

Q1 2010 EARNINGS CALL SCRIPT

BARKER:

Good morning and welcome to Federal Signal's first quarter 2010 conference call. I'm Bill Barker, Federal Signal's Chief Financial Officer. Joining me on the call today is Bill Osborne, our President and Chief Executive Officer.

We will be using some slides in the presentation. The slides can be found by going to our website, clicking on the Q1 Investor call icon, and selecting the webcast. We will also post the slide presentation to our website after the call.

Before we get to the business review, I would like to remind you that some of our comments made today may contain forward-looking statements that are subject to the safe harbor language found in today's news release and in Federal Signal's filings with the Securities and Exchange Commission. These documents are available on our web site: www.federalsignal.com. We will file our Form 10-Q shortly.

Now, I will turn the call over to Bill Osborne.

OSBORNE:

Thanks, Bill.

(SLIDE 2 – "Q1 HEADLINES")

Although we reported a slight loss in the quarter, there were several exciting developments for Federal Signal:

- We saw a 23% year-on-year increase in orders for our existing businesses;
- Orders increased sequentially for the 3rd consecutive quarter; and
- We completed the key acquisitions of VESystems and Sirit.

The 23% increase in orders for our existing businesses was the result of strong increases across all of our key markets. Domestic municipal and government orders were up 9% versus last year, domestic industrial orders were up 38%, and international orders increased 29%. Much of this order growth was in our longer-cycle businesses, which have leading market shares, such as our Elgin street sweeper business, our Vactor sewer cleaner business and our Bronto Skylift business. These strong orders have increased our backlog for our existing businesses by \$25 million and will lead to improved revenue performance later in the year. I will talk more about our expectations for 2010 in a little bit, but I can say that we expect to continue to see strong order growth versus last year throughout 2010.

Turning now to the acquisitions we completed during the quarter. As many of you know, Sirit is a leading designer, developer and manufacturer of Radio Frequency Identification ("RFID") technology for applications such as tolling, electronic vehicle registration, parking and access control, cashless payments and supply chain systems.

VESystems designs, develops and deploys advanced, cost-effective, easy-to-use software applications and customer management systems to support billing and collection processes for the electronic toll collection industry.

We are excited about these two acquisitions, which advance our stated strategy of growing Federal Signal's presence in the public safety and Intelligent Transportation markets. Adding Sirit and VESystems to our portfolio builds on the momentum we generated with Diamond Consulting Services, a market leader in automatic vehicle detection and classification technology, which we acquired in December and discussed on our Q4 conference call.

With these three recent acquisitions, together with our existing PIPS Automated License Plate Recognition ("ALPR") business and our Federal Automatic Parking Devices business, we now have a significantly expanded presence in the robust and growing global market for helping customers capitalize on public safety and Intelligent Transportation solutions. I am excited about our opportunities here and, in fact, we have created a new business group which will be called "Federal Signal Technologies," or "FSTech" for short. FSTech had its first formal kick-off meeting yesterday and I look forward to talking more about the acquisitions and this new group after Bill Barker goes through the financial summary.

As was disclosed in our press release earlier today, we reported a slight EPS loss for the first quarter, driven by three factors: \$2.6 million of costs related to the transactions, and two factors which impacted Q1 revenue – a low order backlog at the end of 2009, which we discussed on our last call, and a two-week port workers' strike in Finland during the last month of the quarter, which limited Bronto's ability to import component materials and export shipments out to customers. These factors caused our Q1 revenue to be down 10% versus last year.

That said, we are pleased with the 23% year-on-year increase in Q1 orders, which will translate into higher revenue in Q2 and beyond. The strong first quarter increased the order backlog for our existing businesses at the end of Q1 to \$195 million, up from \$170 million at the end of 2009. In addition to the strong order backlog, our new acquisitions will provide revenue upside for the remainder of the year.

Our current forecast for 2010 EPS is a range of \$0.38 to \$0.43. We expect the improving revenue environment, as indicated by our strong orders, and our new acquisitions to lead to a substantially higher EPS run rate in second half of the year. For 2010, we expect our recent acquisitions will have a dilutive impact of \$0.05-\$0.10 per share, due to the Q1 transaction costs, integration costs and amortization associated with acquisitions.

