FEDERAL SIGNAL CORP /DE/
Form 424B5
May 07, 2010

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-165558

PROSPECTUS SUPPLEMENT
(To Prospectus Dated March 24, 2010)

10,500,000 Shares

Common Stock
$6.25 per share

We are selling 10,500,000 shares of our common stock.

We have granted the underwriters an option to purchase up to 1,575,000 additional shares to cover over-allotments.

Our common stock is listed on the New York Stock Exchange under the symbol FSS. The last reported sale price of our common stock on the New York Stock Exchange on May 6, 2010 was $6.46 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 6.25	$ 65,625,000
Underwriting Discount	$ 0.3125	$ 3,281,250
Proceeds to Federal Signal (before expenses)	$ 5.9375	$ 62,343,750

The underwriters expect to deliver the shares to purchasers on or about May 12, 2010 through the book-entry facilities of The Depository Trust Company.

Sole Book-Running Manager
Citi

Co-Managers
BMO Capital Markets
Credit Suisse
HSBC
Loop Capital Markets, LLC

May 7, 2010

Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of common stock and also adds to and updates information contained in the accompanying prospectus as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the common stock we are offering. To the extent any inconsistency or conflict exists between the information included in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes the information in the accompanying prospectus. This prospectus supplement incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus supplement.

Unless the context requires otherwise, the terms Federal Signal, Company, we, our and us refer to Federal Signal Corporation and its consolidated subsidiaries.

MARKET AND INDUSTRY DATA

The market share, ranking and other data contained in this prospectus supplement are based either on management s own estimates, independent industry publications, reports by market research firms or other published independent sources and, in each case, are believed by management to be reasonable estimates. However, such data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data and the voluntary nature of reporting such data. In addition, in some cases we have not verified the assumptions underlying such data. As a result, you should be aware that market share, ranking and other similar data set forth herein, and estimates and beliefs based on such data, may not be reliable

Table of Contents

SUMMARY

This summary highlights selected information about us and this offering of our shares of common stock. It may not contain all the information that may be important to you in deciding whether to invest in our common stock. You should read this entire prospectus supplement and the accompanying prospectus, including the Risk Factors section and the financial data and related notes included elsewhere in this prospectus supplement, together with the information incorporated by reference, before making an investment decision.

Overview

Federal Signal is a leading global manufacturer and supplier of (i) safety, security and communication equipment, (ii) street sweepers and other environmental vehicles and equipment and (iii) vehicle-mounted, aerial platforms for fire fighting, rescue, electric utility and industrial uses. We also are a designer and supplier of technology-based products and services for the public safety and Intelligent Transportation Systems markets. In addition, we sell parts and tooling and provide service and repair, equipment rentals and training as part of a comprehensive offering to our customer base. We operate 19 manufacturing facilities in 7 countries and provide our products and integrated solutions to municipal, governmental, industrial and commercial customers throughout the world.

We have historically operated our business in three operating segments: Safety and Security Systems, Environmental Solutions and Fire Rescue.

Our Safety and Security Systems Group is a leading manufacturer and supplier of comprehensive systems and products that law enforcement, fire rescue, emergency medical services, campuses, military facilities and industrial sites use to protect people and property. Our key products include light bars, sirens, mass alert warning systems and industrial safety products. In 2009, this group had net sales of $293 million.

Our Environmental Solutions Group is a leading manufacturer and supplier of a full range of street sweeper and vacuum loader vehicles and high-performance water blasting equipment for municipal and industrial customers. We also manufacture products for the newer markets of hydro-excavation, glycol recovery and surface cleaning for utility and industrial customers. In 2009, this group had net sales of $300 million.

Our Fire Rescue Group is a leading manufacturer and supplier of sophisticated, vehicle-mounted, aerial platforms for fire fighting, rescue, electric utility and industrial uses. In 2009, this group had net sales of $160 million.

Recent Developments

In March 2010, we acquired Sirit Inc., which designs, develops and manufactures radio frequency identification device technology for applications such as tolling, electronic vehicle registration, parking and access control, cashless payments, supply chain management and asset tracking solutions. Also in March 2010, we acquired VESystems LLC, which designs, develops and deploys advanced software applications and customer management systems and services for the electronic toll collection and port industries. We reported each of these acquisitions in the Other segment for the first quarter of 2010.

During the second quarter of 2010, we expect to form Federal Signal Technologies Group (FSTech), a new operating segment that will focus on automated solutions for the Intelligent Transportation Systems and public safety markets and other applications that will leverage our technologies and process and service expertise. FSTech will provide technology platforms and services to customers in the areas of electronic toll collection, automated license plate recognition, electronic vehicle registration, parking and access control, cashless payment solutions, congestion charging, traffic management, site security solutions and supply chain systems.

Table of Contents

According to an industry report by Global Industry Analysts, the global market for Intelligent Transportation Systems is estimated to reach over $12 billion in 2010, with the U.S. representing the largest market. The electronic toll collection market, which represents approximately $3 billion by 2010, is the fastest growing product segment, estimated to have grown in excess of 17% per year over the past decade. We believe that trends in the transportation and safety markets will provide FSTech significant global growth opportunities.

We expect FSTech to consist of the following businesses:

Sirit: a leading designer and supplier of radio frequency identification device products used in electronic toll collection, electronic vehicle registration, parking and access control, cashless payment, supply chain management and asset tracking solutions;

VESystems: a leading designer and integrator of transaction processing and account management software and services that process high volume transactions occurring in electronic toll and port congestion management environments;

PIPS Technologies: a leading designer and manufacturer of automated license plate recognition technology that is used in public safety and transportation environments. PIPS™ cameras are used to automate and increase the efficiency of open road tolling, parking revenue collection, stolen vehicle recovery and criminal identification, among other uses (previously part of our Safety and Security Systems Group);

Diamond Consulting: a leading designer and integrator of sensors and software for open road tolling and traffic flow detection, which we acquired in December 2009. We believe Diamond s Idris® brand software is the premier technology for classifying vehicles for electronic toll collection (previously part of our Safety and Security Systems Group); and

Federal Automatic Parking Devices (FAPD): a leading designer and integrator of parking, access and revenue control systems. FAPD is a pioneer of integrated facility management systems for the parking industry, including software that enables variable-rate self-parking (previously part of our Safety and Security Systems Group).

The businesses that we expect will be part of FSTech have a history of working together to jointly deliver integrated client solutions. We believe our integrated solutions differentiate our products and services from our competitors offerings.

Our Competitive Strengths

Premier Brands. We have widely recognized brands of safety and security, street sweeper and environmental vehicle, fire rescue and intelligent transportation products and offerings. We believe these brands enhance our credibility with potential customers and promote confidence in the on-going quality of our products, thereby strengthening product recognition and customer relationships. We believe there is an increasing trend among our customers to consolidate their global supplier base and turn to established brands and vendors. Select premier brands include Federal Signal™ light bars, sirens and warning systems, Elgin® street sweepers, Vactor® sewer cleaners, Guzzler® industrial vacuum trucks, Jetstream™ water blasters, Bronto™ aerial platforms, PIPS™ automated license plate recognition cameras, Idris® vehicle classification software, Sirit® radio frequency identification device technologies and VESystems™ transaction processing software and services. We generated approximately 83% of our 2009 net sales from products that we believe have either a #1 or #2 share of their markets.

Comprehensive Offering of Products and Services. We offer a wide range of high quality products with the flexibility to meet our customers diverse and growing needs. In addition, we sell parts and tooling and provide service and repair, equipment rentals and training as part of a comprehensive offering to our customer base. We believe that our breadth of products and services and differentiated capabilities enhance our customer relationships and provide opportunities for future growth with existing and new customers.

Established Distribution Networks with Long Standing Customer Relationships. We have been in business for over 100 years and have developed strong sales and distribution networks. We sell our products through our direct sales force, our exclusive dealerships and a network of wholesalers and independent representatives. Our extensive product and customer base encourages our dealers and independent representatives to continue to sell and service our products, while providing us with opportunities to increase recurring revenue through sales of parts and services. Additionally, our distribution networks have fostered long standing relationships that allow us to partner with our municipal, governmental and industrial customers and understand their current and future needs.

Innovative Technology, Design and Engineering Capabilities. We believe our strong design and engineering capabilities enable us to use our technologies and processes to develop innovative products that meet our customers evolving needs. For example, our technologies are used in a variety of applications designed to reduce traffic congestion and, in turn, vehicle emissions. Our PIPS technology is used in the London congestion charging project and technologies from PIPS, Sirit and Diamond are combined in an integrated solution for one of the first all-electronic toll collection systems in the U.S. Our FAPD technologies are deployed as part of the web-based parking management system at the new Yankee Stadium in New York as well as the parking management systems at the New York City metropolitan area airports. In addition, our Federal Signal technologies are used in warning systems that provide detailed, localized and timely notification of emergency situations on campuses, military facilities and industrial sites. These technology-based solutions deliver increased efficiencies and lower costs for our customers.

