

UNITED STATES
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): May 6, 2008

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.) |
|---|--|---|

| | |
|---|--------------------------|
| 9900A Clayton Road, St. Louis, Missouri (Address of Principal Executive Offices) | 63124-1186 (Zip Code) |
|---|--------------------------|

Registrants telephone number, including area code: 314-213-7200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2 (b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.113d-4 (c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Today, May 6, 2008, the Registrant is issuing a press release (furnished herewith as Exhibit 99.1 to this report) announcing its fiscal year 2008 second quarter financial and operating results. See Item 7.01, Regulation FD Disclosure below.

ITEM 7.01 REGULATION FD DISCLOSURE

Today, the Registrant is issuing (i) a press release (Exhibit 99.1) announcing its fiscal year 2008 second quarter financial and operating results, and (ii) a second press release (Exhibit 99.2) announcing that in April 2008 Pacific Gas and Electric Company (PG&E) placed follow-on orders totaling \$11.1 million for additional Aclara advanced metering infrastructure (AMI) products. The Registrant will conduct a related Webcast conference call today at 4:00 p.m. central time. This press release will be posted on the Registrant's website located at <http://www.escotechnologies.com>. It can be viewed through the "Investor Relations" page of the website under the tab "Press Releases," although the Registrant reserves the right to discontinue that availability at any time.

NON-GAAP FINANCIAL MEASURES

The press release furnished herewith as Exhibit 99.1 contains financial measures and financial terms not calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP") in order to provide investors and management with an alternative method for assessing the Registrant's operating results in a manner that is focused on the performance of the Registrant's ongoing operations. The Registrant has provided definitions

below for the non-GAAP financial measures utilized in the press release, together with an explanation of why management uses these measures, and why management believes that these non-GAAP financial measures are useful to investors. The press release uses the non-GAAP financial measures of "EBIT", "EBIT margin" and expected 2008 "EPS-Adjusted Basis".

The Registrant defines "EBIT" as earnings before interest and taxes from continuing operations. The Registrant defines "EBIT margin" as EBIT as a percent of net sales. The Registrant's management evaluates the performance of its operating segments based on EBIT and EBIT margin, and believes that EBIT and EBIT margin are useful to investors to demonstrate the operational profitability of the Registrant's business segments by excluding interest and taxes, which are generally accounted for across the entire Registrant on a consolidated basis. EBIT is also one of the measures used by management in determining resource allocations within the Registrant and incentive compensation.

The press release refers to expected 2008 "EPS-Adjusted Basis" and EPS from continuing operations adjusted for "software and purchase accounting amortization" exclusive of pre-tax intangible asset amortization expense related to TWACS NG software, purchase accounting intangible assets related to the Registrant's recent acquisitions and the expense related to the purchase accounting step-up of Doble Engineering Company inventory. The Registrant believes that the presentation of these operational measures provides important supplemental information to investors regarding financial and business trends relating to the Registrant's financial condition and results of operations. The Registrant's management believes that these measures provide an alternative method for assessing the Registrant's expected future performance that is useful because they facilitate comparisons with other companies in the Utility Solutions Group segment industry, many of which use similar non-GAAP financial measures to supplement their GAAP results. The Registrant provides this information to investors to enable them to perform additional analyses of present and future operating performance, compare the Registrant to other companies, and evaluate the Registrant's ongoing financial operations.

The presentation of the information described above is intended to supplement investors' understanding of the Registrant's operating performance. The Registrant's non-GAAP financial measures may not be comparable to other companies' non-GAAP financial performance measures. Furthermore, these measures are not intended to replace net earnings (loss), cash flows, financial position, comprehensive income (loss), or any other measure as determined in accordance with GAAP.

ITEM 8.01 Other Events

Today, the Registrant is issuing a second press release (furnished herewith as Exhibit 99.2 to this report) announcing that in April 2008 PG&E placed follow-on orders totaling \$11.1 million for additional Aclara AMI products. See Item 7.01, Regulation FD Disclosure above.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

| Exhibit No. | Description of Exhibit |
|-------------|------------------------|
|-------------|------------------------|

| | |
|------|---------------------------------|
| 99.1 | Press Release dated May 6, 2008 |
| 99.2 | Press Release dated May 6, 2008 |

OTHER MATTERS

The information in this report furnished pursuant to Item 2.02 and Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 as amended ("Exchange Act") or otherwise subject to the liabilities of that section, unless the Registrant incorporates it by reference into a filing under the Securities Act of 1933 as amended or the Exchange Act.

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.