Looking forward to 2011, we expect to see good revenue and profit contributions from our recent acquisitions. In addition, assuming the economy remains stable, we would expect margin improvement across our businesses as we leverage our ongoing cost reduction initiatives. Our preliminary outlook for next year's EPS is a range of \$0.70-\$0.80.

I'll now turn the call over to Bill Barker.

BARKER

Thanks, Bill.

I will give a fairly brief review of our financial results, which are included in today's press release. I would be happy to answer any questions at the end of the call.

(SLIDE 3: "Q1 Income Comparison") Looking at our P&L for the first quarter, revenue was \$167 million, which was down 10% versus last year, primarily as a result of our lower-year end order backlog. Our gross margin was 25%, which was about flat to last year, as cost reductions and an improved product mix offset the margin impact of lower sales. Operating expenses were reduced by \$2.4 million versus last year, but this reduction was offset by the acquisition-related costs of \$2.6 million. These acquisition-related costs, together with the lower sales in the quarter, resulted in an \$0.8 million operating loss. EPS from continuing operations was a loss of \$(0.06), compared to breakeven EPS from continuing operations last year.

(SLIDE 4: "Q1 Results") Turning to the segments for the quarter, our Safety and Security Group, or "SSG", generated \$4.1 million of operating income in the quarter, resulting in a 6% operating margin,

compared to a 7% operating margin last year. Q1 orders for SSG increased 8% versus last year and were up 6% sequentially versus Q4 2009. The overall order increase was driven by a 13% increase in orders for our PIPS Automated License Plate Recognition cameras, a 17% increase for our core industrial safety business and a 38% increase for VAMA, our European lightbar and siren business. These gains offset a 10% decline in our domestic lightbar and siren business. SSG ended the quarter with an order backlog of \$42 million versus \$33 million at year-end.

Bronto, our Fire Rescue business, had an \$8 million decline in sales, due to a lower year-end backlog and the impact of the two-week port workers' strike in Finland that Bill referenced. The lower sales led to a \$1.6 million reduction in operating income for the quarter. However, Bronto's orders increased 52% versus last year, and were up 12% sequentially versus the fourth quarter of 2009 due to improving conditions in the global fire rescue segment, including strong orders from China. At the end of the quarter, Bronto's backlog stood at \$72 million.

Sales for our Environmental Solutions Group, or "ESG", were down 14% in the quarter, again due to a low year-end order backlog. However, operating income increased from \$3 million to \$3.7 million due to cost savings enacted in 2009 and an improved product mix due to strong sales of our Jetstream waterblasters, which increased 45% versus last year.

ESG had very strong orders in the quarter, with Q1 orders up 30% versus last year and up 19% versus Q4 2009. As Bill alluded to, ESG had double-digit order growth in each of its key segments: domestic municipal, domestic industrial and international. In addition, all of ESG's businesses had strong order gains: Elgin orders increased 22% versus last year, Vactor orders were up 32% and Jetstream was up 70%. ESG's backlog increased from \$63 million at the end of 2009 to \$81 million at the end of the first quarter.

For the first quarter, we reported the businesses we acquired in March, Sirit and VESystems, in the "Other" segment. Revenue from the dates of acquisition to the end of the quarter was \$3.4 million. The businesses will be included in the new FSTech segment as we move forward.

Corporate expenses in the first quarter were higher by \$2.2 million versus last year, driven by the \$2.6 million of transaction costs associated with the acquisitions.

On **SLIDE 5: "Cash Flow Summary"**, we show our cash flow for the quarter. We had a negative cash flow from operations for the quarter, due to our net loss and the timing of the payment of accrued expenses for compensation and bonuses, accrued taxes and liabilities associated with the acquired companies, which are all captured in the "Other" line. Depreciation and amortization was \$4.2 million for the quarter, which included Sirit and VESystems for less than one month each. For 2010, we expect depreciation and amortization to be roughly \$20 million. CapEx was \$3.2 million of the quarter, and we expect a full-year number of between \$16 million to \$18 million. Clearly, the biggest driver of our net cash flow was the \$96 million associated with the acquisitions.

Despite the Q1 shortfall, we expect to generate strong cash flow from operations for the year, as we move past the transaction costs of Q1, realize the future sales generated by our strong Q1 orders and get the FSTech division fully launched. In addition, we expect to realize future cash from working capital management. Working capital for our existing businesses was reduced about \$2 million in the quarter (excluding currency impact), and this included over \$2 million of a temporary inventory increase related to a facility consolidation project.

