of the annual meeting of stockholders, in the absence of a contrary Board determination, to the Friday of the Memorial Day weekend;
 - Replacing the inspectors of election responsible for determining contested elections from two persons "who are not affiliated with the Corporation" to persons who may be employees of the Company;
 - Lengthening the advance notice requirement for stockholders nominating directors to the Board from 30 days prior to the Annual Meeting to a narrow window between 90 and 120 days prior to the anniversary of the last Annual Meeting;
 - Requiring any person nominated by a stockholder for election as a director to furnish, in addition to the information required by the Federal proxy rules, any information the Company may require, including "submission of a questionnaire, representation and agreement in the form requested by the Corporation";

while Mr. Janning claimed in a letter to employees, dated August 1, 2008, that the Board has a "record of strong corporate governance" and a commitment to "maintaining the highest standards of corporate governance."

For the reasons set forth above and in detail below, the Kanders Group believes that the current Board has not acted, and will not act, in the best interests of all of the stockholders. We have lost confidence in the ability and willingness of the Board to provide the Company with effective leadership, grow the Company's business, reduce costs, be disciplined with respect to acquisitions and capital allocations, provide transparent corporate governance and generate greater value for the benefit of all of its stockholders.

For a decade, this Board of Directors has allowed the Company to spend over \$523 million of capital to invest in growing the business through what the Kanders Group believes is a series of unproductive capital expenditures and acquisitions, the result of which has been a continued and steady erosion of stockholder value.

As a significant long term investor, Mr. Kanders is proposing, together with the rest of the Kanders Group, to elect three truly independent directors to the Company's Board to represent and protect the interests of all of the Company's outside stockholders and to improve corporate governance and the Company's transparency with its stockholders.

The Company has failed to join the ever increasing number of companies who have de-staggered their boards, consistent with modern trends in corporate governance. We believe that the Company's Board should be fully accountable to the stockholders of the Company, which accountability is best served by annual elections of the entire Board. We believe that a staggered board adversely affects stockholder democracy. Our Nominees will support annual elections of the entire Board and push for repeal of the staggered board in the Company's By-laws.

The current Board, as a group, excluding James Janning, beneficially owns only 182,851 shares of common stock, excluding options exercisable within sixty days. The Kanders Group collectively holds 1,382,356 shares, or 7.5 times as many shares as the entire Board of Directors combined. The Kanders Group, in addition to having the experience and credibility to contribute to the leadership needed on the Board, has committed significant personal capital to an investment in the Company. We believe that stock ownership aligns the interests of directors with shareholders.

We believe that our Nominees, Warren B. Kanders, Steven R. Gerbsman and Nicholas Sokolow, each of whom has a long history of successfully creating stockholder wealth and a commitment to good corporate governance, will act to increase stockholder value in the best interests of stockholders, rather than allowing the Company to drift along, while tolerating disappointing financial results and a deteriorating share price, will implement best practices of corporate governance, and will make the Company more transparent for the benefit of the stockholders. The background of our Nominees is included in the section of this proxy statement entitled “Proposal 1: Election of the Kanders Group’s Nominees.” We urge you to compare the backgrounds and records of achievement of our Nominees with the Board’s nominees.

One of the current Class I directors, and Board nominee for re-election, James E. Goodwin, has been a member of the Board since 2005 and, as mentioned above, served as the Company’s interim President and Chief Executive Officer from January 1, 2008 until the appointment of his successor, William H. Osborne, in September 2008. We believe Mr. Goodwin was completely ineffective at delivering on the Company’s promise of reducing costs. In his prior experience, Mr. Goodwin, as CEO of United Airlines, was forced to resign in October 2001 after publicly speculating that the company would be forced to file for bankruptcy if it was unable to reduce its costs, as reported by press reports including a March 27, 2002 article written by Kay Riley for Chicagobusiness.com as well as a December 9, 2002 article written by Mark Tatge and Brandon Cople for Forbes.com. As a result of his recent position as interim President and CEO of Federal Signal, for which he received almost \$850,000 in compensation, we do not believe Mr. Goodwin is truly an independent director.

A second Class I director and Board nominee, Joseph R. Wright, was appointed one year ago as part of a settlement of a threatened proxy contest with a hedge fund that has since sold its entire position. Mr. Wright owns only 4,460 shares and since becoming a director has not purchased a single share on the open market with his own capital.