Our Growth Strategy

Focus on Growth Opportunities in Higher Margin Businesses. Since 2008, we have implemented a strategy of capitalizing on growth opportunities in higher margin, less asset intensive businesses that leverage our technology capabilities. As part of this strategy, our new management team, which joined us in 2008, has divested slower growth, non-core businesses in order to focus on higher margin businesses that we believe provide more attractive growth opportunities. In 2008 and 2009, we divested non-core businesses for over $100 million as well as, our municipal leasing portfolio for $94 million. In 2009 and 2010, we completed three strategic acquisitions that have broadened the portfolio of technology-based products and services that we expect to offer through our FSTech segment. Due to increasing growth opportunities in Intelligent Transportation Systems and safety and security, we believe that FSTech and our Safety and Security Systems Group will represent an increasing portion of our business over time.

Expand Product and Service Offerings. We intend to leverage our customer relationships and understanding of their markets and businesses to expand our portfolio of products and services. We continue to invest in research and development to create new products and services for our customers evolving needs. Our technology, design and process expertise enables us to adapt our solutions for customers, which we believe will allow us to capture a larger share of our customers business and the overall market. For example, we have incorporated compressed natural gas and liquefied natural gas capabilities into the Elgin® and Vactor® product lines in response to increasing municipal customer demands for alternative fuel vehicles.

Leverage Global Capabilities. Our global brands and customer relationships provide us with opportunities to increase our market share and benefit from international economic growth. Our significant global footprint is demonstrated by the fact that we generated 44% of our net sales in 2009 outside the U.S. We believe we are well positioned to realize growth from both developed and developing economies. For example, we recently entered the Chinese market for water blasters by adapting our Jetstream™ product line for local customer requirements.

Increase Operating Margins and Improve Cash Flow. We continue to pursue cost reductions and operating efficiencies through numerous initiatives. We continually seek ways to increase our productivity, reduce our fixed cost structure, rationalize capacity and efficiently manage working capital and capital spending. During 2009, these initiatives resulted in annual cost savings of approximately $30 million and reduced working capital by $28 million. We believe our improved cost structure will enable us to realize higher margins in an improving revenue environment.

Table of Contents

Capitalize on FSTech Growth Opportunities. We believe that the businesses that we expect will be part of the FSTech segment are well positioned to deliver growth by offering innovative products and solutions to the Intelligent Transportation Systems and public safety markets. We believe FSTech will have significant growth opportunities for a variety of reasons, including:

- the increasing focus of governments, municipalities and private operators on technology-based solutions that address transportation and safety needs;
- the global growth in electronic toll collection and electronic vehicle registration resulting from an increased focus on traffic congestion and related environmental concerns, vehicle registration and associated revenues. For example, Brazil and Mexico have recently mandated deployment of electronic vehicle registration systems in those countries;
- our comprehensive and integrated product and service offerings. For example, we offer electronic toll collection systems that include the technologies used from the time the toll is reported in the lane to the time the transaction is processed and the vehicle owner s account is charged; and
- our proven capabilities in Intelligent Transportation Systems and public safety applications as demonstrated by successful deployments in numerous domestic and international locations. A history of specific system installations is a key criteria for the qualification and selection processes for many potential customers and projects.

Corporate Information

Our company was founded in 1901 and was reincorporated as a Delaware corporation in 1969. Our principal executive office is located at 1415 West 22nd Street, Oak Brook, Illinois 60523. Our telephone number is (630) 954-2000. Our website is located at www.federalsignal.com. Other than as described in Where You Can Find More Information below, the information on, or that can be accessed through, our website is not incorporated by reference in this prospectus supplement, and you should not consider it to be a part of this prospectus supplement.

Table of Contents

The Offering

Issuer	Federal Signal Corporation
Common stock offered	10,500,000 shares
Over-allotment option	1,575,000 shares
Shares outstanding after this offering(1)	60,673,223 shares
Use of proceeds	We estimate that our net proceeds from this offering, without exercise of the over-allotment option, will be approximately $61.7 million after deducting underwriting discounts and our estimated expenses related to this offering. We intend to use these net proceeds to repay amounts outstanding under our revolving credit facility.
Listing	Our common stock is listed on the New York Stock Exchange under the symbol FSS.
Risk factors	See Risk Factors beginning on page S-8 of this prospectus supplement and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Conflicts of Interest	We intend to use the net proceeds of this offering to repay amounts outstanding under our revolving credit facility. See Use of Proceeds. Affiliates of BMO Capital Markets Corp., Credit Suisse Securities (USA) LLC and HSBC Securities (USA) Inc. are lenders under our revolving credit facility, and each will receive more than 5% of the net proceeds of this offering, not including underwriting compensation, in connection with the repayment of amounts outstanding under our revolving credit facility. Accordingly, this offering is being conducted in compliance with NASD Rule 2720, as administered by the Financial Industry Regulatory Authority. Pursuant to such rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering, as the offering is of a class of securities having a bona fide public market as contemplated by such rule. In addition, Bank of Montreal, an affiliate of BMO Capital Markets Corp., is the administrative agent under our revolving credit facility. See Underwriting Conflicts of Interest.

(1) The number of shares of common stock outstanding after this offering is based on the number of shares outstanding at April 27, 2010 and the issuance of 10,500,000 shares in this offering. This number excludes 1,575,000 shares of common stock that may be sold by us if the underwriters exercise their over-allotment option in full, 1,857,466 shares of common stock underlying awards outstanding as of April 27, 2010 granted under our stock option, equity incentive and executive performance plans, and 4,660,537 shares of common stock reserved and available for future issuance as of April 27, 2010 under our stock option, equity incentive and executive performance plans.

S-5

Table of Contents

Summary Consolidated Financial Data

The following table sets forth our summary consolidated financial data. You should read the following summary consolidated financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes included elsewhere in this prospectus supplement.

Our summary historical consolidated financial data as of and for the years ended December 31, 2007, 2008 and 2009, has been derived from our audited historical consolidated financial statements. Our summary unaudited historical consolidated financial data as of and for the three months ended March 31, 2009 and 2010 has been derived from our unaudited historical consolidated financial statements.

	Three Months Ended March 31,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(Unaudited)				
Operating Results ($ in millions):					
Net sales(a)	$ 166.6	$ 184.7	$ 752.5	$ 879.0	$ 854.8
Income (loss) before income taxes(a)	(4.6)		22.3	20.7	47.1
Income (loss) from continuing operations(a)	(3.2)	0.2	17.7	27.2	35.1
Operating margin(a)	(0.5)%	2.3%	4.4%	5.7%	8.0%
Return on average common shareholders equity	(1.1)%	0.3%	7.5%	(25.9)%	13.1%
Common Stock Data (per share):					
Income (loss) from continuing operations diluted	$ (0.06)	$	$ 0.36	$ 0.57	$ 0.73
Cash dividends per share	0.06	0.06	0.24	0.24	0.24
Market price range:					
High	$ 9.50	$ 9.28	$ 9.30	$ 17.50	$ 17.00
Low	6.02	3.73	3.73	5.10	10.82
Average common shares outstanding (in millions)	49.2	47.9	48.6	47.7	47.9
Financial Position at Period-End (dollars in millions):					
Working capital(a)(b)	97.4	143.7	$ 113.0	$ 148.0	$ 83.4
Current ratio(a)(b)	1.5	1.9	1.7	1.9	1.4
Total assets	846.5	819.5	744.9	839.0	1,172.9
Long-term debt, net of current portion	252.5	239.8	159.7	241.2	240.7
Shareholders equity	327.8	288.8	328.7	287.1	447.3
Debt-to-capitalization ratio(c)	48.0%	48.1%	38.0%	49.3%	39.2%
Net debt-to-capitalization ratio(d)	47.0%	46.1%	35.4%	46.1%	38.2%
Other (dollars in millions):					
Orders(a)	$ 198.3	$ 159.4	$ 639.7	$ 860.9	$ 920.1
Backlog(a)	222.7	261.5	170.5	290.2	319.9
Net cash provided by operating activities	(9.6)	7.8	62.4	123.7	65.4
Net cash provided by (used for) investing activities	(99.8)	(0.9)	31.0	54.6	(106.6)

Net cash (used for) provided by financing activities	97.8	(20.6)	(96.5)	(166.7)	36.8
Capital expenditures(a)	3.2	3.9	14.6	28.0	19.5
Depreciation and amortization(a)	4.2	3.8	15.3	14.9	13.3
Employees(a)	2,892	2,827	2,614	3,034	3,198

(a) Continuing operations only, prior year amounts have been reclassified for discontinued operations as discussed in Note 13 to the audited consolidated financial statements and Note 15 to the unaudited consolidated financial statements included elsewhere in this prospectus supplement.

Table of Contents

(b) Working capital: current assets less current liabilities; current ratio: current assets divided by current liabilities.

(c) Total debt divided by the sum of total debt plus equity.

(d) Net debt to capitalization ratio: debt less cash and cash equivalents and short-term investments divided by equity plus debt less cash and cash equivalents and short-term investments.

The 2009 and 2008 income before income taxes includes restructuring costs of $1.5 million and $2.7 million, respectively. The 2008 income before income taxes was impacted by a $6.5 million loss incurred to settle a dispute and write off assets associated with a large parking systems contract and a $13.0 million loss associated with our decision to terminate funding of a joint venture in China. 2009 operating income benefitted from $5.8 million in lower legal and trial costs associated with our ongoing firefighter hearing loss litigation.

