SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ______ TO ______
COMMISSION FILE NUMBER 1-10596

ESCO TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

MISSOURI	43-1554045
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8888 LADUE ROAD, SUITE 200 ST. LOUIS, MISSOURI	63124-2090
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No___

The number of shares of the registrant's stock outstanding at April 30, 2003 was 12,697,087.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2003	2002
Net sales	$ 112,197	85,096
Costs and expenses:		
Cost of sales	77,336	57,022
Selling, general and administrative expenses	22,786	19,417
Interest expense (income)	(23)	59
Other, net	2,559	585
Total costs and expenses	102,658	77,083
Earnings before income taxes	9,539	8,013
Income tax expense	3,879	3,004
Net earnings from continuing operations	5,660	5,009
Earnings (loss) from discontinued operations, net of tax	(29)	184

Net earnings	$ 5,631	5,193
	=====	=====
Earnings per share:		
Basic - Continuing operations	$0.45	$0.40
- Discontinued operations	-	0.02
	----	----
- Net earnings	$0.45	$0.42
	=====	=====
Diluted - Continuing operations	$0.43	$0.38
- Discontinued operations	-	0.02
	----	----
- Net earnings	$0.43	$0.40
	=====	=====

See accompanying notes to consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share amounts)

	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Net sales	$ 221,484	166,675
Costs and expenses:		
Cost of sales	152,462	112,753
Selling, general and administrative expenses	45,351	37,412
Interest expense (income)	(78)	107
Other, net	3,727	874
Total costs and expenses	201,462	151,146
Earnings before income taxes	20,022	15,529
Income tax expense	7,852	5,824
Net earnings from continuing operations	12,170	9,705
Earnings (loss) from discontinued operations, net of tax	13	260
Net earnings	$ 12,183	9,965
Earnings per share:		
Basic - Continuing operations	$0.97	$0.78
- Discontinued operations	-	0.02
- Net earnings	$0.97	$0.80
Diluted - Continuing operations	$0.93	$0.75
- Discontinued operations	-	0.02
- Net earnings	$0.93	$0.77

See accompanying notes to consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	March 31, 2003	September 30, 2002
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 29,657	25,160
Accounts receivable, less allowance for doubtful accounts of $1,138 and $1,018, respectively	78,034	67,347
Costs and estimated earnings on long-term contracts, less progress billings of $10,425 and $4,541, respectively	4,793	2,951
Inventories	63,464	50,991
Current portion of deferred tax assets	20,038	22,796
Other current assets	7,511	8,500
Current assets from discontinued operations	3,540	3,643
Total current assets	207,037	181,388
Property, plant and equipment, at cost	125,303	117,031
Less accumulated depreciation and amortization	56,860	50,777
Net property, plant and equipment	68,443	66,254
Goodwill	105,078	103,283
Deferred tax assets	24,062	26,950
Other assets	26,077	26,219
Other assets from discontinued operations	3,411	3,858
	$434,108	407,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ 67	121
Accounts payable	47,680	38,364
Advance payments on long-term contracts, less costs incurred of $1,312 and $3,770, respectively	908	2,706
Accrued expenses and other current liabilities	28,593	26,287
Current liabilities from discontinued operations	785	1,309
Total current liabilities	78,033	68,787
Other liabilities	24,271	24,313
Long-term debt	8,086	8,277
Other liabilities from discontinued operations	1,092	647
Total liabilities	111,482	102,024
Commitments and contingencies	--	--
Shareholders' equity:		
Preferred stock, par value $.01 per share, authorized 10,000,000 shares	--	--
Common stock, par value $.01 per share, authorized 50,000,000 shares, issued 13,712,591 and 13,601,095 shares, respectively	137	136
Additional paid-in capital	212,090	209,019
Retained earnings since elimination of deficit at September 30, 1993	133,613	121,430
Accumulated other comprehensive loss	(8,060)	(9,473)
	337,780	321,112
Less treasury stock, at cost: 1,064,446 and 1,067,046 common shares, respectively	(15,184)	(15,154)
Total shareholders' equity	322,626	305,928
	$434,108	407,952

See accompanying notes to consolidated financial statements.

