

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): February 5, 2002

ESCO TECHNOLOGIES INC.
(Exact Name of Registrant as Specified in Charter)

Missouri
(State or Other
Jurisdiction of Incorporation)

1-10596
(Commission
File Number)

43-1554045
(I.R.S. Employer
Identification No.)

8888 Ladue Road, Suite 200, St. Louis, Missouri
(Address of Principal Executive Offices)

63124-2056
(Zip Code)

Registrant's telephone number, including area code: 314-213-7200

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits

Exhibit No	Description of Exhibit
99.1	Press release dated February 5, 2002.
99.2	Information to be included on Registrant's website and presented at Registrant's Annual Meeting of Stockholders on February 5, 2002.

ITEM 9. REGULATION FD DISCLOSURE

Attached as Exhibits 99.1 and 99.2, respectively, are the press release that will be issued by Registrant later today announcing its first quarter fiscal 2002 results along with other information, and certain information to be included on Registrant's website and presented at Registrant's Annual Meeting of Stockholders later today.

The filing of these Exhibits is not intended to constitute a representation that such filing is required by Regulation FD or that the information contained in the Exhibits is material information that is not otherwise publicly available. The information contained in the Exhibits is stated only as of the date of this filing. Registrant does not assume any obligation to update such information in the future.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ESCO TECHNOLOGIES INC.

Dated: February 5, 2002

By: /s/ G.E. Muenster

G.E. Muenster
Vice President and
Controller

EXHIBIT INDEX

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ESCO Technologies Inc.
(314) 213-7277

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(314) 982-0551

ESCO ANNOUNCES FIRST QUARTER FISCAL 2002 RESULTS

St. Louis, MO, February 5, 2002 – ESCO Technologies Inc. (NYSE: ESE) today reported that net earnings for the first quarter ended December 31, 2001 increased 20 percent to \$4.8 million, or \$0.37 per share, from \$4.0 million, or \$0.31 per share, in the prior year first quarter. Net earnings in first quarter of fiscal 2002 were favorably impacted by the adoption of Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (SFAS 142). SFAS 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized, but instead be tested for impairment at least annually. Had SFAS 142 been in effect in the first quarter of fiscal 2001, prior year first quarter net earnings would have been \$4.5 million, or \$0.35 per share.

Sales for the first quarter increased to \$84.3 million from \$82.9 million in the prior year. Communications segment sales grew by 35 percent as a result of significantly higher shipments of Automatic Meter Reading (AMR) equipment to electric utility Cooperatives and Wisconsin Public Service Corporation. Test segment sales were lower in the current period due to the completion of the General Motors test chamber complex and continued softness in the overall electronics and telecommunications markets. Filtration sales increased slightly in the current quarter as a result of the contribution from Bea Filtri, S.p.A., which was acquired in June 2001, partially offset by lower sales in the commercial aerospace, automotive and semiconductor markets.

The Company recorded \$106 million in new orders during the first quarter of fiscal 2002, exceeding first quarter sales by more than \$20 million. Orders for the quarter exceeded sales in all business segments. Firm order backlog increased to \$202 million at December 31, 2001, a 12 percent increase from September 30, 2001.

- more -

Add One

During the first quarter, the Company repurchased 20,000 shares of its stock at an average price of \$22.76.

Dennis J. Moore, Chairman and Chief Executive Officer, stated, "The operating environment in the first quarter was every bit as challenging as we expected. Soft demand was particularly evident in certain sectors of the Filtration and Test segments, and we expect that will largely carry over into the second quarter. However, we do remain confident that second half sales and earnings will be stronger than the first half, for several reasons. We are starting to see some improvement in orders in market areas that were particularly soft in the first quarter. In addition, the consolidation of our Test businesses will be complete in March, which will reduce our second half operating costs. Finally, and perhaps most significant, the recently announced \$112 million order received by DCSI from PPL Electric Utilities, a subsidiary of PPL Corporation (NYSE: PPL), should more than offset any remaining economic softness in other served markets in the second half."

Mr. Moore concluded, "Overall, our business outlook for fiscal 2002 as described in our year-end release is unchanged. At present, we are keeping a tight rein on operating costs, but will continue to invest in our longer term new product programs, particularly in Filtration and Communications. We are continuing to explore consolidation opportunities within our existing businesses which would improve future earnings and enhance our competitive position. We will also continue to look for acquisitions that offer complementary products and/or new technologies."

In conjunction with the adoption of SFAS 142, and to provide additional operational clarity in the absence of goodwill amortization expense, the Company has changed its segment reporting financial disclosures from "Net Sales and Operating Profit" to "Net Sales and Earnings Before Interest and Taxes (EBIT)". These changes are reflected in the attached tables.

The Company's Board of Directors reappointed KPMG LLP as independent auditors for the fiscal year ending September 30, 2002. During the fiscal year ended September 30, 2001, KPMG LLP was paid approximately \$675,000 in total fees, consisting of approximately \$350,000 in Audit Fees and approximately \$325,000 for All Other Fees. All Other Fees include amounts paid for non-financial statement services such as tax services, financial due diligence assistance and audits of benefit plans. No fees were paid for Financial Information Systems Design and Implementation.

- more -

Add Two

The presentation to be made to shareholders today during the Company's annual meeting has been posted on the Company's website (www.escotechnologies.com).

Statements in this press release that 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. 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: further weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; electricity shortages; competition; intellectual property rights; consolidation of internal operations; integration of recently acquired businesses; delivery delays or defaults by customers; performance issues with key suppliers and subcontractors; collective bargaining labor disputes; and the Company's successful execution of internal operating plans.

ESCO, headquartered in St. Louis, is a leading supplier of engineered filtration products to the process, health care and transportation markets worldwide. In addition, the Company is the industry leader in RF shielding and EMC test products and also markets proprietary, special purpose communications systems.

- tables attached -

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended December 31,	
	2001	2000
Net Sales	\$ 84,336	82,871
Cost and Expenses:		
Cost of sales	57,457	57,626
Selling, general and admin. exp	18,753	16,765
Interest expense (income)	51	81
Other expense, net	315	1,911(1)
	76,576	76,383
Earnings before income taxes	7,760	6,488
Income taxes	2,988	2,510
	\$ 4,772	3,978
Earnings per share:		
Basic	\$ 0.38	0.32
	\$ 0.37	0.31(2)
Average common shares O/S:		
Basic	12,415	12,291
	12,911	12,680

(1) The three months ended December 31, 2000 includes \$870 of good-will amortization. The three months ended December 31, 2001 excludes goodwill amortization in accordance with the adoption of SFAS 142.