Given the expectation of strong cash flow in 2010, the Board recently approved another quarterly dividend of \$0.06 per share to be paid in July.

(SLIDE 6: “Balance Sheet”) Turning to the balance sheet, the two big changes since year-end are related to the acquisitions. Our goodwill and intangible assets increased significantly, and our debt increased by about \$100 million. We had \$12 million of cash on hand at the end of the quarter, and had \$35 million of availability under our credit agreements, giving us available global liquidity of \$47 million at the end of the quarter.

As show on **SLIDE 7: “Bank Revolver”**, we are in compliance on each of our key debt covenants: Net Worth, Debt to Capital and EBIT to interest expense coverage ratio.

We do intend to take steps to improve our global liquidity, and we have a range of alternatives currently under consideration.

That wraps up the financial summary. I will now turn the call back over to Bill Osborne.

OSBORNE CLOSING REMARKS:

Thanks, Bill.

(SLIDE 8 “Strategy...”) Our strategy at Federal Signal consists of two key components – continuously improving our margins and cost structure, and driving growth through our public safety platform. We spoke at length last year about the results of our cost reduction efforts; overhead costs were reduced \$30 million in 2009. In addition, we reduced our working capital and divested some non-core assets to generate cash flow and better focus the company. As a result, we now have a leaner, more focused business structure.

We will remain focused on cost reduction and cash flow in 2010. Some of our bigger cost savings initiatives, such as facility consolidation, will have implementation costs that will largely offset the current year savings, but will provide profit upside in 2011. One example of our cost initiatives is the project we completed in the first quarter to consolidate the 4-wheel sweeper line for our Elgin business.

The second part of our strategy focuses on driving growth through our public safety platform. We expect to deliver strong revenue growth and strong operating margins in our Safety and Security businesses – such as our warnings systems business, our industrial safety business and our lightbar and siren businesses in both the U.S. and Europe. Our expectations are based on the combination of an increasing global demand for improved public safety, our market-leading positions and our ability to integrate new technology solutions into these markets.

(SLIDE 9: “FSTech”) In addition, as I mentioned in my upfront remarks, we have created a new business group, FSTech. FSTech brings together our three recent acquisitions - VESystems, Sirit and Diamond Consulting – as well as our PIPS and FAPD businesses. We now have a significantly expanded presence in the robust and growing global ITS market, which will enable us to better help customers capitalize on public safety and Intelligent Transportation solutions. We are excited about our opportunities here and believe FSTech is well-positioned to drive significant revenue growth at high operating margins.

Let me briefly go through each of FSTech’s key businesses. As you will see, we now have the technologies necessary to offer an integrated, end-to-end solution for open road tolling, as well as other transportation solutions.

- We acquired Diamond Consulting Services back in December, which, you will recall, we discussed on our Q4 call. Diamond specializes in vehicle classification systems for tolling and other Intelligent Transportation Systems. Diamond’s Idris® software identifies the

vehicle when it enters the toll lane and specifies the proper toll for the vehicle. We believe Idris is the “de facto” standard for vehicle classification in the U.S. open road tolling market.

- Sirit provides the RFID transponders and RFID readers that enable vehicles to pass through open road toll lanes without stopping, as the toll is charged electronically. Sirit’s Infinity 500 series readers are widely accepted to be the highest performing in the open road tolling industry.
- VESystems provides account management and collection software to enable the financial transaction processing for electronic toll collection, and delivers industry-leading customer satisfaction.
- So, with Diamond, Sirit and VESystems, we can provide the tolling technologies from the start of the transaction to its completion.
- In addition, our PIPS ALPR cameras provide the enforcement function for open road tolling. If a vehicle goes through a toll lane without the appropriate toll transponder, the PIPS camera identifies the license plate and notifies the tolling authority.
- FAPD, our parking business, will also be part of the FSTech group. FAPD is a leading designer and integrator of parking, access and revenue control systems. We believe that combining FAPD with the technologies of our other FSTech businesses – vehicle identification, RFID technology and account management software - will position FAPD as a transformational leader in the parking industry.

Let me take a minute to talk about why we believe the opportunity in tolling is so significant. In 2005, Congress created the National Surface Transportation Infrastructure Financing Commission to assist the Highway Trust Fund in analyzing future highway needs. This analysis highlighted the fact that the U.S. highway infrastructure is extremely congested, and has aged dramatically.

