

GLOBAL COMPANY BUYING YSI INC.

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YSI Inc.bizWatch , one of the Dayton region's largest private companies, has reached a deal to be acquired by ITT CorpbizWatch , a global engineering and manufacturing firm.

On Monday, the companies released a joint statement about the deal, which is expected to close in the third quarter. Terms were not disclosed.

It was unclear how many of YSI's 390 employees and 20 sites worldwide would be kept in place after the deal. The company has more than 170 employees at its Yellow Springs headquarters.

YSI, which develops and manufactures water monitoring and testing products, announced earlier this year it was looking for a buyer because a growing number of its investors were ready to cash out.

The company has a diverse shareholder structure – including individuals, former employees, universities and long-time investors – and officials decided a sale was necessary to be able to buy out shareholders while continuing to grow the company.

White Plains, N.Y.-based ITT (NYSE: ITT) operates in three markets: water and fluid management, global defense and security, and motion and flow control. It has 40,000 employees and reported \$11 billion in revenue in 2010.

It appears YSI will become part of a new standalone water company that will separate from ITT later this year.

"The addition of YSI is the next logical step in our strategy to acquire attractive companies whose businesses complement our existing water portfolio," said Gretchen McClain, president of ITT's fluid and motion control business and future CEO of the new water company, in a statement.

YSI reported \$101 million in revenue last year. In 2009, it pulled in \$90 million and ranked as the 35th largest company in the area based on revenue, according to Dayton Business Journal research.

YSI officials sought a single buyer that would that would continue to invest in its growth and keep operations in its current locations.

Asked if his company found that with ITT, Rick Omlor, chairman and CEO of YSI, said, "After a very careful and thorough process to find and select our partner, we chose ITT as we feel they are the best partner to help YSI move to the next level. We believe ITT to be the best choice for everyone – namely the shareholders, the employees, the customers, and the communities."

YSI, formerly known as Yellow Springs Instruments, got its start in 1948 as Yellow Springs Instruments when Hardy Trolander, Dave Case and a few other engineers came up with mechanical timers and sensors for researchers at Wright Air Field, the predecessor to Wright-Patterson Air Force BasebizWatch . Through the years, the company expanded into other instruments and found more customers.

As YSI matured, it settled into two markets: environmental – which makes up 90 percent of sales – and life sciences. The environmental division produces sensors and software to test water quality and velocity of natural resources such as rivers, oceans, surface and groundwater. The life

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science division makes instruments that measure things like glucose for clinical and industrial markets.

The YSI deal marks the third major acquisition of a local company in the past several months.

In June, Dayton-based AmeriWater Inc.bizWatch . – a maker of water treatment and water purification systems – was acquired by France-based Degremont, a subsidiary of Suez Environnement. In April, AES Corp.bizWatch agreed to buy Dayton-based DPL Inc.bizWatch

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