Dated: May 6, 2008

By: /s/ G.E. Muenster
G.E. Muenster
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description of Exhibit |
|-------------|---------------------------------|
| 99.1 | Press Release dated May 6, 2008 |
| 99.2 | Press Release dated May 6, 2008 |

ESCO TECHNOLOGIES

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ESCO ANNOUNCES SECOND QUARTER RESULTS

ST. LOUIS, May 6, 2008 - ESCO Technologies Inc. (NYSE: ESE) today announced its results for the second quarter ended March 31, 2008, and also reaffirmed its full year earnings per share (EPS) guidance.

Within this release, references to "quarters" and "year-to-date" relate to the fiscal quarters and six-month periods ended March 31 for the respective fiscal years noted.

Net earnings and EPS are presented from "Continuing Operations" and "Discontinued Operations." Continuing Operations represent the results of the ongoing businesses of the Company, including the results of Doble for the four-month period subsequent to its November 30, 2007 acquisition. Discontinued Operations represent the results of the filtration portion of Filtertek which was sold on November 25, 2007.

Second Quarter 2008 vs. 2007 Summary - Continuing Operations

- o Net sales increased \$26.3 million, or 24.2 percent, to \$135.2 million.
- o EBIT dollars increased \$2.1 million, or 19.2 percent, to \$12.9 million.
- o Total depreciation and amortization expense was \$7.0 million compared to \$4.3 million.
- o Pretax earnings include \$3.5 million (\$0.08 per share, after tax) of amortization expense related to TWACS NG software and purchase accounting related assets.
- o Pretax earnings were impacted by \$3.2 million of interest expense in 2008 compared to \$0.2 million of interest income in 2007.
- o The effective tax rate was 37.3 percent in the 2008 second quarter compared to 18.5 percent (including the effect of research tax credits) in the second quarter of 2007.

- more -

Add One

- o EPS from Continuing Operations was \$0.23 per share (or \$0.31 per share adjusted for the \$0.08 per share of software and purchase accounting amortization noted above), compared to \$0.34 per share in 2007, with the decrease due to higher interest expense and a higher tax rate in 2008.
- o Net cash generated during the second quarter was \$21.8 million.
- o Entered orders were \$164.1 million with a book-to-bill ratio of 121 percent.

Six Months 2008 Year-to-Date Summary - Continuing Operations

- o Net sales increased \$80.7 million, or 42.6 percent, to \$270.1 million.
- o EBIT dollars increased \$19.7 million, or 270 percent, to \$26.9 million.
- o Total depreciation and amortization expense was \$12.7 million compared to \$7.8 million.

- o Pretax earnings include \$8.3 million (\$0.20 per share, after tax) of amortization expense related to TWACS NG software and purchase accounting related assets.
- o Pretax earnings were impacted by \$4.5 million of interest expense in 2008 compared to \$0.5 million of interest income in 2007.
- o The effective tax rate was 37.5 percent in 2008 compared to 2.4 percent (including the effect of research credits and loss in first quarter) in 2007.
- o EPS from Continuing Operations was \$0.53 per share (or \$0.73 per share as adjusted for the \$0.20 per share of software and purchase accounting amortization noted above), compared to \$0.29 per share in 2007.
- o Net cash generated year-to-date was \$19.8 million.
- o Entered orders were \$294.4 million with a book-to-bill ratio of 109 percent.

Discontinued Operations Summary

Discontinued Operations had no impact on the 2008 second quarter, and contributed \$0.7 million, or \$0.02 per share, to the 2007 second quarter.

The sale of Filtertek in the first quarter of 2008 resulted in a year-to-date net loss of \$5.1 million, or \$0.19 per share, from Discontinued Operations driven by the write-down of the vacated Puerto Rico property and by income tax expense related to its foreign operations.

The divestiture of Filtertek, net of transaction costs, generated \$75.5 million of net cash. The Puerto Rico property was sold on March 31, 2008 for \$1.4 million with the net cash proceeds of \$1.3 million being received on April 1, 2008.

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Add Two

| | 2nd Quarter ----- | | Year-to-Date ----- | |
|---|----------------------|------|-----------------------|------|
| Earnings Per Share Summary - - - - - | 2008 | 2007 | 2008 | 2007 |
| | ---- | ---- | ---- | ---- |
| Continuing Operations | \$ 0.23 | 0.34 | \$ 0.53 | 0.29 |
| Discontinued Operations | -- | 0.02 | (0.19) | 0.02 |
| | ---- | ---- | ---- | ---- |
| Net Earnings | \$ 0.23 | 0.36 | \$ 0.34 | 0.31 |
| | ===== | ==== | ===== | ==== |

Sales

Second quarter 2008 sales of \$135.2 million were 24.2 percent higher than second quarter 2007 sales of \$108.9 million, and year-to-date sales increased 42.6 percent to \$270.1 million compared to \$189.4 million in 2007. Fiscal 2008 year-to-date sales include the recognition of \$20.5 million of revenue in the first quarter related to electric AMI shipments to PG&E which occurred with the delivery of TWACS NG software version 3.0 in December 2007.