Between 1980 and 2006, the total number of miles traveled by automobiles increased 97% and the miles traveled by trucks increased by over 100%, while the total highway capacity grew by only 4%. Essentially, over twice the traffic was traveling on the same roadway capacity.

Real highway spending per mile traveled has fallen by nearly 50% since the Highway Trust Fund was established in the 1950s. Traffic congestion cost, wasted fuel and vehicle wear and tear has been estimated at over \$78 billion per year. The limitation of our road systems and increased congestion indicates that our system needs additional investment, and a way to fund that investment.

According to the Commission, the users and direct beneficiaries should bear the full cost of using the transportation system to the greatest extent possible. The current federal surface transportation funding structure relies on the gas tax, which is not sustainable in the long term given that cars are becoming more fuel efficient. Therefore, the Commission recommended more direct forms of user pay charges, which result in a charge for each mile driven.

Additionally, the framework should support the broad public policy objectives of energy independence and environmental protection. Vehicles that are waiting in line at a traditional toll booth, or in traffic congestion, are wasting fuel and generating more emissions.

Electronic open road tolling directly addresses these financial and environmental issues. Open road tolling can help raise the funds needed to invest in our nation’s highway infrastructure without relying on increasing the gas tax, and will keep vehicles moving through the tolling area without stopping or slowing down.

Additionally, there are similar significant tolling opportunities in both developed and developing international economies.

I realize that was a lot to cover regarding the U.S. tolling opportunity, but I wanted to give you a sense of why we are so excited about our recent acquisitions and the formation of FSTech.

Each of the individual businesses which are now part of FSTech has best-in-class technology and an established track record in the Intelligent Transportation Systems industry. With the most recent acquisition of VESystems, we put in place the last piece of the puzzle needed to offer a superior, 'open architecture' technology platform and service offering. Customers can choose to employ these technologies on a modular or integrated basis. And, in fact, the technologies and service offerings of VESystems, Sirit, Diamond Consulting, and PIPS already work together seamlessly in the field.

So, FSTech customers can choose to simply buy VESystems' expertise and leadership in electronic toll collection software, for example, **OR** choose to buy VESystems' solutions in conjunction with one or all of the PIPS, Diamond and Sirit technology and service offerings. Because we plan to use an open architecture, customers can upgrade any or all of the modules at any time.

Federal Signal is the only fully integrated electronic toll collection solution provider in North America. As I said, we see electronic toll collection as the future mode of toll collection in the United States and elsewhere.

FSTech is also applying its RFID technology to electronic vehicle registration, which has been mandated in several countries to combat the issue of counterfeit license plates and registration. FSTech is also pursuing opportunities in adjacent markets, such as using its technology to create more fully automated parking solutions as I mentioned before.

Bringing together these leading businesses under one umbrella means that we have a real opportunity to share ideas and foster innovation. We are delighted about the opportunity to share know-how and best practices and look forward to better serving the Intelligent Transportation sector.

(SLIDE 10: "Intro Slide") So, as I said at the beginning, this is a very exciting time for Federal Signal. Orders are increasing – which will drive revenue and help us realize the margin benefits from our ongoing cost efforts – the global demand for our market-leading public safety products is strong, and we have a strong growth platform in our new FSTech group.

That concludes my prepared remarks. We'd now be happy to take your questions. Operator, please open the call for questions.

Question and Answer

Operator: (Operator Instructions)

And our first question comes from the line of Ned Borland from Hudson Securities. Please proceed.

Ned Borland, Hudson Securities Just getting a sense of your guidance here, and it kind of implies some pretty significant margin improvement in the back half. I mean, we know basically Environmental, that's the consolidation. But Fire and Safety, I mean, is that just because of the better volumes that are going to flow through? Or are there other cost initiatives there that can lift the margins?

Bill Barker, SVP and CFO We have cost initiatives, Ned, in all of our businesses. And we are right in the middle of a facility consolidation project in our Safety and Security Group. Where we'll be reducing overhead costs through facility consolidation. There'll be a lot of production moving into that facility and that will decrease our overhead costs.

Ned Borland, Hudson Securities Okay. And then, the impressive orders that you've seen really across the board, what is the mix look like from a margin standpoint?

Bill Barker, SVP and CFO In terms of, maybe be more specific? Are you talking about segment revenues?