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

	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Cash flows from operating activities:		
Net earnings	$12,183	9,965
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	7,031	5,848
Net earnings from discontinued operations	(13)	(260)
Changes in operating working capital	(8,843)	(4,954)
Effect of deferred taxes	2,888	2,544
Other	2,683	815
Net cash provided by operating activities - continuing operations	15,929	13,958
Net cash (used) provided by discontinued operations	(384)	62
Net cash provided by operating activities	15,545	14,020
Cash flows from investing activities:		
Capital expenditures	(5,899)	(5,908)
Acquisition of businesses	(5,364)	(9,546)
Capital expenditures of discontinued operations	(119)	(232)
Net cash used by investing activities	(11,382)	(15,686)
Cash flows from financing activities:		
Net decrease in short-term borrowings	(54)	(12)
Proceeds from long-term debt	-	45
Principal payments on long-term debt	(626)	(299)
Purchases of common stock into treasury	-	(456)
Other (including exercise of stock options)	1,014	110
Net cash provided (used) by financing activities	334	(612)
Net increase (decrease) in cash and cash equivalents	4,497	(2,278)
Cash and cash equivalents, beginning of period	25,160	15,125
Cash and cash equivalents, end of period	$29,657	12,847

See accompanying notes to consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements, in the opinion of management, include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the results for the interim periods presented. The consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all the disclosures required by accounting principles generally accepted in the United States of America (GAAP). For further information refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2002. Certain prior year amounts have been reclassified to conform to the fiscal 2003 presentation.

The results for the three and six month periods ended March 31, 2003 are not necessarily indicative of the results for the entire 2003 fiscal year.

2. DISCONTINUED OPERATIONS

In February 2003, the Board of Directors approved the plan to dispose of the Rantec Power Systems Inc. (Rantec) subsidiary under the terms outlined by Management. Rantec was previously reported in the "Other" segment. At March 31, 2003, Rantec is accounted for as a discontinued operation in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and, accordingly, amounts in the financial statements and related notes for all periods shown, reflect discontinued operations presentation. The net sales from the discontinued operation were $2.9 million and $3.1 million for the second quarters ended March 31, 2003 and 2002, respectively and $5.4 million and $5.9 million for the six-month periods ending March 31, 2003 and 2002, respectively. The major classes of discontinued assets and liabilities included in the Consolidated Balance Sheets are as follows:

(in thousands)	March 31, 2003	September 30, 2002
Assets:		
Cash and cash equivalents (float)	$ (162)	(230)
Accounts receivable, less allowance for doubtful accounts	1,499	2,149
Inventories	2,203	1,724
Current assets	3,540	3,643
Net property, plant & equipment	2,208	2,268
Other assets	1,203	1,590
Total Assets of Discontinued Operations	6,951	7,501
Liabilities:		
Accounts payable	381	687
Accrued expenses and other current liabilities	404	622
Current liabilities	785	1,309
Other liabilities	1,092	647
Total Liabilities of Discontinued Operations	$1,877	1,956

Effective April 11, 2003, the Company completed the sale of Rantec to an entity owned by a group of investors primarily comprised of the subsidiary's management. Rantec, a manufacturer of power supplies for commercial and military applications, is located in Los Osos, California. The Company received $6 million from the buyer at closing. An additional $0.7 million will be paid by the buyer in equal installments during the nine months following the sale. The Company is also entitled to contingent consideration of up to $6.4 million over the next ten years, based on the future operating results of Rantec. A pretax gain of $1.5 million to $2.0 million related to the sale will be reflected in the Company's fiscal 2003 third quarter results in discontinued operations.