(2) Excluding the goodwill amortization of \$510, net of tax, EPS would have been \$0.35.

- more -

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Business Segment Information
(Unaudited)
(Dollars in millions)

	Three Months Ended December 31,	
	2001	2000
Net Sales		
Filtration/Fluid Flow	\$ 44.4	\$ 44.2
Test	17.8	21.7
Communications	19.3	14.3
Other	2.8	2.7
Totals	\$ 84.3	82.9
EBIT (1)		
Filtration/Fluid Flow	\$ 2.3	2.0
Test	1.4	2.1
Communications	4.4	3.5
Other	(0.3)(2)	(1.0)(3)
Totals	\$ 7.8	6.6(4)

- (1) EBIT is defined as Earnings Before Interest and Taxes.
- (2) Amount consists of \$0.2 million related to Rantec and (\$0.5) million related to corporate operating charges.
- (3) Amount consists of \$0.3 million related to Rantec and (\$1.3) million related to corporate operating charges, which includes \$0.3 million related to the buy-out of a minority interest in Brazil and \$0.4 million of other miscellaneous costs.
- (4) The three months ended December 31, 2000 includes goodwill amortization of \$0.9 million, see below.

EBIT

December 31, 2000	GAAP	Goodwill amortization	W/O Goodwill amortization
Filtration/Fluid Flow	\$ 2.0	0.5	2.5
Test	2.1	0.4	2.5
Comm	3.5	—	3.5
Other	(1.0)	—	(1.0)
	\$ 6.6	0.9	7.5

The three months ended December 31, 2001 excludes goodwill amortization in accordance with the adoption of SFAS 142.

- more -

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Dollars in thousands)

	<u>December 31, 2001</u>	<u>September 30, 2001</u>
	(Unaudited)	
Assets		
Cash and cash equivalents	\$ 18,223	\$ 14,506
Accounts receivable, net	64,671	61,351
Costs and estimated earnings on long-term contracts	3,356	6,637
Inventories	49,174	48,167
Other current assets	21,058	20,769
	<u>156,482</u>	<u>151,430</u>
Property, plant & equipment, net	65,395	65,038
Goodwill	101,646	102,163
Deferred tax assets	37,155	38,573
Other assets	16,907	18,373
	<u>\$ 377,585</u>	<u>\$ 375,577</u>
Liabilities and Shareholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 80	\$ 122
Other current liabilities	61,898	63,947
	<u>61,978</u>	<u>64,069</u>
Total current liabilities	61,978	64,069
Other liabilities	15,913	15,890
Long-term debt	8,322	8,338
Shareholders' equity	291,372	287,280
	<u>\$ 377,585</u>	<u>\$ 375,577</u>

- more -

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
OTHER SELECTED FINANCIAL DATA
(Unaudited)
(000's)

Backlog And Entered Orders	Filtration Fluid Flow	Test
Beginning Backlog – 9/30/01	\$ 70.8	\$ 27.4
Entered Orders	46.1	17.9
Sales	(44.4)	(17.8)
Ending Backlog - 12/31/01	\$ 72.5	\$ 27.5

Backlog And Entered Orders	Communications	Other	TOTAL
Beginning Backlog – 9/30/01	\$ 72.8	\$ 9.1	\$180.1
Entered Orders	39.0	3.2	106.2
Sales	(19.3)	(2.8)	(84.3)
Ending Backlog – 12/31/01	\$ 92.5	\$ 9.5	\$202.0

PP&E	Q1 FY 2002
Beginning Balance	\$ 65,038
Capital Expenditures	3,261
Depreciation	(2,948)
Currency / Acqs	46
Sales/Retirements	(2)
Ending Balance	\$ 65,395

EBITDA

	Q1 FY 2002	Q1 FY 2001
EBIT	\$ 7,811	6,569
Depreciation	2,948	2,612
Amortization	317	1,238(1)
EBITDA	\$ 11,076	\$ 10,419

(1) The three months ended December 31, 2000 includes \$870 of goodwill amortization.

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**ANNUAL SHAREHOLDERS'
MEETING**

FEBRUARY 5, 2002



Forward-Looking Statement

This presentation contains “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 February 5, 2002. 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: further weakening of economic conditions in served markets; Changes in customer demands or customer insolvencies; Electricity shortages; Competition; Intellectual property matters; Consolidation of internal operations; Integration of recently acquired businesses; Delivery delays or defaults by customers; Performance issues with key suppliers and subcontractors; Collective bargaining labor disputes; And the company’s successful execution of internal operating plans.



Agenda

- **Fiscal 2001 Results**

- **Shareholder Value Strategy**

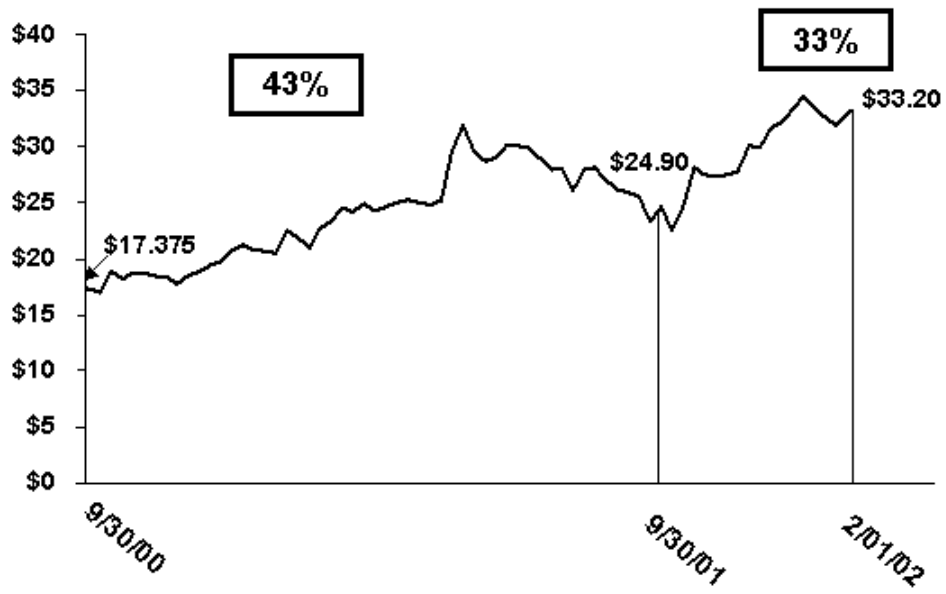
- **New Products**
- **Engineering Investment**