Utility Solutions Group sales of \$74.6 million increased \$25.3 million, or 51.5 percent in the 2008 second quarter compared to the second quarter of 2007, primarily driven by \$21.7 million of sales from Doble in the 2008 second quarter. Fixed network RF AMI sales increased \$5.1 million, or 43.1 percent, primarily due to higher gas AMI deliveries at PG&E. Fixed network power-line system (PLS) AMI sales decreased \$1.8 million, or 5.3 percent, driven by lower sales to IOU customers (primarily in Texas), partially offset by a 22.4 percent increase in deliveries to COOP and public power (Municipal) customers which totaled \$29.0 million during the 2008 second quarter. Software sales and sales of digital video security products increased \$0.3 million in the second quarter of 2008. Year-to-date 2008 sales of \$153.9 million increased \$74.6 million, or 94.1 percent, driven by Doble's sales of \$31.1 million; an RF AMI sales increase of \$16.2 million, or 82.6 percent; and a PLS AMI sales increase of \$29.8 million, or 60.2 percent, partially offset by a \$2.5 million decrease in sales of digital video security products.

Test segment sales of \$33.5 million in the 2008 second quarter decreased

slightly from the \$34.0 million of sales recognized in the second quarter of 2007. This decrease is a result of the timing of domestic chamber deliveries which are expected to be completed in the second half of fiscal 2008. Year-to-date, Test segment sales increased 5.4 percent, driven by the continued strength of the international end markets.

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Add Three

Filtration segment sales of \$27.1 million increased \$1.4 million, or 5.5 percent in the second quarter of 2008, primarily driven by the continued strength in the commercial aerospace market. Year-to-date, Filtration sales increased \$2.7 million, or 5.6 percent.

Earnings Before Interest and Taxes (EBIT)

On a segment basis, items that impacted EBIT dollars and EBIT as a percent of sales ("EBIT margin") during the second quarter of fiscal 2008 included the following:

In the Utility Solutions Group, EBIT for the 2008 second quarter was \$10.5 million (14.0 percent of sales), compared to \$6.1 million (12.4 percent of sales) in the 2007 second quarter. The \$4.4 million increase in EBIT dollars in the 2008 second quarter was the result of the sales increases within the segment as noted above. The 2008 second quarter also included higher TWACS NG software amortization compared to the 2007 second quarter (\$2.9 million compared to \$1.8 million). Year-to-date, 2008 EBIT was \$23.9 million (15.5 percent of sales) compared to \$3.3 million (4.2 percent of sales) with the significant increase driven by the 94 percent increase in year-to-date sales within this segment.

In the Test segment, EBIT was \$2.7 million (8.2 percent of sales) and \$4.7 million (7.2 percent of sales) for the 2008 second quarter and six months, respectively, compared to the 2007 second quarter and year-to-date EBIT of \$4.1 million (12.0 percent of sales) and \$6.2 million (10.0 percent of sales), respectively. The 2008 EBIT included approximately \$0.7 million of non-recurring costs associated with the facility consolidation in Austin, Texas that was completed in January 2008. Absent these charges, the Test segment margin for the second quarter of 2008 would have been approximately 2.2 percent higher. Additionally, EBIT margins were lower due to changes in sales mix involving additional large chambers and fewer high-margin components sold in the comparable periods.

In the Filtration segment, 2008 second quarter EBIT was \$4.9 million (18.1 percent of sales) compared to \$5.2 million (20.3 percent of sales) in the prior year second quarter. The decrease in EBIT dollars and margin is due to sales mix changes at VACCO where fewer high margin defense spares were sold in the 2008 second quarter. Year-to-date, 2008 EBIT was \$8.6 million (16.9 percent of sales) compared to 2007 EBIT of \$6.9 million (14.4 percent of sales) with the increases being driven by the strength of the commercial aerospace market.

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Add Four

Corporate operating costs included in EBIT were \$5.2 million and \$10.2 million in the second quarter and six months of 2008, respectively, compared to \$4.6 million and \$9.1 million in the 2007 second quarter and six months, respectively. The 2008 increases are due to lower royalty income and higher amortization expenses related to purchase accounting identifiable intangible assets recorded at Corporate.

Effective Tax Rate

The effective tax rate from Continuing Operations in the second quarter of 2008 was 37.3 percent compared to 18.5 percent in the second quarter of 2007, and 37.5 percent compared to 2.4 percent for the six month periods of 2008 and 2007, respectively. The 2007 tax rates were favorably benefited by research tax credits realized throughout 2007.