3. EARNINGS PER SHARE (EPS)

Basic EPS is calculated using the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the weighted average number of common shares outstanding during the period plus shares issuable upon the assumed exercise of dilutive common share options and vesting of performance-accelerated restricted shares (performance shares) by using the treasury stock method. The number of shares used in the calculation of earnings per share for each period presented is as follows (in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Weighted Average Shares Outstanding - Basic	12,627	12,477	12,590	12,448
Dilutive Options and Performance Shares	445	586	466	545
Adjusted Shares- Diluted	13,072	13,063	13,056	12,993

Options to purchase 76,500 shares of common stock at prices ranging from $34.58 - $36.33 and options to purchase approximately 40,500 shares of common stock at prices ranging between $32.54 - $35.93 were outstanding during the six month periods ended March 31, 2003 and 2002, respectively, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares. The options expire in various periods through 2013. Approximately 52,000 and 118,000 performance shares were outstanding but unvested at March 31,2003 and 2002, respectively, and therefore, were not included in the respective computation of diluted EPS.

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation- Transition and Disclosure, an Amendment of FASB Statement No. 123," (SFAS 148) that provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS 123, "Accounting for Stock-Based Compensation" (SFAS 123) to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company previously adopted the disclosure-only provisions of SFAS 123. Under APB 25, no compensation cost was recognized for the Company's stock option plans. The following table illustrates the effect on net earnings and net earnings per share if the company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation.

(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2003	Six Months Ended March 31, 2003
Net earnings, as reported	$5,631	$12,183
Pro forma net earnings	$5,014	$10,948
Net earnings per share:		
Basic - as reported	$0.45	$0.97
Basic - pro forma	$0.40	$0.87
Diluted - as reported	$0.43	$0.93
Diluted - pro forma	$0.38	$0.84

Pro forma net earnings per share, based on the provisions of SFAS 148, were impacted by the Management Transition Agreement (MTA) between the Company and its former Chairman by $0.02 and $0.04 per share for the three and six-month periods ended March 31, 2003, respectively, and are included in the amounts noted above. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2003: expected dividend yield of 0%; expected volatility of 38.8%; risk-free interest rate of 3.8%; and expected life based on historical exercise periods of 4.25 years. The Company has not included the comparable disclosures for the prior year periods as the Company was not able to generate the quarterly data for the prior years from its database because this information was kept previously only for the entire fiscal year and not by quarter. The Company estimates that for the three and six-month periods ended March 31, 2002, the pro forma diluted net earnings per share impact would have been approximately $0.04 per quarter.

4. INVENTORIES

Inventories consist of the following (in thousands):

	March 31, 2003	September 30, 2002
Finished goods	$18,884	12,164
Work in process, including long- term contracts	14,899	12,505
Raw materials	29,681	26,322
Total inventories	$63,464	50,991

The $12.5 million increase in inventories at March 31, 2003 is primarily due to an increase in the Company's Communications segment inventories of approximately $7 million, mainly related to PPL Electric Utilities Corporation (PPL), and an increase in the Company's Filtration/Fluid Flow segment inventories of approximately $5 million. The acoustics business contributed $1.0 million to the increase in inventories at March 31, 2003.

5. COMPREHENSIVE INCOME

Comprehensive income for the three-month periods ended March 31, 2003 and 2002 was $5.8 million and $5.1 million, respectively. Comprehensive income for the six-month periods ended March 31, 2003 and 2002 was $13.6 million and $8.9 million, respectively. For the six months ended March 31, 2003, the Company's comprehensive income was positively impacted by foreign currency translation adjustments of approximately $1.4 million, which was partially offset by a decrease in fair value of the Company's interest rate swaps designated as a cash flow hedge of $0.1 million, discussed below in Item 3, Quantitative and Qualitative Disclosures About Market Risk.

6. ACQUISITIONS

On December 31, 2002, the Company acquired the assets and certain liabilities of Austin Acoustics Systems, Inc. for $4 million in cash. Austin Acoustics is a leading supplier of noise control chambers for the test, medical and broadcast/music industries. Austin Acoustics is headquartered in Austin, TX and has annual sales of approximately $8 million. The assets, liabilities and results of operations since the date of acquisition are included within the Company's Test segment.