Lastly, we believe that the Company’s third Board nominee, newly appointed CEO, William H. Osborne is untested as he has never been the CEO of a public company nor has he had public company board experience. We believe that Mr. Osborne’s published background reveals that he has no relevant experience in the Company’s core industry segments, law enforcement and security, and he has no expertise in the “information business” which he has articulated is key to Federal Signal’s future. In addition, contrary to Mr. Osborne’s assertion that law enforcement and security “are no longer about boots and suits,” Mr. Kanders, through his experience and leadership at Armor Holdings, Inc., has demonstrated that a properly executed strategy in “boots and suits” can create significant stockholder value.

The closing price of the Company’s stock on September 16, 2008, the business date after the appointment of Mr. Osborne, was \$15.71 per share. The closing price of the Company’s stock on the business day of the previously mentioned Bloomberg interview with Mr. Osborne was \$4.42 per share, a 71.9% decline. While this short term decrease may, in part, reflect recent market turmoil and the general decline in financial activity and stock prices, we believe that the decrease in share price also represents a response to the failure of management, under the leadership of the Board, to develop and effectively execute a clear strategy and manage the business of the Company, which we believe explains why the Company’s share price has significantly underperformed the share price of its industry peers over the last three years. Since January 1, 2006, the value of \$100 invested in Federal Signal, adjusting for the reinvestment of dividends, has declined by approximately 60% to \$39.84. By contrast, the value of \$100 invested in a peer group, comprised of diversified industrial companies covered by Goldman Sachs (Dover Corp, Eaton Corp, Parker Hannafin Corp., Graco Inc., IDEX Corp., Kennametal Inc.), has only declined by an average of approximately 29.4% to \$70.60.

Given these factors, we believe it is premature to consider Mr. Osborne for a board position.

We believe that the Kanders Nominees, on the other hand, have significant experience and a demonstrated track record of building stockholder value in the Company’s core safety and security business, as well as experience in the

disciplined execution and integration of acquisitions, implementing effective cost containment strategies, and in guiding and running public companies.

Mr. Kanders has a public record of building long-term stockholder value. In January 1996, Mr. Kanders invested in Armor Holdings, Inc. (“Armor Holdings”) then known as American Body Armor and Equipment, Inc., a publicly traded company listed on the NASDAQ pink sheets. Armor Holdings had just emerged from bankruptcy, and had approximately \$12,000,000 in revenues and \$1,000,000 in EBITDA in 1995. Over the next eleven plus years, Armor Holdings grew, both organically and through more than 30 acquisitions, to a diversified global manufacturer of protective systems for the military, government, law enforcement agencies and commercial customers. Armor Holdings manufactured products sold to law enforcement, municipal and military customers, and Armor Holdings competed directly with Federal Signal in the manufacture of signal devices.

In that time, Armor Holdings completed and integrated over 30 acquisitions, completed numerous bank financings and public offerings and private placements of both debt and equity securities, including \$1.425 billion of financings between 2003 and 2006, and became listed first on the American and then on the New York Stock Exchanges. Mr. Kanders served as the Chairman of the Board of Armor Holdings from January 1996 and as its Chief Executive Officer from April 2003. At the time of Armor Holdings’ sale to BAE Systems, Inc. in July 2007, for \$88 per share, it had revenues of approximately \$2.36 billion and EBITDA of approximately \$286 million for fiscal 2006, with fiscal 2007 guidance of approximately \$3.5 billion in revenues. According to the Armor Holdings Form 10-K for year ended December 31, 1995, the average stock price in the quarter immediately preceding Mr. Kanders’ initial investment was \$2.125. The value of \$100 invested in Armor Holdings at the average stock price of \$2.125 would have been worth approximately \$4,141 at the time the sale of Armor Holdings was announced in June 2007.

Our second nominee, Nicholas Sokolow, is a practicing attorney, who has served on the Armor Holdings Board, as well as its Compensation, Nominating/Corporate Governance and Audit Committees, and possesses significant other public board experience. Mr. Sokolow has significant corporate governance experience, serving on the audit committee and as chairman of the compensation committee of the boards of directors for two public companies and has counseled and advised public companies on a broad range of matters for over twenty five years.

Our third nominee, Steven R. Gerbsman, is a principal in a company which has provided consulting, management, advisory and investment banking services to its clients in a broad range of industries. He has significant experience with companies in the type of “information businesses” that management has identified are important to Federal Signal’s future, in assisting companies in crisis management and turnaround situations and expense reduction programs and has worked with a wide spectrum of stakeholders in maximizing enterprise, stakeholder and stockholder value.