New Orders

New orders received in 2008 were \$164.1 million for the second quarter, and \$294.4 million year-to-date resulting in a backlog at March 31, 2008 of \$281.9 million.

New orders received were \$99.6 million in the Utility Solutions Group,

\$32.5 million in Test, and \$31.9 million in Filtration during the second quarter of 2008.

During the 2008 second quarter, Aclara Power-Line Systems received \$25.1 million in orders from COOP and Municipal customers, and \$8.9 million in orders from PREPA.

Orders from PG&E during the 2008 second quarter were \$32.3 million, including \$4.1 million related to the RF electric AMI order announced in March 2008. Subsequent to the second quarter end, the Company recorded an additional \$11.1 million of PG&E orders (\$6.1 million RF gas and \$4.7 million RF electric) related to its AMI deployment, resulting in year-to-date PG&E orders of \$57.6 million. Total PG&E order quantities since inception (1.7 million units, or \$112.4 million) are detailed in a separate press release also dated May 6, 2008.

Cash

Net cash provided by operating activities from Continuing Operations was \$37.7 million for the six months ended March 31, 2008. At March 31, 2008, the Company had \$31 million in cash and \$250.5 million of total debt outstanding for a net debt position of \$219.5 million.

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Add Five

Doble Purchase Accounting

Management has finalized its purchase accounting valuation related to the identifiable intangible assets for Doble and has reflected these changes in the Balance Sheet at March 31, 2008. Identifiable intangible assets generally include: trade names; customer relationships; patents and proprietary know-how; firm order backlog; non-compete and employment agreements for key managers, and specific software and database applications. These identifiable intangible assets are required to be recorded on the opening balance sheet and amortized over their useful lives.

The total amount of Doble's identifiable intangible assets subject to amortization was \$56.3 million and the estimated lives for these assets ranged from five years for certain software and database applications to 20 years for certain long-term customer relationships. Other intangible assets identified in the purchase accounting valuation were \$192.6 million of non-amortizable goodwill and \$112.3 million of indefinite life trade names.

The annual pretax amortization charge related to Doble's identifiable intangible assets is expected to be approximately \$3.3 million for five years, decreasing to \$2.7 million for the remaining 15 years.

Regarding tangible assets, Doble's finished goods inventory was required to be "stepped up" during purchase accounting by \$1.7 million, which results in finished goods inventory being sold with no profit recognized. This results in positive cash flow, but "lost" profit of \$1.3 million in fiscal 2008 and \$0.4 million in fiscal 2009.

Chairman's Commentary

Vic Richey, Chairman and Chief Executive Officer, commented, "I am very pleased with our second quarter results as we exceeded our internal targets on nearly every operating metric. We came in well above plan on EBIT, cash flow, working capital and entered orders. Our Utility Solutions Group orders were well ahead of plan this quarter, with the bulk of the upside attributable to additional orders received from PG&E for the gas portion of its AMI deployment along with the initial RF electric order announced in March.

"On the AMR / AMI front, I remain very excited about the opportunities that we are addressing in the international marketplace as well as the momentum we are seeing from potential domestic customers as well. The amount of international pilot activity continues to expand, and we are confident that a few of these trials will ultimately lead to initial deployments over the next 12 months.

"Regarding Doble, the early results have been excellent, and after spending more time with the management team in Boston, I am more confident than ever that this acquisition will continue to exceed our original expectations and will be a significant contributor to our stated goal of increasing long-term shareholder value."

Mr. Richey concluded, "The continued market leadership position that our businesses demonstrate with innovative products and reliable services continues

to provide us with growth opportunities across all business segments. Based on our current outlook described below, 2008 should be an exciting time for ESCO, both from a customer and shareholder perspective."

Business Outlook

Statements contained in the preceding and following paragraphs are based on current expectations. Statements that are not strictly historical are considered forward-looking, and actual results may differ materially.

The Business Outlook described below excludes the Discontinued Operations of Filtertek and the impact of any future acquisitions or divestitures, and includes: the expected operating results of Doble for the 10 months of operations included in fiscal 2008 since the date of acquisition; the impact of the amortization of identifiable intangible purchase accounting assets related to Aclara Software, Aclara RF, and Doble; the impact of the inventory step-up resulting in "lost" profit, and the amortization of the TWACS NG software.

PG&E Contract

PG&E's ongoing technology assessment activities may impact the timing and / or receipt of future orders from PG&E for its electric deployment, and until PG&E completes this evaluation and determines whether it will modify its AMI project plan, the Company cannot reasonably estimate the timing or total value of equipment orders that may be received. The gas portion of the PG&E contract is continuing to be deployed using Aclara RF's fixed network solution.