7. TERMINATION OF WHATMAN HEMASURE INC. MANUFACTURING AND SUPPLY AGREEMENT

On January 24, 2003, the Company's Filtertek Inc. subsidiary (Filtertek) terminated its Manufacturing and Supply Agreement (MSA) with Whatman Hemasure Inc. (Whatman) based on Whatman's breach of its obligations under the MSA. The MSA related to the parties' responsibilities concerning the manufacture and supply of leukocyte filters. Under the terms of the MSA, Filtertek's termination based on Whatman's breach entitles Filtertek to recover its damages and certain specified costs, which include among other costs, payment for certain equipment used in the production of leukocyte filters. Whatman has disputed Filtertek's allegations of breach. However, Whatman has entered into settlement discussions with Filtertek. If the settlement discussions do not result in an acceptable resolution, Filtertek believes it will be successful in enforcing its contractual rights and expects to recover an amount at least equal to the sum of its outstanding liabilities related to the leukocyte filters production program. Nonetheless, as a result of the termination, Filtertek recorded a $1.5 million charge primarily related to the fair value of the remaining lease obligations for that program during the second quarter of fiscal 2003. Any recovery will be recorded as a gain in the period a settlement is reached or a final judgment under litigation is rendered.

8. SYNTHETIC LEASE OBLIGATION

The Company has a $31.5 million obligation under a synthetic lease facility arranged by Bank of America. For GAAP purposes, prior to the adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46), this is accounted for as an operating lease. This obligation is secured by leases of three manufacturing locations, two of which are located in Oxnard, CA (Filtration/Fluid Flow segment) and the other in Cedar Park, TX, (Test segment) as well as a $10.6 million letter of credit issued under the Company's $70 million credit facility. The leases expire on December 29, 2005 at which time the Company will be required to extend the leases on terms to be negotiated, purchase the properties for $31.5

million, or refinance the obligation.

FIN 46 provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. The Company is currently reviewing the impact of this new FASB interpretation and the consolidation of the synthetic lease obligation. Upon consolidation, the Company expects to record property, plant & equipment of $29.2 million, long-term debt of $31.5 million and a non-cash after-tax charge reported as a cumulative effect of a change in accounting principle of approximately $1.4 million during the fiscal 2003 fourth quarter.

9. BUSINESS SEGMENT INFORMATION

The Company is organized based on the products and services that it offers. Under this organizational structure, the Company operates in three segments: Filtration/Fluid Flow, Communications and Test.

Management evaluates and measures the performance of its operating segments based on "Net Sales" and "EBIT", which are detailed in the table below. EBIT is defined as earnings from continuing operations before interest and taxes. Corporate costs are allocated to the operating segments based on 2.5% of net sales. "Other" consists of unallocated corporate operating charges. The table below is presented for continuing operations and excludes discontinued operations (Rantec).

($ in millions)	Three Months ended March 31,		Six Months ended March 31,	
NET SALES	2003	2002	2003	2002
Filtration/Fluid Flow	$ 50.1	$ 48.0	$100.2	$ 92.4
Communications	37.8	20.4	77.4	39.8
Test	24.3	16.7	43.9	34.5
Consolidated totals	$112.2	$ 85.1	$221.5	$166.7
EBIT				
Filtration/Fluid Flow	$ - (1)	$ 3.1	$ 1.7 (1)	$ 5.4
Communications	8.8	4.9	18.2	9.2
Test	1.8	0.9	2.6	2.3
Other	(1.1)(2)	(0.8)	(2.6)(3)	(1.3)
Consolidated totals	$ 9.5	$ 8.1	$ 19.9	$ 15.6

(1) Includes the charge of $1.5 million resulting from an equipment lease termination related to the Whatman MSA dispute discussed in Note 7 above. See further discussion in Item 2 below, under "Results of Operations - EBIT - Filtration/Fluid Flow".

(2) Unallocated corporate operating charges for the three month period ended March 31, 2003 include $0.7 million of costs related to the MTA.