- **Fiscal 2002**

- **First Quarter Results**
- **Outlook**



ESCO Share Price – 9/30/00 – 2/01/02



The New Esco

- **Focused on Growth Markets**
- **New Products Provide Growth Catalyst**
- **Technology Strength**
 - Products & Processes
- **Well-Established Blue Chip Customer Base**
- **Strong Balance Sheet & Cash Flow**
- **Committed to Enhancing Shareholder Value**

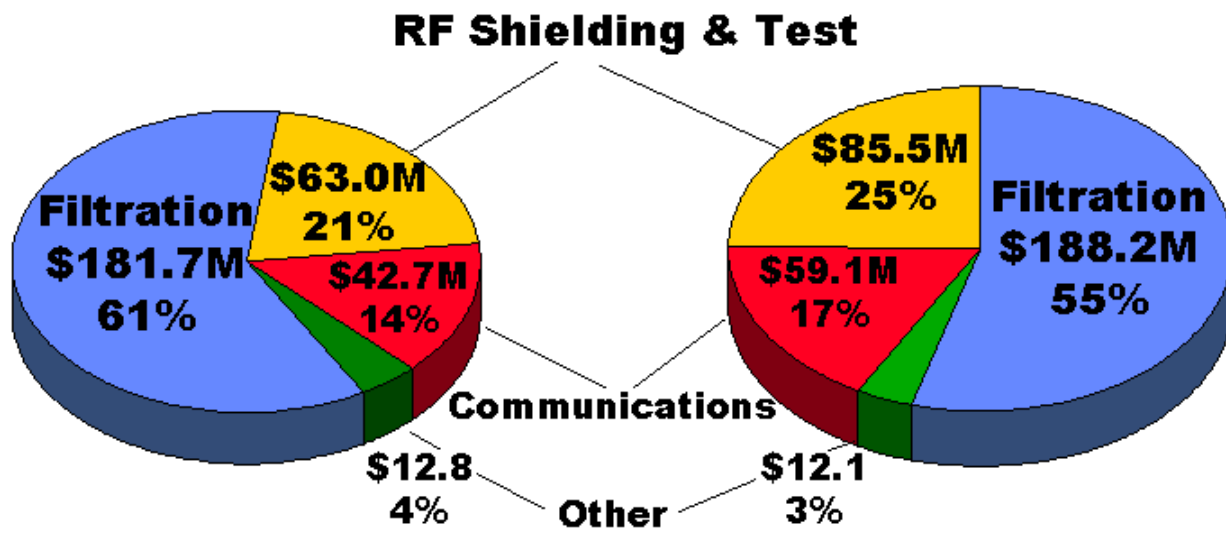


Today, ESCO Is . . .

- **A Leading Provider of Engineered Filtration Products to the Process, Health Care and Transportation Markets Worldwide**
- **The Industry Leader in RF Shielding and EMC Test Products**
- **A Proven Supplier of Special Purpose Communications Systems Based on Patented Proprietary Technology**



ESCO Business Profile- FY '01 vs '00

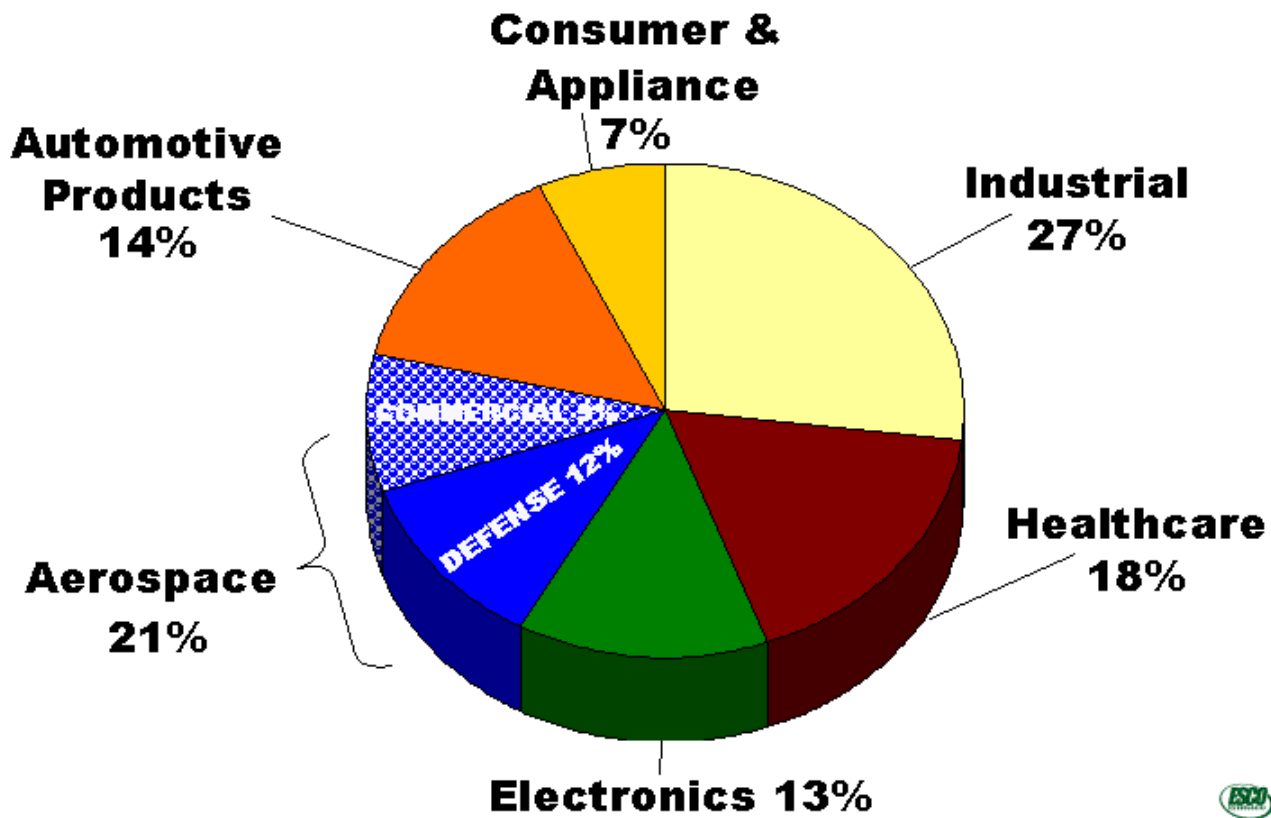


**Fiscal 2000 Sales
= \$300.2M**

**Fiscal 2001 Sales
= \$344.9M**



ESCO Served Markets – FY 2001



Income Statement (\$M)