Revenue, EBIT Margins, and Earnings Per Share - 2008

Management continues to expect fiscal year 2008 revenues, EBIT margins and EPS to be consistent with the ranges described in detail in the Company's February 7, 2008 release.

Fiscal 2008 EPS is expected to be within the following ranges:

| | | | |
|--|---------|----|-------|
| EPS - GAAP Continuing Operations | \$ 1.80 | to | 1.90 |
| Add: Intangible Asset Amortization and Inventory Step-Up | \$ 0.42 | | 0.42 |
| | ----- | | ---- |
| EPS - Adjusted Basis | \$ 2.22 | to | 2.32 |
| | ===== | | ===== |

As explained in the February 7, 2008 release, the \$0.42 per share noted in the above reconciliation includes TWACS NG software amortization, purchase accounting intangible asset amortization related to the Company's recent acquisitions, and Doble's purchase accounting inventory step-up.

Additionally, interest expense for 2008, which is included in the GAAP EPS amounts noted above, is expected to be in the range of \$0.24 to \$0.26 per share, and stock option expense is expected to be in the range of \$0.08 to \$0.10 per share for the year. The effective annual tax rate for fiscal 2008 is expected to be approximately 37.5 percent.

Conference Call

The Company will host a conference call today, May 6, at 4:00 p.m., Central Time, to discuss the Company's second quarter operating results. A live audio webcast will be available on the Company's web site at www.escotechnologies.com. Please access the web site at least 15 minutes prior to the call to register, download and install any necessary audio software. A replay of the conference call will be available for seven days on the Company's web site noted above or by phone (dial 1-888-203-1112 and enter the pass code 1394569).

Forward-Looking Statements

Statements in this press release regarding the amounts and timing of fiscal 2008 future revenues, results, earnings, sales, EBIT, EPS, sales and EBIT margins, the timing and amounts of amortization charges related to Doble's identified intangible assets, potential future revenues from Doble, the success of international AMR / AMI pilots and the likelihood of resulting international AMR / AMI deployments, the long-term success of the Company, 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 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: the risk factors described in Item 1A

of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007, and in Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the three months ended December 31, 2007; actions by the California Public Utility Commission; PG&E's Board of Directors or PG&E's Management impacting PG&E's AMI projects; the outcome of PG&E's evaluation of other technologies to meet their requirements for the electric portion of its service territory; the success of the Company's competitors; changes in or the effect of the Federal Energy Bill; the timing and content of purchase order releases under the PG&E contracts; the Company's successful performance of the PG&E contracts; site readiness issues with Test segment customers; weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; unforeseen charges impacting corporate operating expenses; the performance of the Company's international operations; material changes in the costs of certain raw materials including steel and copper; delivery delays or defaults by customers; termination for convenience of customer contracts; timing and magnitude of future contract awards; containment of engineering and development costs; performance issues with key customers, suppliers and subcontractors; labor disputes; changes in laws and regulations including but not limited to changes in accounting standards and taxation requirements; costs relating to environmental matters; uncertainty of disputes in litigation or arbitration; the Company's successful execution of internal operating plans; and the integration of newly acquired businesses.

ESCO, headquartered in St. Louis, is a proven supplier of special purpose utility solutions for electric, gas and water utilities, including hardware and software to support advanced metering applications and fully automated intelligent instrumentation. In addition, the Company provides engineered filtration products to the aviation, space 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 web site at www.escotechnologies.com.

- tables attached -

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

| | Three Months Ended ----- March 31, 2008 ----- | Three Months Ended ----- March 31, 2007 ----- |
|---|--|--|
| Net Sales | \$ 135,159 | 108,860 |
| Cost and Expenses: | | |
| Cost of sales | 78,263 | 66,698 |
| SG&A | 39,546 | 28,568 |
| Amortization of intangible assets | 4,598 | 2,792 |
| Interest expense (income), net | 3,187 | (176) |
| Other (income) expenses, net | (137) | (10) |
| | ---- | ---- |
| Total costs and expenses | 125,457 | 97,872 |
| | ----- | ----- |
| Earnings before income taxes | 9,702 | 10,988 |
| Income taxes | 3,620 | 2,035 |
| | ----- | ----- |
| Net earnings from continuing operations | 6,082 | 8,953 |
| Earnings from discontinued operations, net of tax expense of \$363 | - | 665 |
| | ---- | ---- |
| Net earnings | \$ 6,082 | 9,618 |
| | ===== | ===== |
| Earnings per share: | | |
| Basic | | |
| Continuing operations | 0.24 | 0.35 |
| Discontinued operations | 0.00 | 0.02 |
| | ---- | ---- |

| | | |
|----------------------------|---------|--------|
| Net earnings | \$ 0.24 | 0.37 |
| | ===== | ===== |
| Diluted | | |
| Continuing operations | 0.23 | 0.34 |
| Discontinued operations | 0.00 | 0.02 |
| | ---- | ---- |
| Net earnings | \$ 0.23 | 0.36 |
| | ===== | ===== |
| Average common shares O/S: | | |
| Basic | 25,847 | 25,895 |
| | ===== | ===== |
| Diluted | 26,250 | 26,491 |
| | ===== | ===== |