RISK FACTORS

An investment in our common stock involves various material risks. You should carefully consider the risks set forth below, as well as all of the other information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding to invest in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, financial condition, prospects, results of operations and cash flows. In such case, the trading price of our common stock could decline, and you could lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, prospects, results of operations and cash flows.

Risks Related to Our Business

Our financial results are subject to considerable cyclicality.

Our ability to be profitable depends heavily on varying conditions in the United States government and municipal markets and the overall United States economy. The industrial markets in which we compete are subject to considerable cyclicality and move in response to cycles in the overall business environment. Many of our customers are municipal governmental agencies, and as a result, we are dependent on municipal government spending. Spending by our municipal customers can be affected by local political circumstances, budgetary constraints, and other factors. The United States government and municipalities depend heavily on tax revenues as a source of their spending, and accordingly, there is a historical correlation, of a one or two year lag between the overall strength of the United States economy and our sales to the United States government and municipalities. Therefore, downturns in the United States economy are likely to result in decreases in demand for our products. During previous economic downturns, we experienced decreases in sales and profitability, and we expect our business to remain subject to similar economic fluctuations in the future.

The execution of our growth strategy is dependent upon the continued availability of credit and third-party financing arrangements for our customers.

The economic downturn has resulted in tighter credit markets, which could adversely affect our customers ability to secure the financing necessary to proceed or continue with purchases of our products and services. Our customers or potential customers inability to secure financing for projects could result in the delay, cancellation or down-sizing of new purchases or the suspension of purchases already under contract, which could cause a decline in the demand for our products and services and negatively impact our revenues and earnings.

Failure to keep pace with technological developments may adversely affect our operations.

We are engaged in an industry which will be affected by future technological developments. The introduction of products or processes utilizing new technologies could render our existing products or processes obsolete or unmarketable. Our success will depend upon our ability to develop and introduce on a timely and cost-effective basis new products, applications and processes that keep pace with technological developments and address increasingly sophisticated customer requirements. We may not be successful in identifying, developing and marketing new products, applications and processes and product or process enhancements. We may experience difficulties that could delay or prevent the successful development, introduction and marketing of product or process enhancements or new products, applications or processes. Our products, applications or processes may not adequately meet the requirements of the marketplace and achieve market acceptance. Our business, operating results and financial condition could be materially and adversely affected if we were to incur delays in developing new products, applications or processes or product or process enhancements or if our products do not gain market acceptance.

Our efforts to develop new products and services or enhance existing products and services involve substantial research, development and marketing expenses, and the resulting new or enhanced products or services may not generate sufficient revenues to justify the expense.

We place a high priority on developing new products and services, as well as enhancing our existing products and services. As a result of these efforts, we may be required to expend substantial research, development and marketing resources, and the time and expense required to develop a new product or service or enhance an existing product or service are difficult to predict. We cannot be certain that any new or enhanced product or service will generate sufficient revenue to justify the expense and resources devoted to this product diversification effort.

We have international operations that are subject to foreign economic and political uncertainties.

Our business is subject to fluctuations in demand and changing international economic and political conditions which are beyond our control. During 2009, approximately 44% of our net sales were to customers outside the United States, with approximately 31% of our net sales being supplied from overseas operations. We expect a significant and increasing portion of our revenues and profits to come from international sales for the foreseeable future. Operating in the international marketplace exposes us to a number of risks, including abrupt changes in foreign government policies and regulations, restrictive domestic and international trade regulations, U.S. laws applicable to foreign operations, such as the Foreign Corrupt Practices Act (FCPA), political, religious and economic instability, local labor market conditions, the imposition of foreign tariffs and other trade barriers and, in some cases, international hostilities. To the extent that our international operations are affected by unexpected and adverse foreign economic and political conditions, we may experience project disruptions and losses which could significantly reduce our revenues and profits. Additionally, penalties for non-compliance with laws applicable to international business and trade, such as FCPA, could negatively impact our business.

Some of our contracts are denominated in foreign currencies, which result in additional risk of fluctuating currency values and exchange rates, hard currency shortages and controls on currency exchange. Although currency exposure is hedged in the short term, over the longer term changes in the value of foreign currencies could increase our U.S. dollar costs for, or reduce our U.S. dollar revenues from, our foreign operations. Any increased costs or reduced revenues as a result of foreign currency fluctuations could adversely affect our profits.

We operate in highly competitive markets.

The markets in which we operate are highly competitive. The intensity of this competition, which is expected to continue, can result in price discounting and margin pressures throughout the industry and adversely affects our ability to increase or maintain prices for our products. In addition, certain of our competitors may have lower overall labor or material costs. In addition, our contracts with municipal and other governmental customers are in some cases awarded and renewed through competitive bidding. We may not be successful in obtaining or renewing these contracts, which could be harmful to our business and financial performance.

Our ability to operate effectively could be impaired if we fail to attract and retain key personnel.

Our ability to operate our businesses and implement our strategies depends, in part, on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other factors, our ability to attract and retain qualified personnel, including finance personnel, research professionals, technical sales professionals and engineers. The loss of the services of any key employee or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or business prospects.

Table of Contents

We rely on access to financial markets to finance a portion of our working capital requirements and support our liquidity needs. Access to these markets may be adversely affected by factors beyond our control, including turmoil in the financial services industry, volatility in securities trading markets and general economic downturns.

We draw upon our revolving credit facility and our operating cash flow to fund working capital needs, capital expenditures, strategic acquisitions, pension contributions, debt repayments, share repurchases and dividends. Market disruptions such as those recently experienced in the United States and abroad have materially impacted liquidity in the credit and debt markets, making financing terms for borrowers less attractive and in certain cases resulting in the unavailability of certain types of financing. Continued uncertainty in the financial markets may negatively impact our ability to access additional financing or to refinance our revolving credit facility or existing debt arrangements on favorable terms or at all, which could negatively affect our ability to fund current and future operations as well as future acquisitions and development. These disruptions may include turmoil in the financial services industry, unprecedented volatility in the markets where our outstanding securities trade, and general economic downturns in the areas where we do business. If we are unable to access financing at competitive rates, or if our short-term or long-term borrowings costs dramatically increase, our ability to finance our operations, meet our short-term debt obligations and implement our operating strategy could be adversely affected.

We are subject to a number of restrictive debt covenants.

Our revolving credit facility and other debt instruments contain certain restrictive debt covenants and other customary events of default that may hinder our ability to continue operating or to take advantage of attractive business opportunities. These restrictive covenants include, among other things, an interest coverage ratio of 3.0:1.0 in all quarters and a maximum debt-to-total-capitalization ratio of 0.5:1.0. Our ability to comply with these restrictive covenants may be affected by the other factors described in this Risk Factors section and other factors outside our control. Failure to comply with one or more of these restrictive covenants may result in an event of default. Upon an event of default, if not waived by our lenders, our lenders may declare all amounts outstanding as due and payable. If we are unable to comply with the restrictive covenants in the future, we would be required to obtain further modifications from our lenders or secure another source of financing. If our current lenders accelerate the maturity of our indebtedness, we may not have sufficient capital available at that time to pay the amounts due to our lenders on a timely basis. In addition, these restrictive covenants may prevent us from engaging in transactions that benefit us, including responding to changing business and economic conditions and taking advantage of attractive business opportunities.

We may incur material losses and costs as a result of product liability, warranty, recall claims or other lawsuits or claims that may be brought against us.

We are exposed to product liability and warranty claims in the normal course of business in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. Accordingly, we could experience material warranty or product liability costs in the future and incur significant costs to defend against these claims. We carry insurance and maintain reserves for product liability claims. However, we cannot assure you that our insurance coverage will be adequate if such claims do arise, and any liability not covered by insurance could have a material adverse impact on our results of operations and financial position. A future claim could involve the imposition of punitive damages, the award of which, pursuant to state laws, may not be covered by insurance. In addition, warranty or other claims are not typically covered by insurance coverage. Any product liability or warranty issues may adversely impact our reputation as a manufacturer of high quality, safe products and may have a material adverse effect on our business.

We have been sued by firefighters seeking damages claiming that exposure to our sirens has impaired their hearing and that the sirens are therefore defective. Currently, there are 94 cases pending against us involving a total of over

2,000 plaintiffs. The trial of the first of these plaintiffs claims occurred in 2008 and the jury returned a unanimous verdict in our favor. However, in two trials occurring in 2009 and 2010, verdicts were returned against us and for the plaintiffs in varying amounts totaling approximately $520,000. Plaintiffs attorneys have threatened to file additional lawsuits. We are appealing the unfavorable verdicts and intend to vigorously defend all of these lawsuits. We are engaged in ongoing negotiations with our insurance carrier over insurance coverage on these claims. Our negotiations have resulted in reimbursement of a portion, but not all, of our defense costs. In addition, we are subject to other claims and litigation from time to time as further described in the notes to our consolidated financial statements.

We may be unsuccessful in our future acquisitions, if any, which may have an adverse effect on our business.