Ned Borland, Hudson Securities Yeah. Well, that and operating margins. I mean, some of these businesses have a long cycle. How do those compare? Are they high margin products or sort of middle of the pack or what?

Bill Barker, SVP and CFO As we mentioned, it's really across the portfolio. We mentioned the Jetstream business had very strong orders in the first quarter. And we referenced that ESG profit margin was up because improved mix to the Jetstream business. So, we think that will probably help, our margins on the ESG businesses are pretty strong. We've got order growth there as well. So, since it was across the business but is in both our higher margin and our lower margin businesses, we expect the volume improvement to drive margin improvement. And we should see a little more favorable mix as we get a little more growth out of the higher margin business.

Ned Borland, Hudson Securities Okay. And then finally, I was wondering with these FSTech businesses, can you give us a sense of what the revenue was for all of those for the quarter? Or do you not have that together yet?

Bill Barker, SVP and CFO We haven't broken it out yet. We're reporting the segments as they are in the 10-Q, or they will be in the 10-Q, and as they were in the earnings release. We'll be breaking out the segment separately in the second quarter.

Operator Our next question comes from the line of Walt Liptak from Barrington Research. Please proceed.

Walt Liptak, Barrington Research Along the lines where Ned started on the margins and the order activity, what about price cost? Were you able to raise prices yet this year? And material costs? Are you hedged? Or do you have material in inventory already?

Bill Osborne, President and CEO Yeah. Ned, we have a regular pricing policy and we did have a very slight price increase that we enacted January 1 across most businesses. So, far we've seen those prices stick. But our policy is fairly moderate price increases while we have this existing backlog. We don't think it's a great pricing environment but we have seen what we have stick so far. Commodity prices, we did see an increase in commodities for the first quarter of this year. But we have tried to take some action to lock in steel and resins for the remainder of the year. So, we think our commodity costs will remain stable from this point on through the rest of the year.

Walt Liptak, Barrington Research And I wonder if you could characterize some of the order activity like in some of your municipal businesses. I don't know if Elgin Sweeper picked up but some of your other vehicles. It seems early to get a recovery in those businesses?

Bill Osborne, President and CEO Well, we picked up orders in every segment of ESG. So, it was pretty strong across the board. Clearly the biggest increases, though, were in the industrial sector of those businesses. So, Jetstream and Guzzler focus exclusively on the industrial segment. And those were up significantly higher than our municipal customers. But we did see an increase in municipal as well.

Walt Liptak, Barrington Research And the acquisitions that you've done and the new growth strategy, congratulations, because it's interesting, and the thesis is interesting. But I wondered like about the growth rate and the profit margin for the segment. What do you think the growth rate is going to be like over the next three years and what kind of profitability are you going to be getting out of it?

Bill Osborne, President and CEO Well, when we look at the U.S. tolling market, the last couple of years it's been growing at a rate of, electronic tolling, it's been growing at a rate of about 17% in the last couple of years. And we expect that to continue, with even higher growth rates in other markets around the world. So, when we look at areas like South America, India, places that have really just scratched the surface on tolling, we expect to see growth rates at least that much or higher. As for margins, it's too early to break that out. I think as Bill mentioned we're going to do segment reporting on FSTech in the second quarter. But obviously these are less asset intensive businesses. So, we expect to have margins above our overall enterprise average.

Walt Liptak, Barrington Research Can you breakout what the mix of FSTech is? North America? The rest of the world?

Bill Osborne, President and CEO FSTech's businesses today are primarily focused on the North American market. VESystems, for example, is exclusively in North America. Sirit has a bit of a revenue mix around the world, but most of it is in North America. And PIPS revenues are about half and half North America and rest of the world. FAPD has a very small revenue mix outside of North America.

Walt Liptak, Barrington Research Okay. And I want to get back in the queue, so I don't take up too much time. But the highway bill keeps getting pushed out. And there's an issue about gas taxes going up or open, I mean, is it a serious consideration in Congress to look at some alternative to a gas tax?

Bill Osborne, President and CEO I think it is. I mean, we're in constant contact. I can tell you that the House markup does contemplate a vehicle miles traveled tax. And there is research funding in the current markup for that. We do believe the Senate, although, it hasn't taken up the bill, we do believe that there are some key advocates in the Senate that support a vehicle miles traveled tax.

