



## **ESCO Technologies Announces PG&E Contract Update; Conference Call Webcast at 4 p.m. CDT Today**

June 20, 2007

ST. LOUIS, June 20 /PRNewswire-FirstCall/ -- ESCO Technologies Inc. (NYSE: ESE) today announced that it was informed by Pacific Gas & Electric Company (PG&E) of its plans to request information from a small group of vendors to evaluate their ability to address potential future functionality requirements for the electric portion of its service territory.

The gas portion of PG&E's AMI project is not currently affected by this anticipated technology review process.

PG&E is obligated by the California Public Utility Commission (PUC) to conduct semi-annual reviews of emerging technologies and report its findings to the PUC. This formal technology review appears to be in response to PG&E's desire to potentially utilize its AMI system for more real-time interfaces to perform a variety of additional functions. Included in PG&E's revised requirements is the ability to conduct real-time pricing negotiations between individual customers and PG&E, as well as other future undefined applications which are in the early stages of discussions. Additionally, ESCO has been formally requested by PG&E to participate in this technology review with its AMI solutions.

PG&E's planned evaluation is not expected to affect ESCO's fiscal 2007 financial performance relating to electric hardware and software deliverables from either a quantity or timing perspective.

ESCO has not been notified of any specific changes to its electric contract as a result of PG&E's decision; however, this information-gathering process may cause further delay or modify the contract both from a quantity and timing perspective, and therefore, has the potential to reduce the Company's fiscal 2008 financial outlook as it relates to previously anticipated electric hardware deliveries in 2008.

Based on its current deployment schedule, PG&E has indicated it has sufficient quantities of electric product under firm order commitments to deploy hardware through March 2008, at which time it will have approximately 50 substations and approximately 400,000 TWACS(R) enabled modules deployed.

The installation of Hexagram's AMI gas solution continues to progress successfully at PG&E with approximately 300,000 units under firm order commitments.

ESCO also remains on schedule to deliver its TWACS NG(R) (TNG) software commitments in July (release version 2.0) and September 2007 (release version 3.0), which then satisfies the contractual commitments related to software deliverables.

Additionally, as part of PG&E's ongoing review of the electric portion of its AMI project, Hexagram will begin installing a 2,000 unit field trial demonstrating the capability of its RF fixed network electric solution which is scheduled to begin testing at PG&E this summer.

Vic Richey, Chairman and Chief Executive Officer, commented, "Obviously, we are disappointed by these developments at PG&E. We have been deploying product and early versions of our TNG software throughout the start-up period of this initial deployment and have been very successful in meeting the technical requirements of the contract from both a hardware and software perspective. It is important to note that DCSI is on track to successfully deliver all of the requested functionality as defined in the contract.

"During PG&E's evaluation, ESCO will continue to deliver an extremely rich set of AMI functionality to our customer, and we remain confident that our future new product roadmap continues to offer what we believe is the most capable, proven AMI system available today at the lowest risk to the customer.

"I am also satisfied with Hexagram's progress on their RF fixed network electric offering which is currently being deployed at an electric utility customer in the Midwest, and I am encouraged by the opportunity to demonstrate the system's capabilities at PG&E as we work with them on our upcoming field trial.

"I am pleased to say that given the significant technical improvements, including greatly enhanced bandwidth capabilities, that we have made to our hardware and software in anticipation of this large deployment at PG&E, we now have a highly reliable and functioning system which we are confident will satisfy the full AMI requirements of the vast majority of the electric utilities throughout North America, and we are now poised to address the international marketplace as well. And, as I have often said, we have the only two-way fixed network which has been successfully deployed in a large scale, and is currently and reliably performing at over 1,000,000 endpoints with hourly interval data management. We do not believe there is another example of such stable performance existing anywhere else in the market at this time.

"In the spirit of transparency, and since this is such a significant contract to ESCO, I felt compelled to discuss PG&E's current plans in this public forum. It does not appear that we will have much more specific information regarding PG&E's deployment plan for 2008 beyond our current commitments until later this fiscal year. When more definitive information becomes available, I will communicate with you as appropriate to keep everyone updated.

"While this has the potential to be a significant short-term setback, I remain confident in the success of ESCO's long-term strategy to deliver shareholder value given the breadth of our product offerings, diversified end markets, and strong financial position."

The Company also announced the webcast of a conference call to discuss the contract update today at 4 p.m. CDT at <http://www.escotechnologies.com>. A replay will be available for seven days on this website or by phone (1-888- 203-1112 passcode 7357246).

## Forward Looking Statement

Statements in this release regarding fiscal 2007 and 2008 results, PG&E actions in connection with ESCO's AMI contracts, the timing and success of Hexagram's field trial, DCSI's delivery of required functionality and any other written or oral statements which are not strictly historical, are "forward looking" statements within the meaning of the safe harbor provisions of the federal securities laws. Investors are cautioned that such statements are only predictions and speak only as of the date of this release, and, except as noted above, the Company undertakes no duty to update. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment including, but not limited to, actions by the California PUC; PG&E's Board of Directors or PG&E's management; the success of the Company's competitors; the timing and success of DCSI's software development efforts; DCSI's and Hexagram's successful performance of the PG&E contract; those risks identified in the company's press release issued May 8, 2007 and the risk factors described in Item 1A of the company's Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

ESCO, headquartered in St. Louis, is a proven supplier of special purpose communications systems for electric, gas and water utilities, including hardware and software to support advanced metering applications. In addition, the Company provides engineered filtration products to the transportation, health care and process markets worldwide and is the industry leader in RF shielding and EMC test products. Further information regarding ESCO and its

subsidiaries is available on the Company's website at <http://www.escotechnologies.com>.

SOURCE ESCO Technologies Inc.

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