Mr. Kanders has been forced to take the step of proposing three nominees for election at the Company’s 2009 Annual Meeting only as a last resort and in order to protect the interests of stockholders. In light of the Company’s continuing disappointing financial performance and deteriorating stock price, we believe that at the present time it is in the interests of all of the stockholders that our Nominees be elected to the Board in order to allow for fresh perspectives and voices.

Under the watch of the Board, the Company has endured management turnover, erratic profitability, and underperformance of its shares relative to its peers, and a significant erosion of stockholder value.

Significantly, the Company’s shares have lost a substantial portion of their value, with the value of \$100 invested in Federal Signal as of March 17, 1999 worth approximately \$30.46 on March 17, 2009. The Company’s stock price hit its 52-week closing price high on September 3, 2008 of \$16.33, the day on which Mr. Kanders issued a press release demanding that the Board release the results of a report related to potential insider trading by family members of Mr. Joseph Ross, a former Chairman and Chief Executive Officer of Federal Signal and calling upon Mr. Janning to resign as Chairman of the Board. On September 15, 2008, when William Osborne was appointed Chief Executive Officer, the stock closed at \$14.83 per share. Seven months later, on March 17, 2009, the stock closed at \$4.81, a decline of 67.6% from the announcement of the appointment of Mr. Osborne as CEO and a decline of 70.5% from the 52-week

closing price high of September 3, 2008. While a portion of the short-term decline in share price may reflect recent market turmoil and general decline in financial activity and stock prices, we believe that the long term decline in share price is generally attributable to the failure of management, under the leadership of the Board, to develop and effectively execute a clear strategy and manage the business of the Company, which is reflected both in the stock price of the Company, as well as in the decline in profitability.

The Company faces many complex financial and operational challenges, in both the domestic and international arenas, that require strategic vision and guidance at the Board of Directors level. A significant portion of the Company's business is international, which we believe requires thoughtful leadership and vigilant oversight to compete effectively and grow the business while also protecting the Company from losses such as the loss suffered in fiscal 2008 on the Company's joint venture in China. We believe the Company's profitability also depends heavily on spending by the United States government and municipalities and varying conditions in the overall United States economy, and its businesses are subject to some degree of cyclicity. Strategic vision informed by experience in Federal Signal's markets is required to grow into new products and geographic markets while offsetting risks and wisely allocating Federal Signal's capital. Based on their experience and their track record, we believe the Kanders Group Nominees are best qualified to provide this leadership and guidance.

All strategic initiatives to increase revenues and margins need to be explored. The Company's overhead costs must be evaluated and drastically reduced and its manufacturing efficiencies significantly improved. Under Mr. Goodwin's watch, such cost reductions were supposed to be his greatest achievement. Yet, under his watch, instead of reducing costs, SEG&A expenses rose by \$20 million. Indeed, in a recent public statement on March 12, 2008, Mr. Osborne has apparently adopted Mr. Kanders' urgent call to drastically cut overhead by proposing to cut salary costs by 13%, or \$20 million, as the Company's operations have shrunk. Considering the Board of Directors' prior failures in overseeing cost controls, acquisition integrations, and other expense reduction efforts, it is especially important that management is overseen by directors with significant personal capital invested in the Company who have the experience to ask the right questions and monitor results. We believe that share ownership by directors benefits the Company as it aligns the interest of the directors with the interests of the shareholders.

Under the stewardship of the Board, the Company has over the years engaged in what we believe to be a series of under-performing strategic acquisitions which we believe have been a factor in the Company's financial underperformance, and questionable dispositions of assets, such as the recent E-One disposition at less than what we and independent analysts believe to be optimal prices. Income before income taxes has over the past ten years declined from \$84.4 million in 1999 to \$26.3 million in 2009, not including a loss from discontinued operations of an additional \$126.9 million. We believe that the current directors must be held accountable for the Company's unacceptable performance.

The Kanders Group believes that the current Board has grown stale and needs an infusion of new blood and fresh thinking. All of our Nominees have outstanding credentials and are well-respected members of the business or legal community, well-qualified to serve on the Board and committed to building long-term stockholder value. They can provide the leadership necessary to reverse the negative rate of return the Company has delivered to stockholders over the past decade.

In the area of corporate governance, the Nominees will seek to further corporate democracy by supporting (i) the elimination of the staggered Board, (ii) the reversal of the By-law amendments made in July 2008, and (iii) linking executive compensation and equity related compensation directly to performance through appropriate financial targets and vesting schedules in order to align executive compensation with shareholder interests.