	<u>FY 2001</u> <u>Operations</u>	<u>FY 2000</u> <u>Operations</u>	<u>% Change</u>
Net Sales	\$ 344.9	\$ 300.2	14.9%
Gross Profit	108.4	91.9	18.0%
% Sales	31.4%	30.6%	
Operating Profit	36.8	30.1	22.3%
% Sales	10.7%	10.0%	
EBIT	27.4	^② 22.1	24.0%
% Sales	7.9%	7.4%	
Net Earnings	^① 17.4	14.1	23.4%
% Sales	5.0%	4.7%	
EPS - Diluted	\$1.36	\$1.11	22.5%
EBITDA	42.5	36.3	17.1%
% Sales	12.3%	12.1%	

① Excludes Elimination of the Net Deferred Tax Valuation Allowance of \$.99 per share

② Excludes Non-recurring Gain of \$.22 Related to Property Divestitures



Balance Sheet (\$M)

	<u>9/30/01</u>	
Cash & Equivalents	\$ 14.5	
Accounts Receivable	61.4	
Inventory	54.8	
Other Current Assets	5.5	
Total Current Assets	\$ 136.2	
Property, Plant & Equip, Net	65.0	
Other Assets	174.4	Includes Tax Effected NOL of \$45.5M, retained from former defense subsidiaries.
Total Assets	\$ 375.6	
Current Maturities - LTD	\$ 0.1	
Current Liabilities	64.0	
Other Liabilities	15.9	
Long Term Debt	8.3	
Total Liabilities	88.3	
Shareholders Equity	287.3	
Total Liabilities & Equity	\$ 375.6	

CASH NET OF DEBT: \$ 6.1M



Fiscal 2001 Summary

- **Strong Earnings Growth in a Tough Economic Environment**
 - Breadth of Served Markets a Major Positive

- **Operating Profit Margin Improvement**
 - New Products
 - Ongoing Cost Reduction Projects
 - Facilities Consolidation

- **Communications Business Outlook Remains Strong**
 - Big Pay-Off on New Product Investments

- **Acquisition of Bea Filtri Strengthens our Presence in European Filtration Markets**
 - Proximity to Major Markets
 - Microfiltration Manufacturing



Shareholder Value Strategy

Primary Driver: Earnings Growth \geq 15% CAGR

Sources

- **Sales Growth \geq 10% CAGR**
 - **New Products**
 - **Acquisitions**
- **Profit Margin Improvement Initiatives**
 - **Goal: 15% Operating Profit Margin by 2005**
- **Strong Engineering Capability To Drive;**
 - **New Products Design & Process**
 - **Profit Margin Improvement**
- **Strong Cash Flow To Fund Growth**
 - **Asset Management Focus**
 - **Retention Of Former Defense Business NOL's**



Shareholder Value Strategy

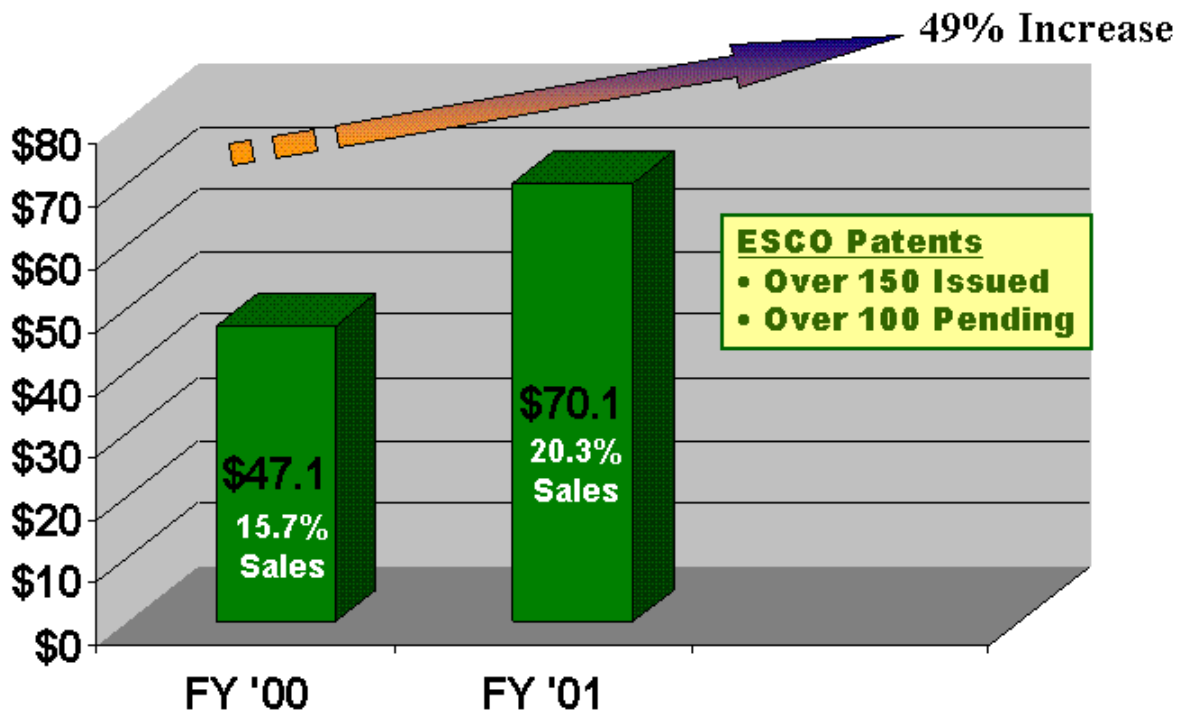
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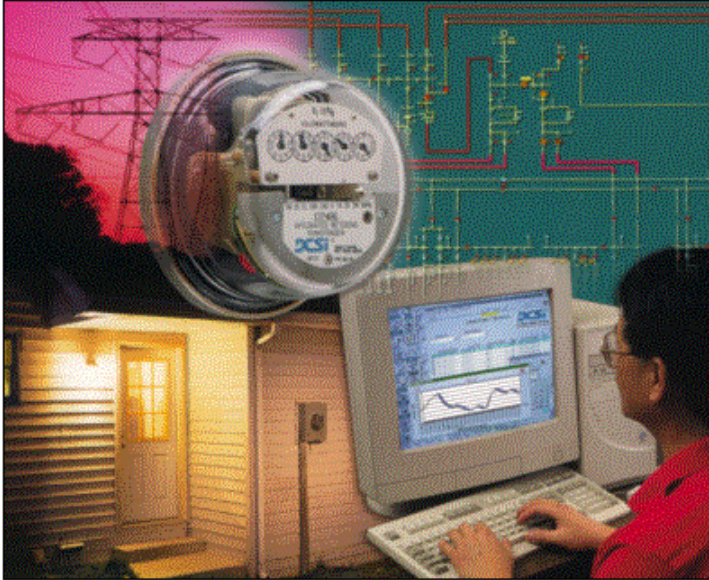


