

**FEDERAL SIGNAL CORPORATION  
BOARD OF DIRECTORS  
COMPENSATION & BENEFITS COMMITTEE CHARTER**

**Purpose**

The Compensation and Benefits Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Federal Signal Corporation (“Company”) to establish and oversee the Company’s general compensation and benefits philosophy, and to approve compensation and benefits specifically pertaining to the Company’s Executive Officers (defined to include all Section 16 officers).

The Committee will produce an annual report on executive compensation for inclusion in the Company’s proxy statement.

**Committee Membership, Structure and Operations**

- A. *Number and Qualifications.* The Committee shall consist of no fewer than three members. Each member of the Committee must meet the independence requirements of the New York Stock Exchange.
- B. *Appointment, Removal and Resignations.* Members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee of the Company. Committee members may be replaced by the Board at any time. Notwithstanding the above, any member of the Committee may resign upon providing at least thirty days prior written notice to the Board.
- C. *Chair and Guidelines.* Unless the Board elects a Chair, the members of the Committee shall designate a Chair by majority vote of the members of the Committee. The Chair of the Committee shall establish such rules for the Committee and its members as may from time to time be necessary and proper for the conduct of the Committee’s business in conformity with the applicable laws, rules and regulations.
- D. *Meetings.* The Committee shall meet at least once a year or more frequently as circumstances dictate. A majority of the members of the Committee shall constitute a quorum and such majority shall be able to conduct any business brought before the Committee. The Committee shall make a report to the Board after each Committee meeting.
- E. *Subcommittees.* The Committee may form and delegate authority to subcommittees when appropriate.

- F. *Annual Review and Assessment.* The Committee shall review and reassess the adequacy of this Charter annually and make changes as appropriate. The Committee shall also perform an annual self-evaluation of the Committee's performance in accordance with the applicable laws, rules and regulations.

### **Authority and Responsibilities With Respect to the Establishment of General Compensation Philosophy**

The Committee is responsible for establishing and approving the Company's general compensation philosophy, and for approving significant changes in and additions to the Company's benefit programs. The Committee will report to the Board on significant changes in these programs.

### **Authority and Responsibility With Respect to Executive Officers**

- A. *Establishing Objectives of Executive Officer Compensation.* The Committee shall establish the philosophy and set the broad objectives of the Company's compensation programs with respect to its Executive Officers. The Committee shall annually review and approve revisions and/or updates to the Company's goals and objectives relevant to the Executive Compensation Program, and shall evaluate the total compensation paid (or proposed to be paid) to the Executive Officers to ensure that such compensation complies with and promotes the Company's goals and objectives.
- B. *Determining Components of Compensation.* The Committee shall determine the various elements to comprise the Company's Executive Compensation Program, which may include, but shall not be limited to: base salary, annual incentive awards, long-term incentive compensation, benefits and perquisites. In determining the particular elements of the Executive Compensation Program, the Committee shall consider how each such element relates to the overall compensation goals and objectives of the Company, and select those elements that the Committee believes best promote such goals and objectives. The Committee shall also be responsible for setting or approving Executive Officer employment agreements, severance plans, change of control and other event-driven policies. All significant changes in compensation structure of Executive Officers shall be approved by the Board.
- C. *Establishing Performance Goals.* The Company has a performance based compensation philosophy and annual performance goals are set for each individual and for each business unit. The Committee shall establish the goals for the CEO and shall oversee the establishment of goals for all Executive Officers.
- D. *Evaluation of Performance against Goals.* The Committee shall annually evaluate each Executive Officer's performance in light of the goals established with

respect to such Officer for the particular year, and, based on this evaluation, establish the Officer's compensation levels, including the (a) annual base salary level, (b) the annual incentive compensation opportunity level and payout; (c) the long-term incentive compensation levels, and (d) any other elements of compensation that may be available under the Executive Compensation Program. In determining the compensation of any Executive Officer, the Committee shall consider the Company's performance and relative shareholder return, the value of similar compensation for executive officers of comparable companies, the awards given to the executive officer in past years, and the adequacy of the Company's capacity to fund the compensation.

- i. CEO Compensation. The compensation of the CEO shall be determined by the Committee meeting in an executive session without the CEO present.
- E. The Chief Executive Officer is to provide an annual report on succession planning and related development recommendations to the Compensation and Benefits Committee or the Board of Directors.
  - F. *Retention of Advisors.* The Committee shall have the authority to retain and terminate advisors such as compensation consultants, legal, accounting or other professionals. The Committee may use such advisors to provide advice and assistance that the Committee deems necessary and/or advisable in performing its duties, including but not limited to (a) evaluating the objectives of the Company's compensation programs, (b) determining individual elements of compensation (and/or the relation between such elements) to comprise the Executive Compensation Program, and (c) evaluating and setting the individual compensation of the Executive Officers.

### **Review and Approval of Compensation Discussion and Analysis**

In fulfilling its duties with respect to the Compensation Discussion and Analysis, the Committee shall:

- A. Cause minutes of its meetings to be taken, including but not limited to, executive sessions during which compensation decisions are made;
- B. Provide copies of such minutes to members of management responsible for preparing and certifying such Compensation Discussion and Analysis;
- C. Review the Compensation Discussion and Analysis for accuracy and completeness, and provide comments to the same as appropriate, in each case within the time requested by management.