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

| | Six Months Ended ----- March 31, 2008 ----- | Six Months Ended ----- March 31, 2007 ----- |
|---|--|--|
| Net Sales | \$ 270,116 | 189,447 |
| Cost and Expenses: | | |
| Cost of sales | 162,275 | 122,712 |
| SG&A | 73,056 | 55,191 |
| Amortization of intangible assets | 8,195 | 4,818 |
| Interest expense (income), net | 4,546 | (497) |
| Other (income) expenses, net | (351) | (564) |
| | ----- | ----- |
| Total costs and expenses | 247,721 | 181,660 |
| | ----- | ----- |
| Earnings before income taxes | 22,395 | 7,787 |
| Income taxes | 8,408 | 185 |
| | ----- | --- |
| Net earnings from continuing operations | 13,987 | 7,602 |
| (Loss) earnings from discontinued operations, net of tax expense of \$325 and \$393, respectively | (115) | 635 |
| Loss on sale of discontinued operations, net of tax of \$4,809 | (4,974) | - |
| | ----- | ----- |
| Net (loss) earnings from discontinued operations | (5,089) | 635 |
| Net earnings | \$ 8,898 | 8,237 |
| | ===== | ===== |
| Earnings per share: | | |
| Basic | | |
| Continuing operations | 0.54 | 0.29 |
| Discontinued operations | (0.20) | 0.03 |
| | ----- | ----- |
| Net earnings | \$ 0.34 | 0.32 |
| | ===== | ===== |
| Diluted | | |
| Continuing operations | 0.53 | 0.29 |
| Discontinued operations | (0.19) | 0.02 |
| | ----- | ----- |
| Net earnings | \$ 0.34 | 0.31 |
| | ===== | ===== |
| Average common shares O/S: | | |
| Basic | 25,803 | 25,885 |
| | ===== | ===== |
| Diluted | 26,227 | 26,477 |
| | ===== | ===== |

- more -

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

| | Three Months Ended | | Six Months Ended | |
|------------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | ----- March 31, ----- | | ----- March 31, ----- | |
| | 2008 | 2007 | 2008 | 2007 |
| | ---- | ---- | ---- | ---- |
| Net Sales | | | | |
| ----- | | | | |
| Utility Solutions Group | \$ 74,571 | 49,226 | 153,880 | 79,260 |
| Test | 33,496 | 33,959 | 65,561 | 62,212 |
| Filtration | 27,092 | 25,675 | 50,675 | 47,975 |
| Totals | \$135,159 | 108,860 | 270,116 | 189,447 |
| | ===== | ===== | ===== | ===== |
| EBIT | | | | |
| Utility Solutions Group | \$ 10,466 | 6,109 | 23,874 | 3,327 |
| Test | 2,742 | 4,061 | 4,732 | 6,204 |
| Filtration | 4,913 | 5,226 | 8,562 | 6,908 |
| Corporate | (5,232) (1) | (4,584) (2) | (10,227) (3) | (9,149) (4) |
| Consolidated EBIT | 12,889 | 10,812 | 26,941 | 7,290 |
| Interest (expense)/income | (3,187) | 176 | (4,546) | 497 |
| Earnings before income taxes | \$ 9,702 | 10,988 | 22,395 | 7,787 |
| | ===== | ===== | ===== | ===== |

Note: Depreciation and amortization expense was \$7.0 million and \$4.3 million for the quarters ended March 31, 2008 and 2007, respectively, and \$12.7 million and \$7.8 million for the six-month periods ended March 31, 2008 and 2007, respectively.

(1) Includes \$1.1 million of amortization of acquired intangible assets.

(2) Includes \$0.6 million of amortization of acquired intangible assets.

(3) Includes \$1.9 million of amortization of acquired intangible assets.

(4) Includes \$1.2 million of amortization of acquired intangible assets.