The Nominees are not committed to any specific agenda of proposed operational changes nor, should they be elected, would they have the power to make any changes to Company policy on their own as our Nominees would constitute only three of ten directors. We believe, however, that upon election and after having the opportunity to review with management Company specific information, the Nominees will serve as a valuable resource for management and, acting constructively, will be able to help guide them through the many challenges facing the Company.

Our Nominees, if elected, will constitute only three out of ten directors. Accordingly, the Nominees, even if voting together, will not be able to adopt any measures without the support of other members of the current Board. Nevertheless, the Nominees will have an opportunity to articulate and raise their concerns about the Company's business practices and strategic plans with the rest of the Board members and work constructively with the Board members to build consensus to accomplish these important goals.

WE BELIEVE THE ELECTION OF THE KANDERS GROUP'S NOMINEES WILL PROVIDE THE COMPANY WITH ABLE DIRECTORS THAT WILL STRIVE TO ENSURE THAT ALL OF THE COMPANY'S STOCKHOLDERS ARE BEING BEST SERVED. ELECTION OF THE KANDERS GROUP'S NOMINEES WILL SEND A CLEAR MESSAGE TO THE COMPANY'S BOARD THAT THEY MUST TAKE IMMEDIATE STEPS TO INCREASE STOCKHOLDER VALUE.

Our Nominees are committed to work constructively with the rest of the Board to promptly address the critical issues facing the Company and, if elected, will take the steps necessary to enhance value for stockholders. Given the Board's disappointing track record, we believe that it is in the best interest of all Company stockholders that the Kanders Group's Nominees be elected at the 2009 Annual Meeting so that they may promptly begin working constructively with management and the Company's other directors to deliver improved financial results, implement best practices in corporate governance and adopt a strategy to enhance value for stockholders.

The Kanders Group believes that your voice in the future of the Company can best be expressed through the election of our Nominees. Accordingly, we urge you to vote your GOLD proxy card FOR the election to the Board of Warren B. Kanders, Steven R. Gerbsman and Nicholas Sokolow.

YOUR VOTE IS IMPORTANT.

IN ORDER TO HAVE A BOARD THAT PLACES THE INTERESTS OF THE STOCKHOLDERS BEFORE ITS OWN SELF-INTERESTS, WE URGE YOU TO ELECT THE KANDERS GROUP'S NOMINEES TO THE BOARD. VOTE TO ELECT THE NOMINEES BY AS LARGE A VOTE AS POSSIBLE SO YOUR VOICE WILL BE HEARD.

THE KANDERS GROUP STRONGLY RECOMMENDS THAT YOU VOTE TO PROTECT YOUR INTEREST AS A STOCKHOLDER OF THE COMPANY BY SIGNING, DATING, AND RETURNING THE GOLD PROXY CARD TODAY.

About the Kanders Group and the Nominees

The solicitation of proxies is made by the Kanders Group. Information concerning the Kanders Group and Nominees is set forth below under the heading "Certain Information Regarding the Participants and Nominees."

PROPOSAL 1

ELECTION OF THE KANDERS GROUP'S NOMINEES

The Company has a classified board, currently consisting of three (3) Class I directors, three (3) Class II directors and four (4) Class III directors. At each annual meeting of stockholders, directors are duly elected for a full-term of three years to succeed those whose terms are expiring. At the 2009 Annual Meeting, three persons will be elected as Class I directors of the Company. Each person elected as a Class I director is elected to hold office until the 2012 annual meeting and until his or her respective successor shall have been duly elected and qualified. The Class II and Class III directors currently serve until the annual meetings of stockholders to be held in 2010 and 2011, respectively.

At the 2009 Annual Meeting, the Kanders Group will seek to elect three (3) Class I directors, Warren B. Kanders, Steven R. Gerbsman, and Nicholas Sokolow, each of whom has consented to being named in this proxy statement and to serving as a director, if elected, to fill the three (3) open director seats, in opposition to the Company's three nominees. Pursuant to the Company's Bylaws, each of Warren B. Kanders, Steven R. Gerbsman and Nicholas Sokolow will be elected if a quorum is present and they receive affirmative votes of a plurality of the votes cast. The Company's proxy statement for the 2009 Annual Meeting provides that abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Proxies withholding authority to vote for the Nominees and broker non-votes will not count as affirmative votes for the Nominees. If elected, the Nominees would be entitled to serve until the annual meeting of the Company's stockholders to be held in 2012.

You must sign and return the Kanders Group's GOLD proxy card to vote for Messrs. Kanders, Gerbsman and Sokolow.