Our long-term strategy includes expanding into adjacent markets through selective acquisitions of companies, complementary technologies and organic growth in order to enhance our global market position and broaden our product offerings. This strategy may involve the acquisition of companies that, among other things, enable us to build on our existing strength in a market or that give us access to proprietary technologies that are strategically valuable or allows us to leverage our distribution channels. In connection with this strategy, we could face certain risks and uncertainties in addition to those we face in the day-to-day operations of our business. We also may be unable to identify suitable targets for acquisition or make acquisitions at favorable prices. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition would depend on a variety of factors, including our ability to obtain financing on acceptable terms. In addition, our acquisition activities could be disrupted by overtures from competitors for the targeted companies, governmental regulation and rapid developments in our industry that decrease the value of a target s products or services.

Acquisitions involve risks, including those associated with the following:

- integrating the operations, financial reporting, disparate technologies and personnel of acquired companies;
- managing geographically dispersed operations;
- diverting management s attention from other business concerns;
- entering markets or lines of business in which we have either limited or no direct experience; and
- potentially losing key employees, customers and strategic partners of acquired companies.

We also may not achieve anticipated revenue and cost benefits. Acquisitions may not be accretive to our earnings and may negatively impact our results of operations as a result of, among other things, the incurrence of debt, one time write-offs of goodwill and amortization expenses of other intangible assets. In addition, future acquisitions could result in dilutive issuances of equity securities.

We may not realize the expected benefits of our recent acquisitions because of integration difficulties and other challenges.

The success of our recent acquisitions of Sirit, Inc., VESystems, LLC and Diamond Consulting Services, Ltd. will depend, in part, on our ability to timely and efficiently realize the anticipated benefits from integrating those businesses with our existing businesses. Factors that could affect our ability to achieve the anticipated benefits from our recent acquisitions include:

- failure to implement our business plan for the combined businesses;
- unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;

failure of the acquired businesses to perform in accordance with our expectations;

failure to achieve anticipated synergies between our existing businesses and the acquired businesses;

unanticipated changes in applicable laws and regulations;

increased risk of litigation involving patents and other intellectual property rights;

failure to retain key employees;

operating risks inherent in the respective businesses of Sirit, VESystems and Diamond;

the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002;

liabilities of the acquired businesses that were not known at the time of the acquisition; and

other unanticipated issues, expenses and liabilities.

If we cannot successfully integrate the acquired businesses on a reasonable timeframe, we may not be able to realize the potential benefits anticipated from the acquisitions, and our financial condition, results of operations, and cash flows could be materially and adversely affected.

We have substantially increased our leverage in order to finance our recent acquisitions, and we are subject to restrictive covenants that will affect our ability to engage in business transactions.

To finance our recent acquisitions of Sirit and VESystems, we borrowed $84.6 million of additional money and had $304.6 million of indebtedness as of March 31, 2010. Increased indebtedness may reduce our flexibility to respond to changing business and economic conditions or fund capital expenditures or working capital needs because we will require additional funds to service our indebtedness. In addition, financial and other covenants we have with our lenders will limit our ability to incur additional indebtedness, make investments, pay dividends and engage in other transactions, and the leverage may cause potential lenders to be less willing to loan funds to us in the future. Our failure to comply with these covenants could result in an event of default that, if not waived or cured, could result in the acceleration of all our indebtedness.

Our recently acquired businesses may have liabilities which are not known to us.

As a result of our recent acquisitions, we have assumed liabilities associated with the acquired businesses. There may be liabilities that we failed, or were unable, to discover in the course of performing due diligence investigations on the acquired businesses. We cannot assure you that our rights to indemnification from sellers of the acquired businesses to us will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the businesses or property acquired. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business.

We may be required to recognize impairment charges for our goodwill and other indefinite lived intangible assets.

In accordance with generally accepted accounting principles, we periodically assess our goodwill and other indefinite lived intangible assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, unexpected significant changes or planned changes in the use of our assets and market capitalization declines may result in impairments to goodwill and other long lived assets. Future impairment charges could significantly affect our results of operations in the periods recognized. Impairment charges would also reduce our consolidated shareholders equity and increase our debt-to-total-capitalization ratio, which may result in an event of default under our revolving credit facility and other debt instruments. Upon an event of default, if not waived by our lenders, our lenders may declare all amounts outstanding as due and payable.

The costs associated with complying with environmental and safety regulations could lower our margins.

We, like other manufacturers, continue to face heavy governmental regulation of our products, especially in the areas of the environment and employee health and safety. Complying with environmental and safety requirements has added and will continue to add to the cost of our products, and could increase the capital required. While we believe that we are in compliance in all material respects with these laws and regulations, we may be adversely impacted by costs, liabilities or claims with respect to our operations under existing laws or those that may be adopted. These requirements are complex, change frequently and have tended to become

Table of Contents

more stringent over time. Therefore, we could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions as a result of violation of, or liabilities under, environmental laws and safety regulations.

The inability to obtain raw materials, component parts, and/or finished goods in a timely and cost-effective manner from suppliers would adversely affect our ability to manufacture and market our products.

We purchase raw materials and component parts from suppliers to be used in the manufacturing of our products. In addition, we purchase certain finished goods from suppliers. Changes in our relationships with suppliers, shortages, production delays or work stoppages by the employees of such suppliers could have a material adverse effect on our ability to timely manufacture and market products. In addition, increases in the costs of purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delays, inefficiencies or our inability to market products. In addition, our profit margins would decrease if prices of purchased raw materials, component parts or finished goods increase and we are unable to pass on those increases to our customers.

Disruptions within our dealer network could adversely affect our business.

We rely on a national and global dealer network to market certain of our products and services. A disruption in our dealer network within a specific local market could temporarily have an adverse impact on our business within the affected market. In addition, the loss or termination of a significant number of dealers could cause difficulties in marketing and distributing our products and have an adverse effect on our business, operating results or financial condition.

Risks Related to Our Common Stock and this Offering

The market price of our common stock is highly volatile and may result in investors selling shares of our common stock at a loss.

The trading price of our common stock is highly volatile and subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

- actual or anticipated variations in quarterly operating results;
- changes in financial estimates by securities analysts that cover our stock or our failure to meet these estimates;
- reduction of municipal or other governmental spending due to a decreasing tax base or inability to access capital;
- changes in market valuations of other companies operating in our industry;
- announcements by us or our competitors of a significant acquisition or divestiture; and
- additions or departures of key personnel.

In addition, the stock market in general has experienced extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of listed companies. Industry factors may seriously harm the market price of our common stock, regardless of our operating performance. Such stock price volatility could result in investors selling shares of our common stock at a loss.

Future sales of our common stock or equity-linked securities in the public market could adversely affect the trading price of our common stock and our ability to raise funds in new stock offerings.

We may issue equity securities in the future, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. Sales of a substantial number of shares of our common stock or other equity securities, including sales of shares in connection with any future acquisitions, could be substantially dilutive to shareholders of our common stock. These sales may have a harmful effect on prevailing market prices for our common stock and our ability to raise additional capital in the financial markets at a time and price favorable to us. Moreover, to the extent that we issue restricted stock units, stock appreciation rights, options, or warrants to purchase our common stock in the future and those stock appreciation rights, options, or warrants are exercised or as the restricted stock units vest, our shareholders may experience further dilution. Holders of our shares of common stock have no preemptive rights that entitle holders to purchase a pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy, to adjust our ratio of debt to equity, to satisfy obligations upon exercise of outstanding warrants or options or for other reasons. Our restated certificate of incorporation, as amended, provides that we have authority to issue 90,000,000 shares of common stock and 800,000 shares of preferred stock. As of April 27, 2010, 50,173,223 shares of common stock and no shares of preferred or other capital stock were issued and outstanding.

We may reduce or eliminate the dividend you receive on our common stock.

Although we have during 2005 through 2009 paid an annual dividend of $0.24 per share, the payment of future dividends is at the discretion of our board of directors and will depend upon, among other things, our future earnings, cash flows, capital requirements, general financial condition, general business condition and other factors that our board of directors may deem relevant. Accordingly, our board of directors may at any time reduce or eliminate our annual dividend. See Dividend Policy.

Provisions in our restated certificate of incorporation, as amended, could make it more difficult for a third party to acquire us or could adversely affect the rights of holders of our common stock or the market price of our common stock.

Our restated certificate of incorporation, as amended, provides that our board of directors has the authority, without any action of our stockholders, to issue up to 800,000 shares of preferred stock. Preferred stock may be issued upon such terms and with such designations as our Board of Directors may fix in its discretion, including with respect to: the rights of the shares of preferred stock upon our liquidation, dissolution or winding up; voting rights that dilute the voting power of our common stock; dividend rates; or redemption or conversion rights.

Our restated certificate of incorporation, as amended, also provides that approval of at least two-thirds of the outstanding shares entitled to vote is required for the approval of certain business combinations, such as a merger, consolidation or a sale of substantially all of our assets, with a stockholder who owns or controls more than 5% of the voting power of our common stock. This requirement does not apply, however, if our Board of Directors approved the business combination prior to the stockholder s acquisition of the ownership of control of more than 5% of the voting power of our common stock.

Finally, our restated certificate of incorporation, as amended, provides that approval of our board of Directors is required for our stockholders to take action without a meeting or vote of stockholders (i.e., by written consent).

These provisions could potentially be used to discourage attempts by others to obtain control of us through merger, tender offer, proxy, consent or otherwise by making such attempts more difficult or more costly, even if the offer may be considered beneficial by our stockholders. These provisions also may make it more difficult for our stockholders to take action opposed by our Board of Directors or otherwise adversely affect the rights of holders of our common stock or the market price of our common stock.