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

| | March 31, 2008 ---- | September 30, 2007 ---- |
|--|---------------------------|-------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 30,973 | 18,638 |
| Accounts receivable, net | 100,575 | 85,319 |
| Costs and estimated earnings on long-term contracts | 9,001 | 11,520 |
| Inventories | 71,670 | 55,885 |
| Current portion of deferred tax assets | 15,934 | 25,264 |
| Other current assets | 15,985 | 28,054 |
| Current assets from discontinued operations | - | 35,670 |
| | ----- | ----- |
| Total current assets | 244,138 | 260,350 |
| Property, plant and equipment, net | 72,903 | 50,193 |
| Goodwill | 318,365 | 124,757 |
| Intangible assets, net | 240,540 | 74,624 |
| Other assets | 14,193 | 10,338 |
| Other assets from discontinued operations | - | 55,845 |
| | ----- | ----- |
| | \$890,139 | 576,107 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| ----- | | |
| Short-term borrowings and current portion of long-term debt | \$ 15,474 | - |
| Accounts payable | 36,814 | 45,726 |
| Current portion of deferred revenue | 17,665 | 24,621 |
| Other current liabilities | 46,328 | 31,859 |
| Current liabilities from discontinued operations | - | 16,994 |
| | ----- | ----- |
| Total current liabilities | 116,281 | 119,200 |
| Long-term portion of deferred revenue | 9,240 | 4,514 |
| Deferred tax liabilities | 82,208 | 18,522 |
| Other liabilities | 18,261 | 15,854 |
| Long-term debt | 235,000 | - |
| Other liabilities from discontinued operations | - | 2,534 |
| Shareholders' equity | 429,149 | 415,483 |
| | ----- | ----- |
| | \$890,139 | 576,107 |
| | ===== | ===== |

- more -

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

Six Months Ended
March 31, 2008

| | |
|---|-----------|
| Cash flows from operating activities: | |
| Net earnings | \$ 8,898 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | |
| Net loss from discontinued operations | 5,089 |
| Depreciation and amortization | 12,745 |
| Stock compensation expense | 2,326 |
| Changes in operating working capital | 1,451 |
| Effect of deferred taxes | 7,602 |
| Change in deferred revenues and costs, net | (859) |
| Other | 408 |
| | --- |
| Net cash provided by operating activities - continuing operations | 37,660 |
| Net loss from discontinued operations, net of tax | (5,089) |
| Net cash provided by discontinued operations | 125 |
| | --- |
| Net cash used by operating activities - discontinued operations | (4,964) |
| | ----- |
| Net cash provided by operating activities | 32,696 |
| | ----- |
| Cash flows from investing activities: | |
| Acquisition of businesses, net of cash acquired | (328,829) |
| Proceeds from sale of marketable securities | 4,966 |
| Additions to capitalized software | (8,004) |
| Capital expenditures - continuing operations | (8,673) |
| | ----- |
| Net cash used by investing activities - continuing operations | (340,540) |
| Capital expenditures - discontinued operations | (1,126) |
| Proceeds from divestiture of business, net - discontinued operations | 74,370 |
| | ----- |
| Net cash provided by investing activities - discontinued operations | 73,244 |
| | ----- |
| Net cash used by investing activities | (267,296) |
| | ----- |
| Cash flows from financing activities: | |
| Proceeds from long-term debt | 275,197 |
| Principal payments on long-term debt | (24,723) |
| Debt issuance costs | (2,965) |
| Net decrease in short-term borrowings - discontinued operations | (2,844) |
| Excess tax benefit from stock options exercised | 737 |
| Other | 1,533 |
| | ----- |
| Net cash provided by financing activities | 246,935 |
| | ----- |
| Net increase in cash and cash equivalents | 12,335 |
| Cash and cash equivalents, beginning of period | 18,638 |
| | ----- |
| Cash and cash equivalents, end of period | \$ 30,973 |
| | ===== |

- more -

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
 Other Selected Financial Data
 (Unaudited)
 (Dollars in thousands)

| Backlog And Entered ----- | Utility | | | |
|---|---------------------|-----------------|---------------------|------------------|
| Orders-Q2 FY 2008 ----- | Solutions ----- | Test ----- | Filtration ----- | Total ----- |
| Beginning Backlog- 12/31/07 continuing operations | \$ 111,128 | 61,280 | 80,615 | 253,023 |
| Entered Orders | 99,623 | 32,514 | 31,935 | 164,072 |
| Sales | (74,571) | (33,496) | (27,092) | (135,159) |
| Ending Backlog-3/31/08 | \$ 136,180 ===== | 60,298 ===== | 85,458 ===== | 281,936 ===== |

| Backlog And Entered ----- | Utility | | | |
|--|---------------------|-----------------|---------------------|------------------|
| Orders-Q2 YTD 2008 ----- | Solutions ----- | Test ----- | Filtration ----- | Total ----- |
| Beginning Backlog- 9/30/07 continuing operations | \$ 123,176 | 60,038 | 74,394 | 257,608 |
| Entered Orders | 166,884 | 65,821 | 61,739 | 294,444 |
| Sales | (153,880) | (65,561) | (50,675) | (270,116) |
| Ending Backlog-3/31/08 | \$ 136,180 ===== | 60,298 ===== | 85,458 ===== | 281,936 ===== |