Name, Age and Business Address	Present Principal Occupation or Employment and Business Experience During Last Five Years; Current Directorships
Warren B. Kanders 51 years old One Landmark Square 22nd Floor, Stamford, Connecticut 06901	Mr. Kanders has served as the President of Kanders & Company since 1990. Prior to the acquisition by BAE Systems, Inc. on July 31, 2007 of Armor Holdings, Inc., formerly a New York Stock Exchange-listed company, a manufacturer and supplier of military vehicles, armed vehicles and safety and survivability products and systems to the aerospace and defense, public safety, homeland security and commercial markets, he served as the Chairman of the Board of Armor Holdings, Inc. from January 1996 and as its Chief Executive Officer from April 2003. From April 2004 until October 2006, Mr. Kanders served as the Executive Chairman, and since October 2006, has served as the Non-Executive Chairman of the Board of Stamford Industrial Group, Inc. [SIDG.PK], formerly named Net Perceptions, Inc., a publicly-held company that, through its subsidiary, Concord Steel, is a leading independent manufacturer of steel counterweights. Since November 2004, Mr. Kanders has served as the Chairman of the Board of Directors of Langer, Inc.

[GAIT], a Nasdaq-listed manufacturer of skin-care products. Mr. Kanders has served since June 2002 as a member of the Board of Directors of Clarus Corporation [CLRS.PK], a publicly-held company, and as the Executive Chairman of Clarus Corporation's Board of Directors since December 2002. Since May 2007, Mr. Kanders has served as a director of Highlands Acquisition Corp., a publicly-held special purpose acquisition company formed in 2007. From October 1992 to May 1996, Mr. Kanders served as Founder and Vice Chairman of the Board of Benson Eyecare Corporation, a New York Stock Exchange-listed manufacturer and provider of eye care products and services. Mr. Kanders received a B.A. degree in Economics from Brown University in 1979.

Name, Age and Business Address	Present Principal Occupation or Employment and Business Experience During Last Five Years; Current Directorships
Steven R. Gerbsman 63 years old 211 Laurel Grove Avenue Kentfield, CA 94904	<p>Since 1980, Mr. Gerbsman has been a principal of Gerbsman Partners, a company providing consulting, management, advisory and investment banking services to its clients in a broad variety of industries. Mr. Gerbsman has significant experience in assisting companies in crisis management and turnaround situations and advising companies seeking to improve performance in specific balance sheet, financial or operating areas. Mr. Gerbsman has worked with a wide spectrum of senior and junior lenders, bondholder groups, venture capital and equity sources, private investors and institutional groups in maximizing enterprise, stakeholder and shareholder value. To date, Mr. Gerbsman has been involved in over \$2.2 billion of restructuring, financing and M&A transactions.</p> <p>Prior to forming Gerbsman Partners in 1980, Mr. Gerbsman was President of four operating divisions of ITEL Corporation with responsibility in the technology, leasing and business sectors. Mr. Gerbsman began his business career at IBM Corporation in 1967. Mr. Gerbsman received a BS in Accounting from Hunter College, New York and attended the Baruch Graduate School of Business in New York. Mr. Gerbsman is also a guest lecturer at the University of San Francisco's MBA program and at the Haas Graduate School of Business in Berkeley, California.</p>
Nicholas Sokolow 59 years old 770 Lexington Ave, 6th Floor New York, New York 10065	<p>Since 2007, Mr. Sokolow has been in private law practice as a partner in the firm of Lebow & Sokolow LLP. From 1994 to 2007, Mr. Sokolow was a partner in the law firm of</p>

Sokolow, Carreras & Partners. From June 1973 until October 1994, Mr. Sokolow was an associate and partner in the law firm of Coudert Brothers. Mr. Sokolow has served as a member of the Board of Directors of Stamford Industrial Group, Inc. since April 2004 and has served as a member of the Board of Directors of Clarus Corporation since June 2002. Prior to the acquisition by BAE Systems, Inc. of Armor Holdings, Inc. on July 31, 2007, Mr. Sokolow served as a member of the Board of Directors of Armor Holdings, Inc. since January 1996. Mr. Sokolow is a graduate of the Institut D'Etudes Politiques (Economics and Finance) and the Faculte de Droit (Law) and received a Masters of Comparative Law degree from the University of Michigan.