New Product Sales



New Products

TWACS® System



New Products

TWACS® System

- **Two-way Automatic Communications System (TWACS)
Utilizes Power Lines To Carry Signal**
 - **First Generation System Provided Only Load Control Function**
 - **Subsequent R&D Projects Greatly Expanded (TWACS) Capabilities**
 - **Automatic Meter Reading (AMR)**
 - **Distribution Automation Features**
 - **Hourly Reads / Time of Use Billing**
- **Patented Proprietary Technology Protects TWACS
Market Position**
- **Rapid Growth In Communications Is Direct Result Of
Successful New Product Investments in TWACS**



PPL Project

- **DCSI Awarded Major Contract for Automatic Meter Reading (AMR) System by Pennsylvania Power & Light (PPL)**
- **System will Service ~1.2M Residential and 170,000 Commercial & Industrial Customers**
- **Total Contract Value of \$112M**
- **Deployment of a Test System Began in December**
 - **Full System Deployment will Begin in April After Completion of Routine Small-Scale Test (No Issues Anticipated)**
- **Period of Performance is Anticipated to be ~3 Yrs**
- **DCSI Responsible for Project Management, System Design, AMR Equipment & Support Services**



Process Technology

FILTRATION / FLUID FLOW - MEDICAL



- **Integrated Assembly & Test Manufacturing Cell Produces Leukocyte Reduction Blood Filters**
- **Capacity >100K Filters/Wk**
- **Automated process Requires Minimal Direct Labor**



- **Integrated Assembly & Test Manufacturing Cell Produces Zero Back-Flow Medical Check Valves**
- **Each Automated Cell Can Produce >100K Check Valves/Wk**
- **Three Fully Automated Cells Running Near Capacity in Newcastle, Ireland Facility**



New Products

FILTRATION / FLUID FLOW - MEDICAL



Leukocyte Reduction
Blood Filter



Zero Backflow
Checkvalves



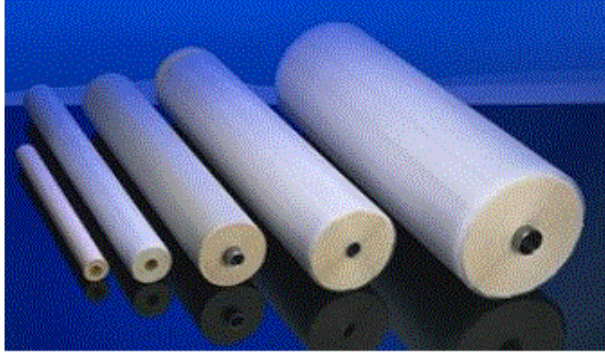
Needlefree Connectors

- **Automated Mfg Cells Provide High Quality Filters & Fluid Flow Devices in High Volumes**
- **Integrated Product & Process Design Approach Results in Lowest Attainable Unit Cost**
- **Critical Processes Certified by FDA**
- **Sold to Major OEM Customers Worldwide**
- **Production Volumes Routinely Exceed 20 Million/Yr**



Membrane Technology

NANOFILTRATION

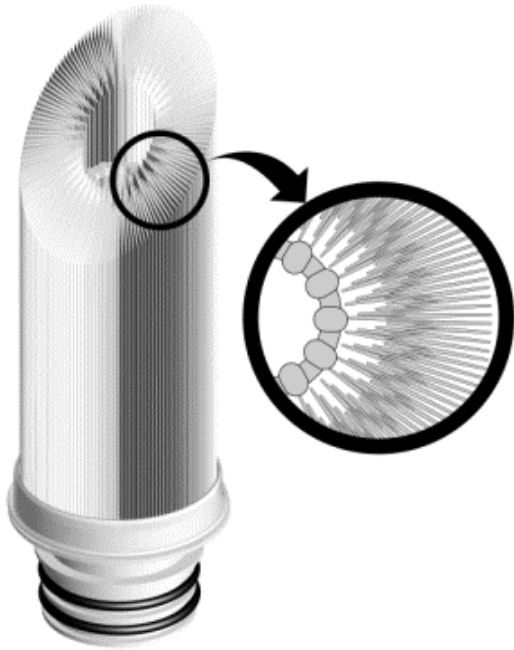


- Higher Flux (Flow) at the Same Retention Efficiency
- Patent Pending
- New Thin Film Composite (TFC) Nanofiltration Membrane Now Produced Internally
- Used in Spiral Elements for Separation of Salt, Sugars and Proteins in Dairy Applications
- Application Specific Performance Improved
- Element Material Cost Reduced >40%



New Products

MICROFILTRATION

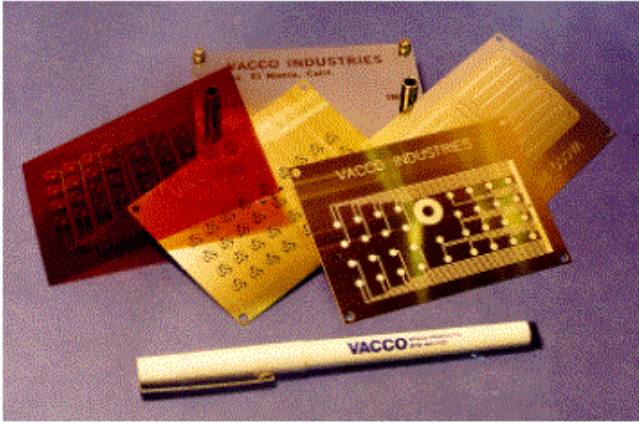


- **New Select™ Filter Media Pleating Design**
- **Up To 35% More Filter Area In Standard 10 Inch Cartridge**
- **Extends Filter Service Life Without Compromising Flow Rate**
- **Higher Flow Rates**
- **Select™ Pleating Now Available In All Major Microfiltration Models**
- **Patent Pending**