(3) Unallocated corporate operating charges for the six-month period ended March 31, 2003 include $1.4 million of costs related to the MTA.

10. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

EBIT

($ in thousands)	Three Months ended March 31,		Six Months ended March 31,	
	2003	2002	2003	2002
EBIT	$ 9,516	$ 8,072	$19,944	$15,636
Interest expense (income)	(23)	59	(78)	107
Less: Income taxes	3,879	3,004	7,852	5,824
Net earnings from continuing operations	$ 5,660	$ 5,009	$12,170	$ 9,705

This Form 10-Q contains the financial measure "EBIT" which is not calculated in accordance with generally accepted accounting principles in the United States of America (GAAP). EBIT provides investors and management with an alternative method for assessing the Company's operating results in a manner that is focused on the performance of the Company's ongoing operations. The Company defines "EBIT" as earnings from continuing operations before interest and taxes. The Company's management evaluates the performance of its operating segments based on EBIT and believes that EBIT is useful to investors to demonstrate the operational profitability of the Company's business segments by excluding interest and taxes, which are generally accounted for across the entire Company on a consolidated basis. EBIT is also one of the measures used by management in determining resource allocations within the Company and incentive compensation.

11. SUBSEQUENT EVENTS

In May 2003, the Company committed to plans to proceed with the closure of the Filtertek manufacturing operation in Puerto Rico. The manufacturing will be moved to existing facilities in Hebron, IL and Juarez, Mexico. The closure will result in a fiscal 2003 third quarter charge between $3.0 million to $4.0 million primarily related to the write down of the Puerto Rico facility to its appraised value. The move costs are expected to be between $1.5 million and $2.0 million and will be incurred over the next twelve months. When the closure and relocation is completed in fiscal 2004, Management expects this action to result in at least $2.0 million of annual cost savings.

In May 2003, the Company committed to plans to restructure its Test operations in the U.K. and centralize the management of the European Test operations. The European consolidation will result in a fiscal 2003 second-half pretax charge between $0.3 million and $0.6 million. The costs primarily relate to severance, write-offs of leasehold improvements, and moving costs. The consolidation will be complete in fiscal 2003.

At March 31, 2003, other current assets included approximately $1.1 million of deferred legal costs that were incurred in the defense of certain revenue generating patents used in the Company's Filtration/Fluid Flow business. During the third quarter of fiscal 2003, the Company reached a settlement in the defense of these revenue generating patents. Under the agreement, the Company is to receive approximately $7.3 million by June 30, 2003. The Company anticipates a gain on the settlement of approximately $2.1 million to $2.3 million, to be recorded during the third quarter of fiscal 2003. The remaining unrealized gain will be recognized in pretax income over the remaining eight years of the patent.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION RESULTS OF OPERATIONS

The following discussion refers to the Company's results from continuing operations, except where noted. At March 31, 2003, Rantec Power Systems Inc. (Rantec) is accounted for as a discontinued operation in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and, accordingly, amounts in the financial statements and related notes for all periods shown, reflect discontinued operations presentation.

NET SALES

Net sales increased $27.1 million, or 31.8%, to $112.2 million for the second quarter of fiscal 2003 from $85.1 million for the second quarter of fiscal 2002. Net sales increased $54.8 million, or 32.9%, to $221.5 million for the first six months of fiscal 2003 from $166.7 million for the prior year period. Filtration/Fluid Flow, Communications and Test segments each had increased sales in the second quarter of 2003 and the first six months of fiscal 2003 as compared to the prior year periods. The largest increase was in the Company's Communications segment, resulting from significantly higher shipments of Automatic Meter Reading (AMR) equipment, primarily to PPL Electric Utilities Corporation (PPL).

- -FILTRATION/FLUID FLOW

Net sales increased $2.1 million, or 4.3%, to $50.1 million for the second quarter of fiscal 2003 from $48.0 million for the second quarter of fiscal 2002. Net sales increased $7.8 million, or 8.4%, to $100.2 million for the first six months of fiscal 2003 from $92.4 million for the first six months of fiscal 2002. Sales increased during the first six months of fiscal 2003 mainly due to higher product shipments from the Company's Filtertek subsidiary.