Each of the Nominees has consented to serve as a director until the expiration of his respective term and until such Nominee's successor has been elected and qualified or until the earlier resignation or removal of such Nominee. The Kanders Group believes that the Nominees are highly qualified to serve as directors on the Board and has no reason to believe that any of the Nominees will be disqualified or unable or unwilling to serve if elected. However, if any of the Nominees is unable to serve or for good cause will not serve, proxies may be voted for another person nominated by the Kanders Group to fill the vacancy.

In the event the Company purports to increase the number of nominees to be elected at the annual meeting pursuant to its Bylaws, the Kanders Group reserves the right to nominate such number of additional persons as directors as necessary to fill any vacancies created by the increase and to vote the GOLD proxies in favor of the election of such nominees.

There is no assurance that any of the Company's nominees will serve as directors if Messrs. Kanders, Gerbsman or Sokolow are elected to the Board. In the event that one or more of the Kanders Group Nominees is elected and that one or more of the Company's nominees declines to serve with such Nominee or Nominees, the Bylaws of the Company provide that director vacancies may be filled by majority vote of the directors then in office.

If any of Messrs. Kanders, Gerbsman or Sokolow is unable to serve as a director, Warren B. Kanders and Robert L. Lawrence, the named proxies on the attached GOLD card, or their designees, will vote for the election of an alternative nominee as may be proposed by Kanders.

PROPOSAL 2

COMPANY PROPOSAL TO RATIFY APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As discussed in further detail in the Company's proxy statement, the Company's Audit Committee appointed Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009. The Company is asking stockholders to ratify the appointment of Ernst & Young LLP as independent auditors for the Company's year ending December 31, 2009. According to the Company's proxy statement, the proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered accounting firm will require the affirmative vote of a majority of the votes cast affirmatively or negatively at the 2009 Annual Meeting for approval. An abstention will not count as a vote cast against this matter.

The Kanders Group makes no recommendation on Proposal 2.

While this proposal also appears on the Company's WHITE proxy card, you cannot vote for the Kanders Group's Nominees on that proxy card and thus we request that you use the GOLD proxy card to vote on this matter. If you return the GOLD proxy card and no direction is made with respect to this proposal, you will be deemed to have given a direction to vote all the shares represented by the GOLD proxy card FOR this proposal.

OTHER MATTERS TO BE CONSIDERED
AT THE 2009 ANNUAL MEETING

The Kanders Group is not aware of any other proposals to be brought before the 2009 Annual Meeting. Should other proposals be brought before the 2009 Annual Meeting, the persons named as proxies in the enclosed GOLD proxy card will vote on such matters in their discretion.

CERTAIN INFORMATION REGARDING THE PARTICIPANTS AND NOMINEES

During the last ten years, none of the Nominees has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). During the last five years, none of the Nominees has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, which as a result of such proceeding, was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Neither Mr. Kanders nor any other Nominee, nor any associate of Mr. Kanders or any other Nominee is believed to have any interest in the matters to be voted upon at the 2009 Annual Meeting, other than an interest, if any, as a stockholder of the Company or, with respect to the Nominees, as a nominee for director.

Except as otherwise described herein, neither Mr. Kanders nor any other Nominee nor any associate of Mr. Kanders or any other Nominee is now, or within the past year has been, a party to any contract, arrangement or understanding with any person with respect to any securities of the Company (including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits, or the giving or withholding of proxies).

Except as otherwise described herein, neither Mr. Kanders nor any other Nominee, nor any associate of Mr. Kanders or any other Nominee: (1) has engaged in or has a direct or indirect interest in any transaction or series of transactions since the beginning of the Company's last fiscal year, or in any currently proposed transaction, to which the Company or any of its subsidiaries is a party where the amount involved was in excess of \$120,000; (2) has borrowed any funds for the purpose of acquiring or holding any securities of the Company; (3) has any arrangement or understanding with any person regarding any future employment by the Company or its affiliates, or any future transaction to which the Company or any of its affiliates will or may be a party; or (4) is the beneficial or record owner of any securities of the Company or any parent or subsidiary thereof.

Additional information concerning Mr. Kanders and the other Nominees, including, but not limited to, beneficial ownership of and transactions in the Company's Common Stock, is set forth in Appendix A hereto.

OTHER MATTERS

In accordance with federal securities laws, the Kanders Group has omitted from this proxy statement certain disclosures that are included in the Company's proxy statement. These disclosures include, among other things, information regarding: (1) securities ownership of certain beneficial owners and management; (2) meetings and committees of the Board; (3) the background of the Company's nominees for the Board; (4) the compensation and remuneration paid and payable to the Company's directors and management; (5) voting procedures, including the share vote required for approval or election, at the 2009 Annual Meeting; (6) the submission of stockholder proposals at the Company's next annual meeting of stockholders; and (7) information regarding fees and services of the Company's independent auditors. The Kanders Group has no knowledge of the accuracy or completeness of the Company's disclosures in its proxy materials.