But to a large degree, this goes beyond even the highway bill. States themselves are taking up the electronic tolling mandate for state controlled roads and to provide additional funding for maintenance and support. So, to a large degree, it's not completely dependent on the surface transportation reauthorization. We're seeing a lot of activity in the states themselves, including conversion of HOV lanes to HOT lanes. So, it's kind of a secular trend in the U.S. And then, when we look around the world we're seeing just a growth in infrastructure in the developing world, and tolling becoming a viable alternative to generate funds for new construction and maintenance of roads around the world.

Operator Our next question comes from the line of Steve Berger from KeyBanc Capital Markets. Please proceed.

Steve Berger, KeyBanc Capital Markets Hi. Good morning. You have consistently suggested the new products are going to come in above current consolidated margins which I think make sense. But we

know of another public company's tolling business that has around 20% operating margins. Do you think that's achievable overtime?

Bill Osborne, President and CEO Steve, I mean, I'm not sure if I can, we're not a pure tolling company in that respect. FSTech's got to have a mixture of businesses. So, although tolling will be a significant part of its revenue, for example, Sirit has a significant business in the supply chain industry where the margin structure is somewhat different. You also have to remember that FAPD is a significant part of the FSTech portfolio. So, its margins will be a blended mix of the tolling activity and the other lines of business that FSTech supports.

Steve Berger, KeyBanc Capital Markets I understand. And I know, Bill Barker, I heard you say that you're going to break it out in the quarter, next quarter. But can you just kind of frame up on an annualized basis how we should think about FSTech? Is it closer to \$200 million in revenue right now or \$100 million? Just any kind of annualized range you could give us?

Bill Barker, SVP and CFO I think we're going to hold off on that until we get to the second quarter. Right now for modeling purposes, it's probably better to stick with the existing segments and then add on the new acquisitions.

Steve Berger, KeyBanc Capital Markets Well, just a big picture question. Given the higher growth rates that you referenced in some of the electronic tolling and other markets there and what should be higher operating margins, is it your expectation that earning power of FSTech overtime is going to exceed that of the legacy products? And how should we think about the timing of being a real contributor?

Bill Osborne, President and CEO Well, we expect FSTech to be accretive in 2011.

Steve Berger, KeyBanc Capital Markets No. I understand that. I hope so. But I'm saying, how big do you think that this FSTech segment becomes? Does it have the ability to earn as much as ESG over time or one of the other segments or all of the segments?

Bill Osborne, President and CEO Absolutely, I mean, we expect it to be a segment at least equivalent in size to our current lines of business. And that's our objective is to grow it to that level. You know, in terms of the timeframe, I don't want to be very specific. But, certainly in a 3-5 year timeframe we believe that it could be a significant contributor to our overall business.

Steve Berger, KeyBanc Capital Markets Okay. And one last question. I appreciate the forward look at 2011 helping us frame up the earnings power there. I think that's helpful. On the last call you did suggest the double-digit margins for the entire company should be achievable on \$1 billion in sales. Just doing the math that suggests over a \$1 in earnings plus or minus. Is there any reason to think this isn't going to happen assuming that this is an actual recovery whether it's on a run rate at the end of 2011 or as we get into 2012?

Bill Osborne, President and CEO We're very confident about 2011. And so I think if you look at the run rates in our historical performance at that level of revenue, I think with the margin improvements and cost reductions that we put in place, I think that is achievable.

Operator Our next question comes from the line of Charlie Brady from BMO Capital Markets. Please proceed.

Charlie Brady, BMO Capital Markets Hi, thanks. Good morning, guys. I just got on the call late. So, if my questions have been answered just let me know and I'll pick it up with you later. On the Safety business, on the non-U.S. orders that were up nicely, how much were non-U.S. orders up if you back out that large police order you got?

Bill Barker, SVP and CFO You know, I'm going to have to do the math and get back to you on that one, Charlie.

Charlie Brady, BMO Capital Markets Okay. And then, if you look at the Fire business, was there any meaningful FX impact on the order of revenue dropping?

Bill Barker, SVP and CFO Not significantly, particularly offsetting income being a relatively small number in the quarter. FX didn't have a big impact on it.

Charlie Brady, BMO Capital Markets No impact on the orders?

Bill Barker, SVP and CFO A little bit but not significantly enough comparing to first quarter last year was a slight positive, comparing to fourth quarter of last year if you're looking sequentially it was a slight negative.