- -COMMUNICATIONS

For the second quarter of fiscal 2003, net sales of $37.8 million were $17.4 million, or 85.3% higher than the $20.4 million of net sales recorded in the second quarter of fiscal 2002. Net sales of $77.4 million in the first six months of fiscal 2003 were $37.6 million, or 94.5% higher than the $39.8 million recorded in the first six months of fiscal 2002. The increases are the result of significantly higher shipments of AMR products, primarily to PPL. Sales to PPL were $15.2 million and $3.4 million in the second quarter of fiscal 2003 and 2002, respectively, and $37.8 million and $4.5 million during the first six months of fiscal 2003 and 2002, respectively. In addition, sales to electric utility cooperatives (Co-ops) remain strong in fiscal 2003.

Sales of the Company's SecurVision products were $2.7 million for the second quarter of fiscal 2003 as compared to $0.4 million for the prior year second quarter and $5.8 million for the first six months of fiscal 2003 as compared to

$1.6 million for the prior year six month period.

- -TEST

Net sales increased $7.7 million, or 46.0%, to $24.3 million for the second quarter of fiscal 2003 from $16.7 million for the second quarter of fiscal 2002. Net sales increased $9.4 million, or 27.4%, to $43.9 million for the first six months of fiscal 2003 from $34.5 million for the first six months of fiscal 2002. The increases in net sales are the result of higher sales of large EMC test chambers, an increase in sales from the Company's Asian operations, and the addition of the acoustics business at the end of the first quarter of fiscal 2003, which contributed $2.4 million to sales for the first six months of fiscal 2003.

ORDERS AND BACKLOG

Backlog was $268.2 million at March 31, 2003 (excluding $6.0 million of backlog related to Rantec), compared with $293.2 million at September 30, 2002. Orders from continuing operations totaling $204.4 million were received in the first six months of fiscal 2003. New orders of $109.4 million were received in the first six months of fiscal 2003 related to Filtration/Fluid Flow products, $46.8 million related to Communications products, and $48.2 million related to Test products.

GROSS PROFIT

The Company computes gross profit as net sales less cost of sales. The gross profit margin is the gross profit divided by net sales, expressed as a percentage. The gross profit margin was 31.1% and 33.0% in the second quarter of fiscal 2003 and 2002, respectively. The gross profit margin was 31.2% and 32.4% for the first six months of fiscal 2003 and 2002, respectively. The gross profit margin in the 2003 period was negatively impacted by changes in sales mix. In addition, gross profit in the first quarter of fiscal 2003 included $0.2 million of costs to exit the Brooklyn Park, MN facility (Filtration/Fluid Flow segment).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the second quarter of fiscal 2003 were $22.8 million, or 20.3% of net sales, compared with $19.4 million, or 22.8% of net sales for the prior year period. For the first six months of fiscal 2003, SG&A expenses were $45.4 million, or 20.5% of net sales, compared with $37.4 million, or 22.4% of net sales for the prior year period. The increase in SG&A spending in the first six months of fiscal 2003 is mainly due to the Company's continued investments in research and development, engineering, and marketing within the Communications and Filtration/Fluid Flow segments related to new product development and market expansion initiatives. The Company's investments in the Microfiltration and Separations business currently are significantly dilutive to earnings. The MTA added $1.4 million of SG&A expenses in the first six months of fiscal 2003. In addition, the fiscal 2003 acquisition of the acoustics business and the fiscal 2002 acquisition of technology from North Carolina Separations Research Technology (NC SRT), added $1.2 million of SG&A expenses in the first six months of fiscal 2003.