Our deferred tax assets and other tax attributes could be significantly limited if we experience an ownership change as defined in Section 382 of the Internal Revenue Code.

We have significant deferred tax assets that are generally available to offset future taxable income or income tax. In the event that we experience an ownership change for federal income tax purposes under Internal Revenue Code (the Code) Section 382 (Section 382), we may be restricted annually in our ability to use our tax attributes to offset future taxable income or income tax, including any deferred tax assets and

Table of Contents

losses that are subsequently recognized with respect to assets that had a built-in-loss on the date of the ownership change. In general, we would be deemed to have an ownership change under Section 382 if, immediately after any owner shift involving a 5% shareholder or any equity structure shift, the percentage of ownership by one or more 5% shareholders has increased by more than 50% over the lowest percentage of ownership of our company owned by such shareholders at any time during the three-year testing period. While the complexity of Section 382 s provisions and the limited knowledge any public company has about the ownership of its publicly traded stock make it difficult to determine whether an ownership change has occurred, as of April 27, 2010, we do not believe that an ownership change has occurred that would restrict our ability to use our current deferred tax assets under Section 382. However, we believe that as a result of this offering, it is more likely that an ownership change could occur in the future, including as a result of trading in our stock or otherwise. If an ownership change were to occur, our ability to use these tax assets and other tax attributes would likely be limited, which would have a significant negative impact on our financial position and results of operations.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein contain certain statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words anticipate, expect, believe, goal, plan, intend, estimate, may, will, and similar expressions and variations thereof are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Those statements appear in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference, particularly in the sections entitled Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and Prospectus Summary, and include statements regarding the intent, belief or current expectations of us and our management that are subject to known and unknown risks, uncertainties and assumptions.

These risks and uncertainties, some of which are beyond our control, include the cyclical nature of our industrial, municipal, government and commercial markets; the availability of credit and third-party financing for customers; technological advances by competitors; our ability to expand into new geographic markets and to anticipate and meet customer demands for new products and product enhancements; domestic and foreign governmental policy change; changes in cost competitiveness including those resulting from foreign currency movements; general changes in the competitive environment; retention of key employees; restrictive debt covenants; increased warranty and product liability expenses; unforeseen developments in contingencies such as litigation; our ability to achieve expected savings from integration, synergy and other cost-control initiatives; compliance with environmental and safety regulations; risks associated with suppliers, dealers and other partner alliances; disruptions in the supply of parts or components from sole source suppliers and subcontractors; protection and validity of patent and other intellectual property rights; volatility in securities trading markets; and economic downturns.

This prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein also contain statements that are based on the current expectations of us and our management. These statements are forward-looking statements. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission (the SEC), we do not plan to publicly update or revise any forward-looking statements contained herein after we distribute this prospectus supplement and the accompanying prospectus, whether as a result of any new information, future events or otherwise.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $61.7 million ($71.0 million if the underwriters exercise their over-allotment option), after deducting underwriting discounts and our estimated expenses related to this offering. We intend to use the net proceeds from this offering to repay amounts outstanding under our revolving credit facility.

MARKET PRICE OF OUR COMMON STOCK

The following table shows the high and low sales prices of our common stock as reported on the New York Stock Exchange for the periods indicated. Shares of our common stock are traded on the New York Stock Exchange under the symbol FSS.

2008	**High**	**Low**	**Dividends Declared**
First Quarter	$ 14.37	$ 9.10	$ 0.06
Second Quarter	$ 14.70	$ 11.53	$ 0.06
Third Quarter	$ 17.50	$ 10.91	$ 0.06
Fourth Quarter	$ 13.48	$ 5.10	$ 0.06

2009	**High**	**Low**	**Dividends Declared**
First Quarter	$ 9.28	$ 3.73	$ 0.06
Second Quarter	$ 9.17	$ 4.93	$ 0.06
Third Quarter	$ 9.30	$ 6.76	$ 0.06
Fourth Quarter	$ 7.55	$ 5.43	$ 0.06

2010	**High**	**Low**	**Dividends Declared**
First Quarter	$ 9.50	$ 6.02	$ 0.06
Second Quarter (through May 6, 2010)	$ 10.30	$ 6.20	$ 0.06

DIVIDENDS

During 2005 through 2009, we have paid an annual dividend of $0.24 per share, payable in four equal installments. The payment of cash dividends in the future will be at the discretion of our board of directors and will depend, among other things, upon future earnings and cash flows, capital requirements, our general financial condition, general business conditions and other factors as our board of directors may deem relevant. Accordingly, our board of directors may at any time reduce or eliminate our quarterly dividend based on these factors.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents, long-term debt and shareholders equity as of March 31, 2010:

on an actual basis; and

on an as adjusted basis to reflect the issuance of 10,500,000 shares of common stock in this offering and the use of the net proceeds therefrom, as described under Use of Proceeds.

You should read this table in conjunction with Use of Proceeds and our consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2010	
	Actual	As Adjusted(1)
	(Dollars in millions)	
Cash and cash equivalents	$ 12.3	$ 12.3
Long-term debt:		
Current maturities of long-term debt	$ 42.1	$ 42.1
Long-term debt, less current maturities	252.5	190.8
Total long-term debt	$ 294.6	$ 232.9
Shareholders equity		
Common stock, $1.00 par shares authorized 90,000,000; shares issued and outstanding 50.8 million (actual) and 61.3 million (as adjusted)	$ 50.8	$ 61.3
Capital in excess of par value	104.4	155.6
Retained earnings	233.8	233.8
Treasury stock, 0.9 million shares at cost	(15.8)	(15.8)
Accumulated other comprehensive loss	(45.4)	(45.4)
Total shareholders equity	$ 327.8	$ 389.5

(1) Assumes no exercise of the underwriters option to purchase up to 1,575,000 additional shares of our common stock to cover over-allotments.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected consolidated financial data. You should read the following selected consolidated financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto included elsewhere in this prospectus supplement.

Our selected consolidated financial data as of for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements. The selected consolidated financial data as of and for the three months ended March 31, 2009 and 2010 has been derived from our unaudited consolidated financial statements and has been prepared on the same basis as our audited consolidated financial statements. In the opinion of our management, our unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position. Our historical results do not necessarily indicate results that may be expected for any future period.

	Three Months Ended March 31,		**Year Ended December 31,**				
	2010	**2009**	**2009**	**2008**	**2007**	**2006**	**2005**
	(Unaudited)						
Operating Results ($ in millions):							
Net sales(a)	$ 166.6	$ 184.7	$ 752.5	$ 879.0	$ 854.8	$ 720.8	$ 636.2
Income (loss) before income taxes(a)	(4.6)		22.3	20.7	47.1	34.9	36.0
Income (loss) from continuing operations(a)	(3.2)	0.2	17.7	27.2	35.1	26.8	38.6
Operating margin(a)	(0.5)%	2.3%	4.4%	5.7%	8.0%	6.8%	8.0%
Return on average common shareholders equity	(1.1)%	0.3%	7.5%	(25.9)%	13.1%	5.7%	(1.2)%
Common Stock Data (per share):							
Income (loss) from continuing operations diluted	$ (0.06)	$	$ 0.36	$ 0.57	$ 0.73	$ 0.56	$ 0.80
Cash dividends per share	0.06	0.06	0.24	0.24	0.24	0.24	0.24
Market price range:							
High	$ 9.50	$ 9.28	$ 9.30	$ 17.50	$ 17.00	$ 19.75	$ 17.95
Low	6.02	3.73	3.73	5.10	10.82	12.69	13.80
Average common shares outstanding (in millions)	49.2	47.9	48.6	47.7	47.9	48.0	48.2
Financial Position at Period-End (dollars in millions):							
Working capital(a)(b)	97.4	143.7	$ 113.0	$ 148.0	$ 83.4	$ 42.9	$ 52.0
Current ratio(a)(b)	1.5	1.9	1.7	1.9	1.4	1.2	1.2
Total assets	846.5	819.5	744.9	839.0	1,172.9	1,054.3	1,122.8

Long-term debt, net of current portion	252.5	239.8	159.7	241.2	240.7	160.3	203.7
Shareholders equity	327.8	288.8	328.7	287.1	447.3	388.6	378.4
Debt-to-capitalization ratio(c)	48.0%	48.1%	38.0%	49.3%	39.2%	36.7%	42.2%
Net debt-to-capitalization ratio(d)	47.0%	46.1%	35.4%	46.1%	38.2%	35.0%	32.8%
Other (dollars in millions):							
Orders(a)	$ 198.3	$ 159.4	$ 639.7	$ 860.9	$ 920.1	$ 782.5	$ 632.2
Backlog(a)	222.7	261.5	170.5	290.2	319.9	237.2	168.8
Net cash provided by (used for) operating activities	(9.6)	7.8	62.4	123.7	65.4	29.7	70.6
Net cash provided by (used for) investing activities	(99.8)	(0.9)	31.0	54.6	(106.6)	(19.3)	(0.7)
Net cash (used for) provided by financing activities	97.8	(20.6)	(96.5)	(166.7)	36.8	(83.0)	7.1
Capital expenditures(a)	3.2	3.9	14.6	28.0	19.5	11.7	7.5
Depreciation and amortization(a)	4.2	3.8	15.3	14.9	13.3	8.8	9.0
Employees(a)	2,892	2,827	2,614	3,034	3,198	2,915	2,737

Table of Contents

(a) Continuing operations only, prior year amounts have been reclassified for discontinued operations as discussed in Note 13 to the audited consolidated financial statements and Note 15 to the unaudited consolidated financial statements included elsewhere in this prospectus supplement.