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ESCO Technologies

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ESCO ANNOUNCES ADDITIONAL AMI ORDERS AT PG&E

ST. LOUIS, May 6, 2008 - ESCO Technologies Inc. (NYSE: ESE) today announced that subsequent to the quarter ended March 31, 2008, Pacific Gas and Electric Company (PG&E) has placed follow-on orders for an additional 100,000 Aclara RF electric and an additional 119,000 Aclara RF gas advanced metering infrastructure (AMI) products for PG&E's SmartMeter Program. The total value of these April 2008 orders was \$11.1 million.

Earlier in the year, PG&E indicated its intent to order additional quantities of Aclara RF electric AMI devices throughout 2008, and these additional 100,000 RF electric units are a step toward this intended goal.

The \$11.1 million of new orders are in addition to the \$32.3 million of orders received during the 2008 second quarter as disclosed in the Company's earnings release dated May 6, 2008, which brings the fiscal 2008 year-to-date total PG&E orders to \$57.6 million.

Since the inception of its SmartMeter Program, PG&E has placed firm orders with Aclara for 1.7 million total AMI units with a total contract value of \$112.4 million through today, with the expectation of additional orders over the remainder of fiscal 2008.

The 1.7 million Aclara units ordered to date include approximately 390,000 TWACS power-line system units; approximately 190,000 STAR RF electric units; and approximately 1.1 million STAR RF gas units, along with related network infrastructure and software.

The RF electric units will operate under PG&E's installed STAR Network AMI system which currently manages data from nearly 300,000 gas meters already installed in the region.

Gary Moore, President of Aclara RF Systems, commented, "We are enthusiastic about the performance of our suite of new product offerings, and excited that PG&E will expand its deployment of Aclara's AMI technology for its electric as well as gas requirements in the Central Valley. We believe that this decision will allow PG&E to cost-effectively expand its industry leading AMI system and leverage its present fixed-network infrastructure while meeting the requirements of its customers for energy-efficient utility solutions today, and well into the future."

Vic Richey, ESCO's Chairman and Chief Executive Officer, commented, "I am very pleased to be partnered with PG&E on this AMI deployment and I'm proud to announce that we have nearly 1.7 million AMI units under contract with this valued customer. We remain committed to supporting PG&E in their SmartMeter program, and we will not waver in our support of helping PG&E achieve its stated AMI goals. We will continue to invest time and resources in new products and innovative ideas which continue to show results that allow PG&E to expand its Aclara product deployment. Although PG&E has not concluded its evaluation of competing electric AMI technologies, we believe this decision to deploy additional Aclara products during 2008 is a promising development and will allow us to demonstrate on a large scale the features and benefits that our hybrid electric solution offers."

Forward-Looking Statements

Statements in this press release regarding the amounts and timing of fiscal 2008 and beyond electric or gas product deliveries to PG&E, the ultimate outcome of PG&E's ongoing assessment of electric AMI technologies, benefits derived by PG&E, future investments, 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 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: the risk factors described in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007, and in Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the three months ended December 31,

2007; actions by the California Public Utility Commission; PG&E's Board of Directors or PG&E's Management impacting PG&E's AMI projects; PG&E's evaluation of other technologies to meet their requirements for the electric portion of its service territory; the success of the Company's competitors; changes in or the effect of the Federal Energy Bill; the timing and content of purchase order releases under the PG&E contracts; the Company's successful performance of the PG&E contracts; weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; delivery delays or defaults by customers; termination for convenience of customer contracts; timing and magnitude of future contract awards; performance issues with key customers, suppliers and subcontractors; labor disputes; and changes in laws and regulations.

About Aclara

The Aclara brand represents the industry's leading fixed-network AMI/AMR technologies and MDM software serving water, gas, and electric utilities worldwide. While Aclara is the singular brand and identity, the Company retains the known technology brands of DCSI (TWACS), Hexagram, Inc. (STAR Network), and Nexus Energy Software (Energy Vision and ENERGYprism). These three companies operate as Aclara Power-Line Systems Inc., Aclara RF Systems Inc., and Aclara Software Inc., respectively. Further information regarding Aclara is available on the Company's web site at www.AclaraTech.com.

About ESCO

ESCO, headquartered in St. Louis, is a proven supplier of special purpose utility solutions for electric, gas, and water utilities, including hardware and software to support advanced metering applications and fully automated intelligent instrumentation. In addition, the Company provides engineered filtration products to the aviation, space 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 web site at www.escotechnologies.com.

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