OTHER COSTS AND EXPENSES, NET

Other costs and expenses, net, were $2.6 million for the quarter ended March 31, 2003 compared to $0.6 million for the prior year quarter. Other costs and expenses, net, were $3.7 million for the first six months of fiscal 2003 compared to $0.9 million for the prior year period. Principal components of other costs and expenses, net, for the first six months of fiscal 2003 included a $1.5 million charge resulting from an equipment lease termination related to the previously disclosed Whatman MSA dispute (Filtration/Fluid Flow segment); $1.0 million of amortization of identifiable intangible assets, primarily patents and licenses; and $0.2 million of exit costs related to the Brooklyn Park, MN facility (Filtration/Fluid Flow segment). The total cost to exit the Brooklyn Park, MN facility is $0.4 million, of which $0.2 million is recorded in Other costs and expenses, net.

Principal components of Other costs and expenses, net, for the first six months of fiscal 2002 include $0.6 million of amortization of identifiable intangible assets, primarily patents and licenses, and $0.3 million of exit costs related to the Company's former joint venture in India (Filtration/Fluid Flow segment), offset by a $0.4 million gain from insurance proceeds related to a former subsidiary.

EBIT

The Company evaluates the performance of its operating segments based on EBIT, which the Company defines as Earnings Before Interest and Taxes. EBIT was $9.5 million (8.5% of net sales) for the second quarter of fiscal 2003 and $8.1 million (9.5% of net sales) for the second quarter of fiscal 2002. For the first six months of fiscal 2003, EBIT was $19.9 million (9.0% of net sales) and $15.6 million (9.4% of net sales) for the first six months of fiscal 2002. EBIT for the first six months of fiscal 2003 was negatively impacted by the following: a $1.5 million charge resulting from an equipment lease termination related to the Whatman MSA dispute (Filtration/Fluid Flow segment); $1.4 million in MTA costs; $0.4 million of exit costs related to the Brooklyn Park, MN facility (Filtration/Fluid Flow segment); and the continuing investment in Microfiltration and Separations. Refer to Note 10 "Reconciliation of Non-GAAP

Financial Measures" of the Notes to Consolidated Financial Statements for the reconciliation of EBIT from continuing operations to net earnings from continuing operations.

- -FILTRATION/FLUID FLOW

EBIT was zero and $3.1 million in the second quarter of fiscal 2003 and 2002, respectively, and $1.7 million and $5.4 million in the first six months of fiscal 2003 and 2002, respectively. During the second quarter of fiscal 2003, the Company incurred a $1.5 million charge resulting from an equipment lease termination related to the Whatman MSA dispute. In addition, the decline in EBIT in the first six months of fiscal 2003 as compared to the prior year period is due to continuing investments in the Microfiltration and Separations business and the costs related to establishing a new German sales and support operation. Also, during the first quarter of fiscal 2003, the Company incurred approximately $0.4 million of costs to exit the Brooklyn Park, MN facility in conjunction with its plan to consolidate the operations into its Oxnard, CA facility. The Company is considering a wide range of alternatives to deal with the performance of the Microfiltration and Separations business. The actions being considered may result in a material charge to future earnings.

On January 24, 2003, the Company's Filtertek Inc. subsidiary (Filtertek) terminated its Manufacturing and Supply Agreement (MSA) with Whatman Hemasure Inc. (Whatman) based on Whatman's breach of its obligations under the MSA. The MSA related to the parties' responsibilities concerning the manufacture and supply of leukocyte filters. Under the terms of the MSA, Filtertek's termination based on Whatman's breach entitles Filtertek to recover its damages and certain specified costs, which include among other costs, payment for certain equipment used in the production of leukocyte filters. Whatman has disputed Filtertek's allegations of breach. However, Whatman has entered into settlement discussions with Filtertek. If the settlement discussions do not result in an acceptable resolution, Filtertek believes it will be successful in enforcing its contractual rights and expects to recover an amount at least equal to the sum of its outstanding liabilities related to the leukocyte filters production program. Nonetheless, as a result of the termination, Filtertek recorded a $1.5 million charge primarily related to the fair value of the remaining lease obligations for that program during the second quarter of fiscal 2003. Any recovery will be recorded as a gain in the period a settlement is reached or a final judgment under litigation is rendered.