(b) Working capital: current assets less current liabilities; current ratio: current assets divided by current liabilities.

(c) Total debt divided by the sum of total debt plus equity.

(d) Net debt to capitalization ratio: debt less cash and cash equivalents and short-term investments divided by equity plus debt less cash and cash equivalents and short-term investments.

The 2009 and 2008 income before income taxes includes restructuring costs of $1.5 million and $2.7 million, respectively. The 2008 income before income taxes was impacted by a $6.5 million loss incurred to settle a dispute and write off assets associated with a large parking systems contract and a $13.0 million loss associated with our decision to terminate funding of a joint venture in China (China Joint Venture). 2009 operating income benefitted from $5.8 million in lower legal and trial costs associated with our ongoing firefighter hearing loss litigation. The 2005 loss before income taxes was impacted by a $6.7 million gain on the sale of two industrial lighting product lines.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management s discussion and analysis of certain significant factors that have affected our financial condition, results of operations and cash flows during the periods included in the audited and unaudited consolidated financial statements included elsewhere in this prospectus supplement. This discussion should be read in conjunction with those consolidated financial statements and the related notes.

Federal Signal is a leading global manufacturer and supplier of (i) safety, security and communication equipment, (ii) street sweepers and other environmental vehicles and equipment and (iii) vehicle-mounted, aerial platforms for fire fighting, rescue, electric utility and industrial uses. The Company also designs and supplies technology-based products and services for the public safety and Intelligent Transportation Systems markets. In addition, the Company sells parts and tooling and provides service and repair, equipment rentals and training as part of a comprehensive offering to its customer base. The Company operates 19 manufacturing facilities in 7 countries and provides its products and integrated solutions to municipal, governmental, industrial and commercial customers throughout the world.

Due to technology, marketing, distribution and product application synergies, the Company s business units have historically been organized and managed in three operating segments: Safety and Security Systems, Fire Rescue and Environmental Solutions. For the first quarter of 2010, the Company reported its acquired businesses Sirit and VESystems in a new Other segment.

The information concerning the Company s manufacturing businesses included in Item 1 of the Company s Annual Report on Form 10-K filed with the SEC on February 26, 2010 and Note 16 of the audited consolidated financial statements are incorporated herein by reference.

Results of Operations

Operating results for the year ended December 31, 2009 have been restated to exclude the following operations discontinued during 2009: all RAVO businesses formerly reported within the Environmental Solutions Group segment, and all Pauluhn businesses formerly reported within the Safety and Security Systems Group segment. Information relating to each of these discontinued operations is presented in Note 13 of the audited consolidated financial statements included elsewhere in this prospectus supplement.

Orders and Backlog

Three months ended March 31, 2010 and 2009

Orders in 2010 increased 25% from the first quarter of 2009 as the U.S. and global markets continue their recovery from the recession. U.S. and non-U.S. orders increased from March 31, 2010 to March 31, 2009 by 22% and 29%, respectively.

U.S. municipal and government orders in the first quarter of 2010 increased 9% from the prior year s quarter primarily as a result of the increase in sewer cleaner trucks of \$4.9 million, street sweepers of \$2.6 million and ALPR cameras of \$0.8 million.

U.S. industrial orders are up 44% or \$14.7 million over the prior year as markets begin to recover from the recession. The primary drivers of the year over year increase were vacuum trucks of \$5.6 million, waterblasters of \$2.7 million, street sweepers of $1.6 million and the addition of $2.2 million from the Sirit and VESystems acquisitions. Safety and Security Systems Group orders were up $1.6 million with amber and industrial products driving the year over year increase.

Non-U.S. orders increased $19.1 million over the prior year. Fire Rescue Group orders were up $10.9 million with strength in the fire-lift market. Safety and Security Group orders were up $6.1 million primarily as a result of a large European police order. Environmental Solutions Group orders were up $2.1 million.

Table of Contents

Backlog of $222.7 million at March 31, 2010 (including backlog associated with the 2010 acquisitions) decreased 15% and increased 31% from March 31, 2009 and December 31, 2009, respectively.

Years ended December 31, 2009, 2008 and 2007

	2009	2008	2007
Analysis of orders:			
Total orders ($ in millions):	$ 639.7	$ 860.9	$ 920.1
Change in orders year over year	(25.7)%	(6.4)%	17.6%
Change in U.S. municipal and government orders year over year	(13.6)%	(12.2)%	5.4%
Change in U.S. industrial and commercial orders year over year	(37.9)%	(8.0)%	11.4%
Change in non-U.S. orders year over year	(27.6)%	(0.7)%	35.1%

Orders in 2009 fell 26% compared to 2008 reflecting weakness across all segments and most markets due to the global economic recession. U.S. municipal and government orders decreased 14% in 2009 primarily as a result of decreased orders of sewer cleaners of $16.8 million, first responder products of $9.5 million, sweepers of $5.2 million, and a $5.5 million decline in outdoor warning systems. U.S. industrial and commercial orders decreased 38% driven by a $51.5 million reduction in orders for vacuum trucks and a $12.8 million reduction in orders for Safety and Security Systems products. Non-U.S. orders decreased 28% as compared to prior year primarily due to a decrease in Bronto aerial platforms of approximately $63.1 million and a $26.0 million decline in Safety and Security Systems products. Non-U.S. orders declined 26% when excluding the effect of unfavorable foreign currency translation.

U.S. municipal and government orders decreased 12% in 2008 primarily as a result of decreased orders of sweepers of $22.3 million, sewer cleaners of $13.1 million and a $12.3 million decline in police products offset by an increase in automated license plate recognition (ALPR) cameras of $6.1 million. U.S. industrial and commercial orders decreased 8% driven by lower orders for sweepers and vacuum trucks of $21.2 million and a reduction in parking system orders of $6.1 million, offset by an increase in Bronto aerial platforms of $4.7 million. Non-U.S. orders remained relatively flat as compared to prior year with increases in ALPR cameras of $15.1 million and European sweeper orders and water blasters of $1.3 million, offset by a decrease in Bronto aerial platforms of $16.6 million.

Table of Contents

Consolidated Results of Operations

Three months ended March 31, 2010 and 2009

The following information summarizes our consolidated statements of operations and illustrates the key financial indicators used to assess our consolidated financial results *($ in millions, except per share data):*

	Three Months Ended March 31,		
	2010	**2009**	**Change**
Net sales	$ 166.6	$ 184.7	$ (18.1)
Cost of sales	(124.9)	(138.1)	13.2
Gross profit	41.7	46.6	(4.9)
Operating expenses	(39.6)	(42.3)	2.7
Acquisition related costs	(2.6)		(2.6)
Restructuring charges	(0.3)		(0.3)
Operating (loss) income	(0.8)	4.3	(5.1)
Interest expense	(2.9)	(3.3)	0.4
Other expense, net	(0.9)	(1.0)	0.1
Income tax benefit	1.4	0.2	1.2
(Loss) income from continuing operations	(3.2)	0.2	(3.4)
(Loss) gain from discontinued operations and disposal, net of tax	(0.4)	0.8	(1.2)
Net (loss) income	$ (3.6)	$ 1.0	$ (4.6)
Other data:			
Operating margin	(0.5)%	2.3%	(2.8)%
Loss per share continuing operations	$ (0.06)	$	$ (0.06)
Orders	$ 198.3	$ 159.4	$ 38.9

Net sales decreased 10% or $18.1 million in the first quarter of 2010 compared to the same quarter of 2009 as a direct result of a decrease in volume related to a low order backlog at the end of 2009, which resulted from the global economic recession which reduced overall demand for the Company s products across most market segments. Despite the significant drop in volume, gross profit margins were virtually flat at 25.0% in 2010 versus 25.2% in 2009 due to the impact of favorable product mix as well as cost reduction and other initiatives.

Operating income in the first three months of 2010 declined by $5.1 million compared to the same period in 2009. The decline is primarily due to lower sales volume, direct acquisition related costs of $2.6 million and restructuring costs of $0.3 million, partially offset by lower spending in manufacturing costs and operating expenses, as well as favorable product mix.

Interest expense decreased $0.4 million in the first quarter of 2010 compared to $3.3 million in the same quarter of last year due to lower interest rates and lower average borrowing levels in 2010.

The Company s effective tax rate on the loss from continuing operations was a 30.4% benefit for the three month period ended March 31, 2010. The 30.4% rate includes benefits for foreign tax effects. In the comparable three month period ended March 31, 2009, the Company recorded a $0.2 million tax benefit primarily related to the resolution of an IRS audit of the 2006 tax year and the benefit of research and development tax credits.

