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The Associated Press

ST. PAUL, Minn. (AP) — Diversified manufacturing company 3M Co. said Thursday that it reached a deal to buy Federal Signal Corp.'s technology business for \$110 million in cash.

Federal Signal Technologies Group, known as FSTech, focuses on electronic toll collection and parking management hardware and software services, 3M said.

The St. Paul, Minn.-based company said the \$3 billion electronic tolling industry is projected to grow at more than 12 percent per year, as governments increasingly rely on tolling to fund their road systems.

3M said FSTech's electronic tolling, vehicle identification, license plate recognition and parking lot fare collection systems, combined with 3M's own traffic management products, will allow seamless fare collection wherever motorists drive.

Federal Signal, based in Oak Brook, Ill., makes products ranging from street sweepers to toll booth technology for government, industrial and commercial customers. It said the sale is an opportunity to boost value for its shareholders and reduce debt.

3M said it expects the acquisition to reduce its profit by 2 cents per share in the first 12 months after the deal closes. Excluding one-time items related to the deal, 3M said it expects the acquisition to be earnings neutral over the same period.

FSTech employs about 500 people across the U.S. and in Hong Kong, Dubai and the United Kingdom. The deal is expected to close in the second half of 2012, subject to customary closing conditions.

In premarket trading, 3M shares rose 46 cents to \$88, while Federal Signal's were unchanged.

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