SOLICITATION; EXPENSES

Proxies may be solicited by the Kanders Group by mail, advertisement, telephone, facsimile, and personal solicitation. Banks, brokerage houses, and other custodians, nominees, and fiduciaries will be requested to forward the Kanders Group's solicitation material to their customers for whom they hold shares and the Kanders Group will reimburse them for their reasonable out-of-pocket expenses. Our proxy materials are available on the following web site:

_____.

The Kanders Group has retained MacKenzie Partners, Inc. to assist in the solicitation of proxies and for related services. The Kanders Group will pay MacKenzie Partners, Inc. a retainer of \$_____ for its services and has agreed to reimburse it for its reasonable out-of-pocket expenses. Mr. Kanders has agreed to indemnify MacKenzie Partners, Inc. against certain liabilities and expenses, including certain liabilities under the federal securities laws. The Securities and Exchange Commission deems such indemnification to be against public policy. Approximately _____ employees of MacKenzie Partners, Inc. will be involved in the solicitation of proxies.

The entire expense of preparing, assembling, printing, and mailing this Proxy Statement and related materials and the cost of soliciting proxies will be borne by the Kanders Group.

Although no precise estimate can be made at the present time, the Kanders Group currently estimates that the total expenditures relating to the proxy solicitation incurred by them will be approximately \$_____ of which approximately \$_____ has been incurred to date. The Kanders Group intends to seek reimbursement from the Company for those expenses incurred by them in connection with this proxy solicitation, if any or all of the Kanders Group's Nominees are elected, but does not intend to submit the question of such reimbursement to a vote of the stockholders.

VOTING AND REVOCATION OF PROXIES

For the proxy solicited hereby to be voted, the enclosed GOLD proxy card must be signed, dated, and returned to the Kanders Group, c/o MacKenzie Partners, Inc., in the enclosed envelope in time to be voted at the 2009 Annual Meeting. If you wish to vote for the Nominees, you must submit the enclosed GOLD proxy card and must NOT submit the Company's WHITE proxy card. If you have already returned the Company's WHITE proxy card, you have the right to revoke it as to all matters covered thereby by signing, dating, and mailing the enclosed GOLD proxy card. If you later vote on the Company's WHITE proxy card (even if it is to withhold authority to vote for the Company's nominees), you will revoke your previous vote for the Kanders Group's Nominees. **ONLY YOUR LATEST DATED PROXY WILL COUNT AT THE 2009 ANNUAL MEETING. WE URGE YOU NOT TO RETURN ANY WHITE PROXY CARD SENT TO YOU BY THE COMPANY.**

If your shares are held in the name of a brokerage firm, bank, or nominee, only such brokerage firm, bank, or nominee can vote such shares and only upon receipt of your specific instructions. Accordingly, please promptly contact the person responsible for your account at such institution and instruct that person to execute and return the GOLD proxy card on your behalf. You should also promptly sign, date, and mail the voting instruction form (or GOLD proxy card) that your broker or banker sends you. Please do this for each account you maintain to ensure that all of your shares are voted. If any of your shares were held in the name of a brokerage firm, bank, or nominee on the Record Date, you will need to give appropriate instructions to such institution if you want to revoke your proxy. **IF YOU DO NOT GIVE INSTRUCTIONS TO YOUR BROKER, BANK OR OTHER NOMINEE, YOUR SHARES WILL NOT BE VOTED.**

If your shares are held in the name of a brokerage firm, bank, or other nominee, that bank, brokerage firm or nominee may allow you to deliver your voting instructions by telephone or over the Internet. Stockholders whose shares are held by a brokerage firm, bank or nominee should refer to the voting instruction card forwarded to them by that brokerage firm, bank or other nominee holding their shares.

Execution of a GOLD proxy card will not affect your right to attend the 2009 Annual Meeting and to vote in person. Any proxy may be revoked as to all matters covered thereby at any time prior to the time a vote is taken by: (i) filing with the Secretary of the Company a later dated written revocation; (ii) submitting a duly executed proxy bearing a later date to the Kanders Group or to the Company; or (iii) attending and voting at the 2009 Annual Meeting in person. Attendance at the 2009 Annual Meeting will not in and of itself constitute a revocation.