ChEMS™ Technology

Chemically Etched Micro Systems (ChEMS™)



- Extension of Etched Disc Filter Technology
- Patent Protected

- Chemical Micromachining of Thin Metal Sheets is Primary Manufacturing Process.
- Layers are Micromachined, then Integrated to Form Modules.
- Components & Connections Fabricated Simultaneously.
- Integrated by Diffusion Bonding and EB Welding



New Products

ChEMIS™ MODULES

Electric Propulsion

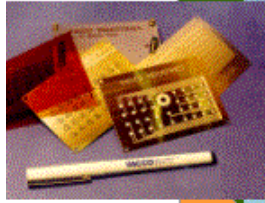
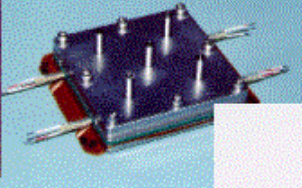
FLOW CONTROL



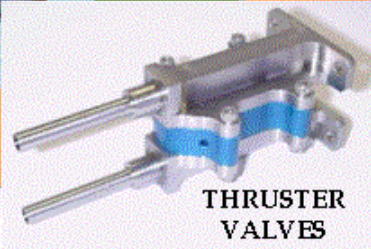
PRESSURE CONTROL



VALVEMODULE



THRUSTER VALVES



MICRO-PROPULSION SYSTEMS

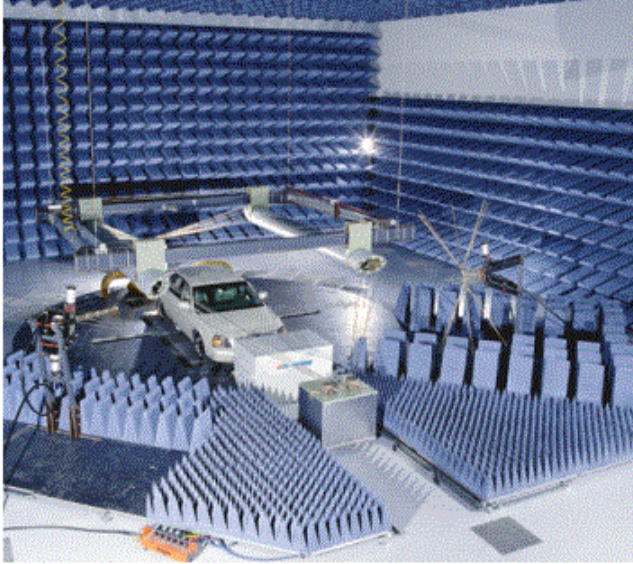


Chemical Propulsion



New Products

EMC TEST

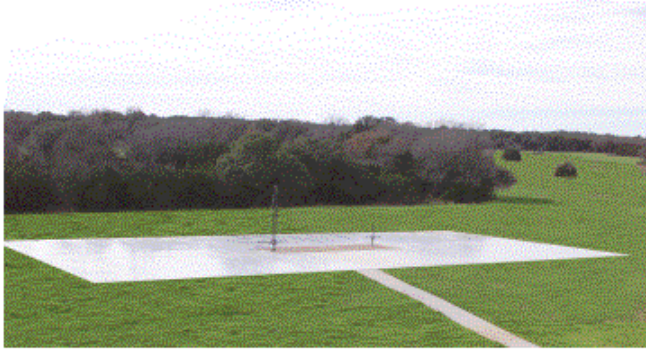


- Recently Completed State-of-the-Art GM Test Facility
- Facility Contains Four Fully Equipped Vehicle Test Chambers
- Unique Antennas are Leading Edge New Products
- Other Products Include;
 - Doors Incorporating Patented RF Sealing Design
 - Absorber Materials
 - Turntable & Test Accessories



Antenna Technology

EMC TEST



- Full Calibration Services & RF Engineering Support also Available to Customers
- Newly Completed State-of-the-Art Antenna Test & Calibration Site at Austin, Tx Facility
- Largest, Best Equipped Test Site in North America
 - Low Ambient Noise
 - Underground Instrumentation Pit
 - Fixed Antenna Towers
 - Tapered Transition Area
- 80m x 50m Ground Plane for Antenna Measurement
- Primary Use: Development & Test of Leading Edge Antennas & Field Sensing Devices



New Products

RF SHIELDING



- **Interventional Suite Door
Incorporates Unique RF Seal
Technology**
- **Provides RF & X-ray Protection
During MRI Imaging and Surgical
Procedures**
- **Patent Pending**
- **New Product Innovations Further
Strengthen Our Market Leadership
Position in MRI Shielding**



Shareholder Value Strategy





Primary Driver: Earnings Growth \geq 15% CAGR

Sources

- **Sales Growth \geq 10% CAGR**
 - **New Products**
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- **Profit Margin Improvement Initiatives**
 - **Goal: 15% Operating Profit Margin by 2005**
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ESCO FY'00 & '01 Acquisitions

ACQUISITIONS	SEGMENT	APPROX SALES	DESCRIPTION
	FILTRATION	\$7M	<ul style="list-style-type: none"> ■ Product Line Extension / Drop-In - Relocation to South El Monte Facility Complete
	TEST	\$40M	<ul style="list-style-type: none"> ■ MRI RF Shielding Leader ■ Former EMC Test Competitor ■ Substantial Integration Benefits
	TEST	\$5M	<ul style="list-style-type: none"> ■ Line Extension – Unique Test Probes - Consolidation into Austin Facility to be completed in Q2
	FILTRATION	\$10M	<ul style="list-style-type: none"> ■ Expands Key market & Int'l Presence ■ Microfiltration Mfg in Europe

- All Meet Key Acquisition Criteria -

- | | |
|-------------------------------------|--|
| • Core Business Fit | • Tangible Integration Benefits |
| • Strengthen Market Position | • Add Technologies |