The Company s unrecognized tax benefits were $4.9 million at January 1, 2010 of which $4.7 million are tax benefits that if recognized, would reduce the annual effective tax rate. The Company s continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. Interest and penalties amounting to $0.8 million and $0.1 million, respectively, are included in the consolidated balance

Table of Contents

sheet at March 31, 2010. The Company expects the unrecognized tax benefits to decrease by $0.8 million over the next 12 months. In the three months ended March 31, 2010, the Companies unrecognized tax benefits did not change.

Loss from continuing operations was $3.2 million for the first quarter of 2010 versus income of $0.2 million for the comparable period in 2009 due to lower operating income as described above offset by the benefits of lower interest expense, a higher tax benefit and slightly lower other expense, net.

For the quarter ended March 31, 2010, a loss on discontinued operations and disposals of $0.4 million was recorded primarily relating to an additional expense from the sale of Pauluhn. For the three month period ended March 31, 2009 a gain on discontinued operations and disposals of $0.8 million was recorded which relates to income from the Ravo and Pauluhn operations.

For the quarter ended March 31, 2010, diluted (loss) earnings per share from continuing operations was $(0.06) compared to $(0.00) for the first quarter of 2009. Diluted (loss) earnings per share from discontinued operations decreased to $(0.01) for the quarter ended March 31, 2010 from $0.02 in the comparable period in 2009.

Years ended December 31, 2009, 2008 and 2007

The following table summarizes the Company s results of operations and selected operating metrics for each of the three years in the period ended December 31 ($ in millions, except per share amounts):

	2009	2008	2007
Net sales	$ 752.5	$ 879.0	$ 854.8
Cost of sales	(558.9)	(643.6)	(623.8)
Gross profit	193.6	235.4	231.0
Operating expenses	(159.1)	(182.9)	(162.3)
Restructuring charges	(1.5)	(2.7)	
Operating income	33.0	49.8	68.7
Interest expense	(11.4)	(15.3)	(18.5)
Gain (loss) on investment in joint venture	1.2	(13.0)	(3.3)
Other (expense) income	(0.5)	(0.8)	0.2
Income tax (expense) benefit	(4.6)	6.5	(12.0)
Income from continuing operations	17.7	27.2	35.1
Gain (loss) from discontinued operations and disposal, net of tax	5.4	(122.2)	19.6
Net income (loss)	$ 23.1	$ (95.0)	$ 54.7
Other data:			
Operating margin	4.4%	5.7%	8.0%
Earnings per share continuing operations	$ 0.36	$ 0.57	$ 0.73

Year ended December 31, 2009 vs. December 31, 2008

Net sales decreased 14% or $126.5 million over 2008 as a direct result of a decrease in volume as the global economic recession reduced demand for the Company s products across most market segments. Unfavorable foreign currency movement, most notably a stronger U.S. dollar versus European currencies in the comparable prior year periods reduced sales by 1%. Gross profit margins fell in 2009 to 25.7% from 26.7%. Operating income decreased by 34% in 2009 due to lower sales volumes offset in part by lower spending in both fixed manufacturing and SG&A of $29.9 million. Included in operating expenses in 2009 is a $0.7 million charge related to an environmental remediation issue at the Company s Pearland, Texas site. Operating income also benefitted from the absence of $6.5 million in charges to settle a dispute and write off assets associated with a parking systems contract and $5.8 million in lower legal and trial costs associated with the Company s ongoing firefighter hearing loss litigation.

Interest expense decreased 25% from 2008, primarily due to lower interest rates and lower average borrowings in 2009 from a reduction in net debt of $64.9 million. The Company paid down debt using net proceeds of $11.9 million from the sale of RAVO and $34.0 million from the sale of its Pauluhn business. For further discussion of the discontinued operations, see Note 13 to the audited consolidated financial statements included elsewhere in this prospectus supplement.

In 2009, the Company recorded a gain of $1.2 million associated with the shutdown of the China Joint Venture which is related to the sale of the remaining assets of the business. In 2008, losses on the Company s investment in the China Joint Venture totaled $13.0 million. The Company s share of operating losses was $0 in 2009 and $2.6 million in 2008. A charge of $10.4 million was taken in 2008 to reflect the Company s contingent obligations to guarantee the debt of the joint venture and to guarantee the investment of one of its joint venture partners. A review of the market and forecasts of the joint venture s cash flows indicated its bank debt was unlikely to be repaid and it was unlikely to provide a return to the joint venture partners. In 2009, the partners agreed to voluntarily liquidate the China Joint Venture.

Other expenses of $0.5 million include realized losses from foreign currency transactions and on derivatives contracts.

The 2009 effective tax rate on income from continuing operations increased to 20.6% from (31.4)% in the prior year. The 2008 rate benefited from a capital loss utilization tax strategy on a sale/leaseback of real estate properties, the China Joint Venture shutdown tax benefits, and a higher mix of profits in lower taxed countries.

The Company s 2009 effective rate of 20.6% reflects a benefit for the reduction in FIN 48 reserves primarily due to the completion of an audit of the Company s 2006 U.S. tax return in accordance with Accounting Standards Codification (ASC) Topic 740, Income Taxes (FIN 48). The Company s effective rate also reflects benefits for the R&D tax credit and foreign tax rate effects.

Income from continuing operations decreased 35% from 2008 due to lower operating income as described above and a higher effective tax rate, offset by the benefits of lower interest expense of $3.9 million and other expense of $0.3 million.

Net income was $23.1 million in 2009 versus a net loss of $95.0 million in 2008. In 2009, there was an after-tax gain from discontinued operations of $5.4 million relating to the sale of the Company s RAVO and Pauluhn businesses. Net losses from discontinued operations totaled $122.2 million in 2008 relating primarily to the impairment of assets and sale of the Company s Die and Mold Operations and E-ONE. The Company also discontinued its financial services activities during 2008 which generated income of $0.3 million. For further discussion of the discontinued operations, see Note 13 to the audited consolidated financial statements included elsewhere in this prospectus supplement.

Year ended December 31, 2008 vs. December 31, 2007

Net sales in 2008 increased 3% over 2007, or 2% after removing the favorable effects of currency translation from a weaker U.S. dollar. Sales volume increases at Fire Rescue were largely offset by reductions at Environmental Solutions, Safety and Security Systems were relatively flat (see segment discussions below). Gross profit margins fell slightly in 2008 to 26.7% from 27.0% due largely to the absence of a favorable $1.7 million excise tax settlement which occurred in 2007. Operating income decreased by 28% in 2008 as the gross profit increase of $4.4 million was more than offset by an increase of $20.6 million of operating expenses due to $9.9 million of higher legal costs associated with the Company s ongoing firefighter hearing loss litigation, $6.2 million of increased charges to settle a dispute and write off assets associated with a parking systems contract and $2.7 million of restructuring costs largely due to severance associated with streamlining the management structure.

Table of Contents

Interest expense decreased 17% from 2007 primarily due to lower average borrowings in 2008 from a reduction in net debt of $30.7 million. The Company paid down debt mostly by using net proceeds of $59.9 million from the sale of its Tool Group businesses and $35.8 million from the sale-leaseback of its Elgin and University Park, Illinois plants. For further discussion of the discontinued operations, see Note 13 to the audited consolidated financial statements included elsewhere in this prospectus supplement.

Losses on the Company s China Joint Venture totaled $13.0 million in 2008. The Company s share of operating losses was $2.6 million in 2008 versus $3.3 million in 2007. A charge of $10.4 million was taken in 2008 to reflect the Company s contingent obligations to guaranty the debt of the joint venture and to guaranty the investment of one of its joint venture partners.

Other expenses of $0.8 million include realized losses from foreign currency transactions and on derivatives contracts.

The 2008 effective tax rate on income from continuing operations decreased to (31.4)% from 25.4% in the prior year. The 2008 rate benefited from a capital loss utilization tax strategy on a sale/leaseback of real estate properties, the China Joint Venture shutdown tax benefits, and a higher mix of profits in lower taxed countries.

Income from continuing operations decreased 23% from 2007 primarily as a result of the aforementioned changes in operating expenses, loss on joint venture and offsetting tax benefits.

Net loss was $95.0 million in 2008 versus net income of $54.7 million in 2007. Net losses from discontinued operations totaled $122.2 million in 2008 relating primarily to the impairment of assets and sale of the Company s Die and Mold Operations and E-ONE. The Company also discontinued its financial services activities during 2008 which generated income of $0.3 million. A net gain of $19.6 million on discontinued operations in 2007 resulted primarily from the sale of the Cutting Tool Operations in that year. For further discussion of the discontinued operations, see Note 13 to the audited consolidated financial statements included elsewhere in this prospectus supplement.

Safety and Security Systems Operations

Three months ended March 31, 2010 and 2009

The following table summarizes the Safety and Security Systems Group operating results for the three month period ended March 31, 2010 and 2009, respectively *($ in millions):*

	Three Months Ended March 31,		
	2010	**2009**	**Change**
Orders	$ 76.9	$ 71.2	$ 5.7
Net sales	68.3	70.8	(2.5)
Operating income	4.1	4.9	(0.8)
Operating margin	6.0%	6.9%	(0.9%)

Orders increased 8% from the first quarter of 2009 as the U.S. and global markets continue their recovery from the recession. Non-U.S. orders increased 19% mainly attributed to a large European police order. U.S. orders were essentially flat year over year, with strong ALPR and industrial orders partially offset by lower municipal orders

Net sales decreased 4% or $2.5 million compared to the first quarter of 2009 resulting from a lower backlog at the end of 2009 which was partially offset by a favorable foreign currency translation of $1.2 million and strong ALPR demand.