Although a revocation will be effective only if delivered to the Company, the Kanders Group requests that either the original or a copy of all revocations be mailed to the Kanders Group, c/o MacKenzie Partners, Inc., 105 Madison Avenue, New York, New York 10016, so that the Kanders Group will be aware of all revocations and can more accurately determine if and when the requisite proxies for the election of the Nominees as directors have been received. The Kanders Group may contact stockholders who have revoked their proxies.

Shares of Common Stock represented by a valid, unrevoked GOLD proxy card will be voted as specified. Shares represented by a GOLD proxy card where no specification has been made will be voted FOR the Nominees.

Except as set forth in this Proxy Statement, the Kanders Group is not aware of any other matter to be considered at the 2009 Annual Meeting. The persons named as proxies on the enclosed GOLD proxy card will, however, have discretionary voting authority as such proxies regarding any other business that may properly come before the 2009 Annual Meeting. The proxies may exercise discretionary authority only as to matters unknown to the Kanders Group a reasonable time before this proxy solicitation.

Only holders of record of the Company's Common Stock on the Record Date will be entitled to vote at the 2009 Annual Meeting. If you are a stockholder of record on the Record Date, you will retain the voting rights in connection with the 2009 Annual Meeting even if you sell such shares after the Record Date. Accordingly, it is important that you vote the shares of Common Stock held by you on the Record Date, or grant a proxy to vote such shares on the GOLD proxy card, even if you sell such shares after such date.

The Kanders Group believes that it is in your best interest to elect the Nominees as directors at the 2009 Annual Meeting. WE STRONGLY RECOMMEND A VOTE FOR THE NOMINEES.

If you have any questions, require assistance in voting your GOLD proxy card, or need additional copies of the Kanders Group's proxy materials, please call MacKenzie Partners, Inc. at the phone numbers listed below:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, NY 10016

Call Collect: (212) 929-5500

or

Call Toll Free: (800) 322-2885

APPENDIX A

Beneficial Ownership Information and Two Year Transaction History

The following sets forth the number of shares of the Company's Common Stock beneficially owned by the Nominees and the two year transaction history for the shares. Except as otherwise provided herein, none of the purchase price or market value of these shares is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities. Mr. Kanders used his own assets to purchase the shares of the Company's Common Stock owned by him. Such shares were originally purchased for cash, free and clear of any liens, through brokerage custodian accounts. Mr. Kanders subsequently hypothecated such shares to a commercial bank, as customary collateral to secure a line of credit.

BENEFICIAL OWNERSHIP OF WARREN B. KANDERS

Name	Number of Shares	Approximate Percentage of Outstanding Shares(1)
Warren B. Kanders	1,253,313	2.6333%

(1) Based upon 47,592,751 shares of Common Stock outstanding as of March 3, 2009, as set forth in the Company's Proxy Statement for the 2009 Annual Meeting dated March 27, 2009, as filed with the Securities and Exchange Commission on March 30, 2009.

BENEFICIAL OWNERSHIP OF NICHOLAS SOKOLOW

Name	Number of Shares	Approximate Percentage of Outstanding Shares(1)
S.T. Investors Fund LLC(2)	59,043	Less than one percent (1%)
Anapa and Company, LLC (3)	60,000	Less than one percent (1%)
Total	119,043	Less than one percent (1%)

(1) Based upon 47,592,751 shares of Common Stock outstanding as of March 3, 2009, as set forth in the Company's Proxy Statement for the 2009 Annual Meeting dated March 30, 2009, as filed with the Securities and Exchange Commission on March 30, 2009.

(2) Represents shares of Common Stock held by S. T. Investors Fund, LLC, of which Mr. Sokolow is general manager, with sole power to direct the voting and disposition of the shares.

(3) Represents shares of Common Stock held by Anapa and Company, LLC, of which Mr. Sokolow is general manager, with sole power to direct the voting and disposition of the shares.

BENEFICIAL OWNERSHIP OF STEVEN R. GERBSMAN

Name	Number of Shares	Approximate Percentage of Outstanding Shares (1)
Steven R. Gerbsman	10,000	Less than one percent (1%)

(1) Based upon 47,592,751 shares of Common Stock outstanding as of March 3, 2009, as set forth in the Company's Proxy Statement for the 2009 Annual Meeting dated March 27, 2009, as filed with the Securities and Exchange

Commission on March 30, 2009.

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TRADING ACTIVITY OF WARREN B. KANDERS

The following table contains sets forth certain information with respect to all purchases and sales of the Common Stock effected within the past two years by Mr. Kanders.