Shareholder Value Strategy

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Profit Margin Improvement

KEY INITIATIVES

- **Disciplined Product Management**
 - Responsible Pricing
 - Formal Cost Reduction Projects / Teams
 - Engineering Capability & Focus to Drive Cost Out of New and Existing Products

- **Force Count Management**
 - People Productivity

- **Facilities / Fixed Cost Management**
 - Consolidations and “Drop-in” Acquisitions to Fully Load Manufacturing Facilities



Profit Margin Improvement

FY'01 RESULTS

- Sales Increased 14.9% Over Prior Year
- Force Count Reduced 2.2% Compared to Prior Year
- Three Facilities Closed as a Result of Acquisition Related Consolidation Projects
 - Total Square Feet Reduced 6.5%

ONGOING PROJECTS

- Test Consolidation in Austin . . . Complete Q2, FY'02
- European Work Transfers
- Five Advanced Automation Projects Scheduled for Completion in FY'02



Shareholder Value Strategy

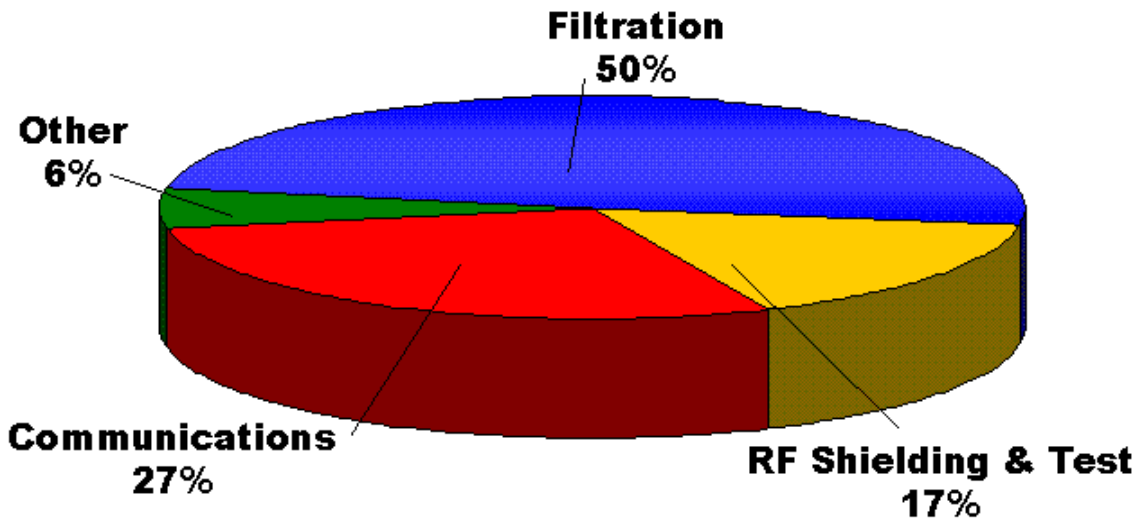
Primary Driver: Earnings Growth \geq 15% CAGR

Sources

- **Sales Growth \geq 10% CAGR**
 - **New Products**
 - **Acquisitions**
- **Profit Margin Improvement Initiatives**
 - **Goal: 15% Operating Profit Margin by 2005**
- **Strong Engineering Capability To Drive;**
 - **New Products Design & Process**
 - **Profit Margin Improvement**
- **Strong Cash Flow To Fund Growth**
 - **Asset Management Focus**
 - **Retention Of Former Defense Business NOL's**



Engineering Investment (\$M)

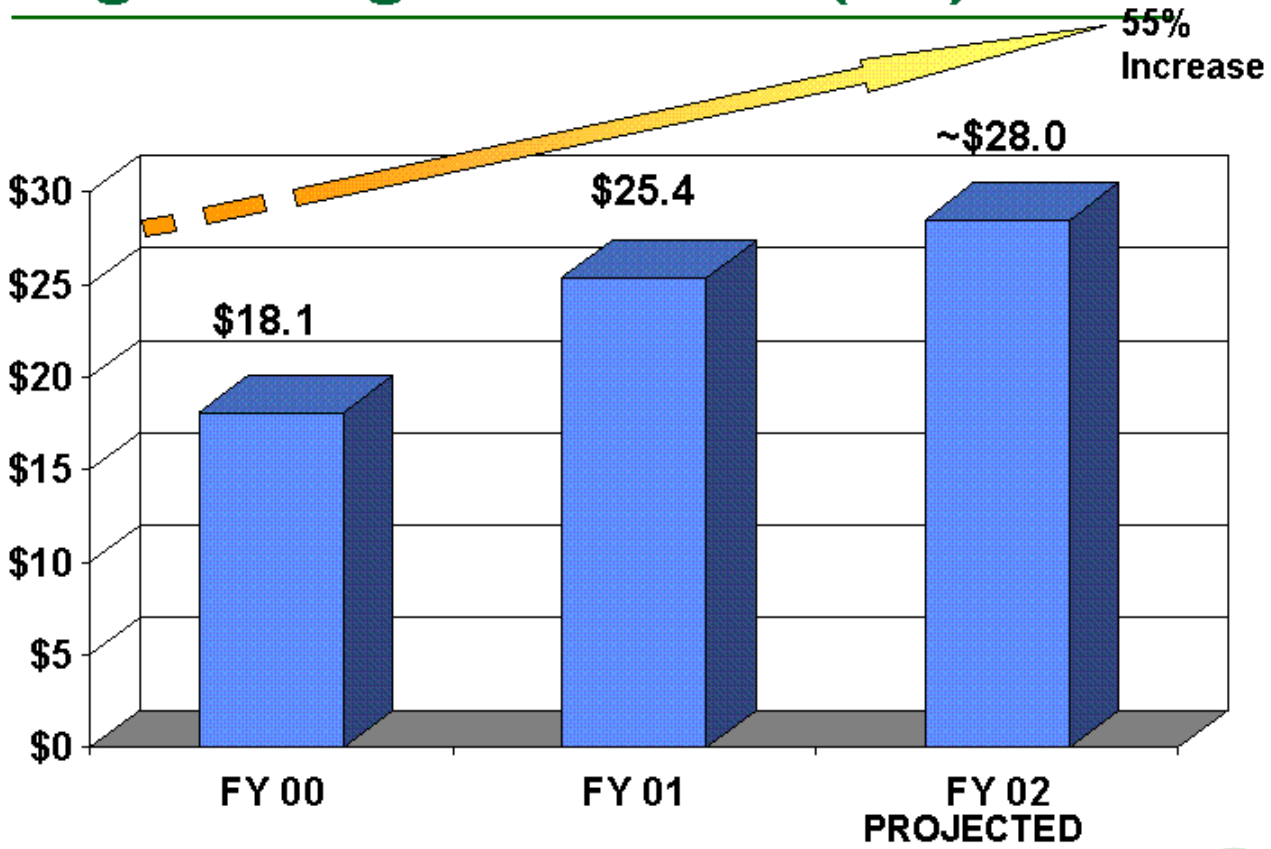


FY '01 Engineering Expenditures = \$25.4M (7.4% Sales)