Operating income and margins decreased in the first quarter of 2010 from the comparable period in 2009 primarily as a result of lower sales volume and restructuring charges.

Table of Contents

Years ended December 31, 2009, 2008 and 2007

The following table presents the Safety and Security Systems Group s results of operations for each of the three years in the period ended December 31 ($ in millions):

	2009	2008	2007
Total orders	$ 277.7	$ 341.3	$ 339.8
Net sales	292.7	345.9	340.4
Operating income	27.5	35.2	44.0
Operating margin	9.4%	10.2%	12.9%

Orders declined 19% as compared to the prior year period with declines in most market segments with the exception of automated license plate recognition (ALPR) cameras in the U.S., primarily as a result of the economic recession. U.S. orders decreased 15% due to softness in oil and gas markets and decline in municipal spending due to the global economic recession. 2009 orders in the U.S. decreased $10.5 million for warning systems, $8.6 million for police products, $8.3 million for industrial signal and communication systems, and $4.5 million for parking systems, offset by an increase of $5.4 million in ALPR cameras. Non-U.S. orders decreased 23% compared to 2008 primarily due to a decline in vehicular lighting and siren sales of $21.0 million.

Net sales decreased 15% as compared to 2008 with decreases across all businesses except warning systems, which increased $1.6 million driven by international and military segments, and ALPR cameras in the U.S. Operating income in 2009 declined 22% as a result of lower sales volumes and a charge of $0.7 million related to an environmental remediation issue at the Company s Pearland, Texas site. Operating expenses were lower than the prior year by $15.3 million driven by cost management initiatives implemented in 2009 and the absence of $5.3 million in charges in 2008 to settle a dispute and write-off assets associated with a parking system contract. Operating margins declined 8% compared to the prior year as a result of the lower sales volumes.

Orders remained relatively flat in 2008 as compared to 2007. U.S. orders decreased 6% due to weak municipal spending and a relative softening in the industrial economy compared to 2007. For 2008, orders in the U.S. fell $12.3 million for police products, $6.1 million for parking systems, and $0.7 million for hazardous area lighting products. Partly offsetting these declines was an increase in orders of $6.1 million for ALPR cameras made by PIPS Technologies, which was acquired in the third quarter of 2007. Non-U.S. orders in 2008 increased 9% over the prior year or 6% when excluding the favorable effects of currency translation due to strength in outdoor warning systems and the addition of PIPS Technologies acquired in 2007.

Net sales increased 2% in 2008. An increase in shipments of ALPR cameras during 2008 of $19.2 million and industrial communications systems of $2.4 million was offset by a $17.7 million decrease in global vehicular lighting and siren sales. Operating income in 2008 declined 20% and operating margins fell, primarily due to $6.2 million of increased charges to settle a dispute and write off assets associated with a parking system contract, $1.8 million of employee severance costs associated with restructuring initiatives, and $0.8 million associated with other cost reduction initiatives.

Table of Contents

Fire Rescue Operations

Three months ended March 31, 2010 and 2009

The following table summarizes the Fire Rescue Group s operating results for the three month periods ended March 31, 2010 and 2009, respectively *($ in millions):*

	Three Months Ended March 31,		
	2010	**2009**	**Change**
Orders	$ 31.7	$ 20.8	$ 10.9
Net sales	24.8	32.5	(7.7)
Operating income	0.8	2.4	(1.6)
Operating margin	3.2%	7.4%	(4.2%)

Orders increased 52% from the first quarter of 2009 with increased demand in the Company s fire-lift market. Market demand for the Company s products was recovering in all regions. Demand for the industrial market continues to lag as a result of the global economic recession.

Net sales decreased by 24% in the first quarter with declines in both fire-lift and industrial products compared to the prior year due to the combination of strong 2009 fourth quarter shipments and weak backlog as of December 31, 2009. Additionally, a Finnish port workers strike in March 2010 affected receiving of materials and delivery of units and disrupted operations.

Operating income decreased $1.6 million from the first quarter of 2009 as result of lower volumes and less favorable mix offset by reduced operating expenses. The port workers strike had approximately a $0.5 million negative effect on operating income.

Years ended December 31, 2009, 2008 and 2007

The following table presents the Fire Rescue Group s results of operations for each of the three years in the period ended December 31 ($ in millions):

	2009	**2008**	**2007**
Total orders	$ 96.6	$ 162.3	$ 174.1
Net sales	160.0	145.5	117.9
Operating income	19.2	10.4	7.9
Operating margin	12.0%	7.1%	6.7%

Orders in 2009 decreased 40% from the prior year as the global economic recession reduced demand for the Company s products in both fire-lift and industrial markets was weak in all regions.

Net sales in 2009 increased 10% and 14% excluding currency translation, compared to the prior year. Unusually high backlog at the end of 2008 and the recent plant expansion enabled strong shipment levels especially during the fourth quarter despite the reduction in orders. Operating income and margin increased 85% and 70% respectively, due to the increase in sales volumes and also due to margin improvements related to the plant expansion and process improvements.

Orders in 2008 decreased 7% compared to 2007 or 15% when excluding the favorable effects of currency translation. Bronto s entire order decline existed within its industrial markets, primarily with weakness in Europe.

Net sales in 2008 increased 23% from 2007 or 19% when excluding the favorable effects of currency translation. Bronto s large backlog, which exceeded 12 months of shipments at the end of 2007, allowed for strong shipments in 2008 despite a reduction in orders during the year.

Operating income rose 32% in 2008 and operating margins improved as a result of the increased sales volumes. Higher product costs for steel and other components and inefficiencies caused by the plant expansion offset some of the sales volume impact.

Environmental Solutions Operations

Three months ended March 31, 2010 and 2009

The following table summarizes the Environmental Solutions Group s operating results for the three month periods ended March 31, 2010 and 2009, respectively *($ in millions):*

	Three Months Ended March 31,		
	2010	**2009**	**Change**
Total orders	$ 87.7	$ 67.4	$ 20.3
Net sales	70.1	81.4	(11.3)
Operating income	3.7	3.0	0.7
Operating margin	5.3%	3.7%	1.6%

Orders of $87.7 million in the first quarter of 2010 were 30% above the prior year quarter driven by increased demand in all markets and regions. Industrial orders were up 71%, or $10.8 million driven primarily by an increase in vacuum trucks of $5.6 million and waterblasters of $2.7 million. Municipal and government orders were up $7.3 million with sewer cleaner trucks up $4.9 million and street sweepers up $2.6 million. Non-U.S. orders were up $2.1 million for the quarter.

Net sales decreased 14% compared to the first quarter in 2009. The sales decrease is primarily the result of a lower backlog at the end of 2009, which resulted in a decline in sales of sewer cleaner trucks and street sweepers of $11.6 million and $1.8 million, respectively, offset partially by sales of waterblasters which were up $3.1 million for the quarter.

Operating income was up $0.7 million to $3.7 million for the quarter as a result of sales of higher margin sweeper units, higher volumes in the water blaster segment and reduced operating expenses, offset by lower sewer cleaner volumes.

Years ended December 31, 2009, 2008 and 2007

The following table presents the Environmental Solutions Group s results of operations for each of the three years in the period ended December 31 ($ in millions):

	2009	**2008**	**2007**
Total orders	$ 265.4	$ 357.3	$ 406.2
Net sales	299.8	387.6	396.5
Operating income	14.9	34.9	37.9
Operating margin	5.0%	9.0%	9.6%

Orders of $265.4 million in 2009 were 26% below the prior year due to the global economic recession and reduced municipal and industrial spending. U.S. orders decreased 30% in 2009 from the prior year driven by a $71.3 million reduction in sewer cleaning and industrial vacuum trucks, a $9.0 million reduction in water blasters and an $8.4 million reduction in sweepers. Non-U.S. orders decreased 5% due to a weaker market environment for sweepers.

Net sales decreased 23% compared to the prior year period on lower sales volume in sewer cleaning and industrial vacuum trucks of $61.3 million, street sweepers of $16.4 million and waterblasters of $9.7 million. The flow through of the decline in sales volume resulted in a $20.0 million reduction in operating income and a lower operating margin.

In 2008, orders decreased 12% from 2007 as weak municipal and industrial markets drove a $25.6 million reduction in street sweepers and a $26.7 million reduction in sewer cleaning and industrial vacuum trucks offset by an increase of $5.8 million in waterblasters. Net sales in 2008 compared to 2007 decreased 2% as a decline in U.S. street sweeper shipments of $23.6 million more than offset a $13.6 million increase in global shipments of sewer cleaning and industrial vacuum trucks.

Table of Contents

Operating income decreased 8% in 2008 due to lower sales volumes and the absence of a favorable $1.7 million excise tax settlement which occurred in 2007.

Other

In March 2010, the Company acquired all of the issued and outstanding common shares of both Sirit and VESystems.

The following table summarizes the Sirit and VESystems operating results for the three month period ended March 31, 2010 *($ in millions):*

	Three Months Ended March 31, 2010
Orders	$ 2.2
Net sales	