Charlie Brady, BMO Capital Markets Okay. And in terms of the impact on that strike, I know you broke it out the offsetting income impact. But when we look at it from a sales standpoint, so I understand is this business that is now going to get made up in perhaps the second quarter or beyond that? Or what's really the sales hit that you had in the first quarter and does it just get picked up later on?

Bill Osborne, President and CEO We will ship those units in the second quarter. I don't have the exact sales number associated with those units. But I can tell you that we will ship those units in the second quarter.

Charlie Brady, BMO Capital Markets Okay. And one final one and I'll hop in the queue. You guys mentioned what the expected tax rate would be in 2010?

Bill Barker, SVP and CFO We didn't. But for modeling purpose, I would use 27%, 28%, somewhere in there.

Operator Our next question is a follow-up from the line of Ned Borland from Hudson Securities. Please proceed.

Ned Borland, Hudson Securities Hi, guys. Maybe if we could just look a little granularly on FSTech and how a certain road project would help all the businesses. I mean, this one that you announced yesterday in Orange County, I mean, it was won by Sirit. How does that help pull in the other businesses that you've acquired? Are there opportunities for you on that project, just trying to figure this going forward?

Bill Osborne, President and CEO Yeah. I think the way to think about this, Ned, is that when, let's say for example a tolling authority wishes to convert an existing HOV lane to a high occupancy tolling lane. Well, FSTech is in a position to provide an end-to-end solution for that lane. So, we can provide vehicle classification, we can provide enforcement for people driving in that lane without a toll transponder, we can provide the transponder itself, and we can perform the transaction processing through our VESystems activity.

So, I think, the best way to consider this is that a customer with a tolling solution can request all or any of those functions from us. And we are in a position to provide them a seamless solution. So, we're going to market with an integrated approach, but we also have the opportunity to plug in any one of those business functions into an existing application.

So, I think that's the best way to try to model it. And we believe that we're the only company in North America that owns all those technologies rather than subcontracts them all or portions of them. So, where we believe we have an advantage is to be able to seamlessly integrate all these technologies and reduce our costs and create a seamless solution.

Ned Borland, Hudson Securities Okay. So, this project where it was won by Sirit, I mean, does that help out? It's got to help out your Diamond tag business, does it not?

Bill Osborne, President and CEO Well, no, Orange County is an existing Sirit application so that's more of an upgrade to their existing tag and reader business. That particular one is an upgrade project.

Operator Your next question is a follow-up from Walt Liptak of Barrington Research. Please proceed.

Walt Liptak, Barrington Research Thanks. Just to follow up on Charlie's question about the Finland delay. The \$0.5 million of operating profit, does that shift from the first to the second? Or are there some costs associated with the delay?

Bill Barker, SVP and CFO Well, there were some costs, some inefficiency in getting materials in and such. But the majority of it should shift into the second quarter.

Bill Osborne, President and CEO Most of those costs would have been incurred in the first quarter.

Walt Liptak, Barrington Research And the corporate expense excluding the \$2.6 million, you're at \$5.6 million. Is that a good run rate for the rest of the year? Or what should we think about for corporate expenses?

Bill Barker, SVP and CFO Yeah. I think that's probably a pretty good run rate. Let me just check my information here. Yeah, I think as an average for the balance of the year that's probably a pretty good number.

Walt Liptak, Barrington Research By average you mean it might be lower in the third, and higher in the fourth or something?

Bill Barker, SVP and CFO Yeah. I mean, there's a little bit of movement around. We had our annual meeting this quarter. There's some expenses related to things like that. But I think on average for the next three-quarters that's a pretty good number.

Bill Osborne, President and CEO We also have hearing loss trial scheduled in Philadelphia in the middle of the second quarter. So, there are potential expenses in the second quarter that are difficult to quantify at this point.

Operator At this time, I would like to turn the call over to Mr. Bill Osborne for any closing remarks.

Bill Osborne, President and CEO Well, as I mentioned in my remarks, this is an exciting time for Federal Signal. We believe that the economic environment is improving. We've continued to see signs of that improvement here in the early days in April. We're very excited about our recent acquisitions and the opportunity to build an end-to-end solution in the Intelligent Transportation Systems market. We'll have a lot more to say as in the coming quarters. And I thank you for joining us.

Operator Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect and have a great day.