□ Engineering Force Count ~ 260



Engineering Investment (\$M)



Shareholder Value Strategy

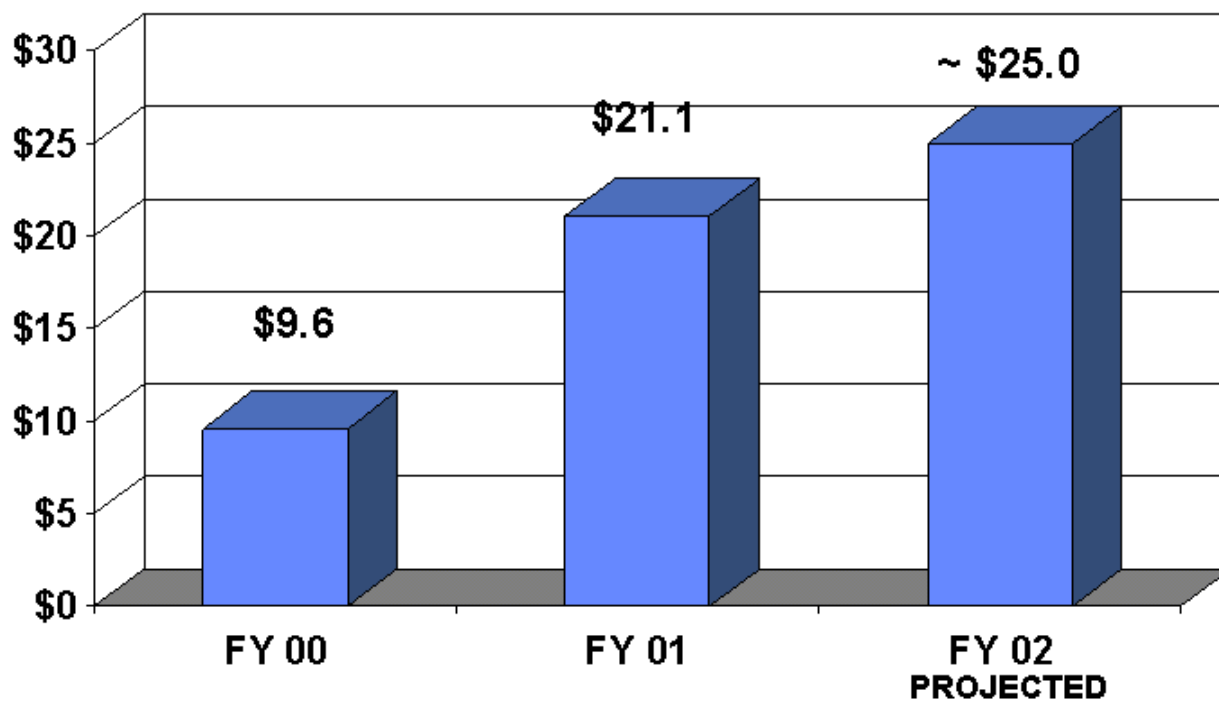
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Strong Cash Flow* (\$M)



* FREE CASH FLOW BEFORE ACQUISITIONS



Agenda

- **Fiscal 2001 Results**
- **Shareholder Value Strategy**
 - New Products
 - Engineering Investment
- **Fiscal 2002**
 - First Quarter Results
 - Outlook



Qtr 1 Income Statement (\$000)

	<u>1ST QTR FY 2002</u>	<u>1ST QTR FY 2001</u>	<u>% Change</u>
Net Sales	84,336	82,871	1.8%
Gross Profit	26,879	25,245	6.5%
% Sales	31.9%	30.5%	
Operating Profit	8,126	8,480	-4.2%
% Sales	9.6%	10.2%	
EBIT	7,811	6,569	18.9%
% Sales	9.3%	7.9%	
Net Earnings	4,772	3,978	20.0%
% Sales	5.7%	4.8%	
EPS - Diluted	\$ 0.37	\$ 0.31	19.4%
EBITDA	11,076	10,419	6.3%
% Sales	13.1%	12.6%	

FY'02 INCLUDES THE IMPACT OF ADOPTING FAS 142 (GOODWILL RELATED)



Qtr 1 Balance Sheet (\$000)

	12/31/01
Cash & Equivalents	\$ 18.2
Accounts Receivable	64.7
Inventory	52.5
Other Current Assets	21.1
Total Current Assets	\$ 156.5
Property, Plant & Equip, Net	65.4
Other Assets	155.7
Total Assets	\$ 377.6
Current Maturities - LTD	\$ 0.1
Current Liabilities	61.9
Other Liabilities	15.9
Long Term Debt	8.3
Total Liabilities	86.2
Shareholders Equity	291.4
Total Liabilities & Equity	\$ 377.6

CASH NET OF DEBT: \$ >9.8M



Qtr 1 Financial Highlights

- **Earnings Growth And Positive Cash Flow In A Weak Economy**
 - **New Orders Stronger Than Expected**
 - **Bookings Exceeded Sales in All Business Segments**
 - **Backlog Increased 12%, to \$202M**
-
- **Pennsylvania Power & Light (PPL) Contract Award**
 - **Builds Momentum in Communications Business**
 - **Reaffirmation of Strong Market Position**



ESCO Outlook

- **First Half Outlook Unchanged (\$0.70 to \$0.80)**
 - Some Served Markets Remain Very Soft
 - Continue to Benefit from Breadth of Served Markets
- **Second Half Results Should Improve**
 - New Product Introductions
 - Completion of Test Segment Consolidation Projects
- **Positive Cash Flow From Operations Throughout the Year**
 - Fund Internal Growth and “Good-Fit” Acquisitions
- **Management & Shareholder Interests Remain Strongly Aligned**
 - Executive and Director Equity Ownership Policies