- -COMMUNICATIONS

Second quarter EBIT of $8.8 million in fiscal 2003 was $3.9 million higher than the $4.9 million of EBIT in the second quarter of fiscal 2002. For the first six months of fiscal 2003, EBIT increased by $9.0 million to $18.2 million from $9.2 million in fiscal 2002. The increase in EBIT is the result of significantly higher shipments of AMR equipment, primarily to PPL. The Company continues to increase its engineering and new product development expenditures in the Communications segment in order to continue its growth in the AMR markets, and to further differentiate its technology from the competition.

- -TEST

EBIT in the second quarter of fiscal 2003 of $1.8 million was $0.9 million higher than the $0.9 million in the prior year period. For the first six months of fiscal 2003, EBIT increased $0.3 million to $2.6 million from $2.3 million in fiscal 2002. The increases in EBIT as compared to the prior year periods are mainly due to an increase in chamber sales during the first six months of fiscal 2003. The contribution from the increased sales was partially offset by the investments to expand the Company's presence in China and Japan.

- -OTHER

Other consists of unallocated corporate operating charges. EBIT was ($1.1) million and ($2.5) million for the three and six-month periods ended March 31, 2003, respectively, compared to ($0.8) million and ($1.3) million for the respective prior year periods. EBIT for the first six months of fiscal 2003 included $1.4 million of MTA costs. EBIT for the first six months of fiscal 2002 included $0.3 million of exit costs related to the Company's former joint venture in India.

INTEREST EXPENSE (INCOME)

Interest expense (income), net, was approximately ($0.1) million and $0.1 million for the first six months of fiscal 2003 and 2002, respectively.

INCOME TAX EXPENSE

The second quarter fiscal 2003 effective income tax rate was 40.7% compared to 37.5% in the second quarter of fiscal 2002. The effective income tax rate in the first six months of fiscal 2003 was 39.2% compared to 37.5% in the prior year period. The increase in the effective income tax rate in fiscal 2003 is primarily due to an increase in certain tax exposure accruals related to the spin-off of the Company in 1990. The Company estimates the annual effective tax rate for fiscal 2003 to be approximately 39.5%.

FINANCIAL CONDITION

Working capital increased to $129.0 million at March 31, 2003 from $112.6 million at September 30, 2002. During the first six months of fiscal 2003, accounts receivable increased by $10.7 million due to the increase in sales, mainly within the Company's Communications segment. Inventories increased by

$12.5 million in the first quarter of fiscal 2003 to support near term demand, mainly within the Company's Communication segment. The acoustics business contributed $1.3 million and $1.0 million to the increase in accounts receivable and inventories, respectively, at March 31, 2003. In addition, accounts payable and accrued expenses increased by $11.6 million primarily due to the purchases of inventories and the timing of payments.

Net cash provided by operating activities from continuing operations was $15.9 million in the first six months of fiscal 2003 compared to net cash provided by operating activities from continuing operations of $14.0 million in the same period of fiscal 2002.

Capital expenditures from continuing operations were $5.9 million in both the first six months of fiscal 2003 and in the comparable period of fiscal 2002. Major expenditures in the current period included manufacturing equipment used in the Filtration / Fluid Flow businesses. The Company has capital commitments of approximately $2.3 million in the second half of fiscal 2003 related to a new facility in the Communications segment.

At March 31, 2003, accounts receivable included $1.3 million of reimbursable costs incurred to replace certain filtration elements resulting from the receipt of nonconforming material obtained from a supplier. A formal settlement was reached in March 2003.

At March 31, 2003, other current assets include a mortgage note receivable of $1.8 million related to the prior sale of the Riverhead, NY property, related to a former defense subsidiary. The property was sold in December 1999 for $2.6 million, with $0.5 million received as a down payment and the remaining $2.1 million financed under the mortgage note. Through March 31, 2003, the buyer has paid additional principal and interest payments totaling $0.8 million. However, currently, the buyer is in default with the provisions of the note receivable and the Company has begun foreclosure proceedings on the property. A recent independent appraisal indicates the value of the property is greater than $5 million, therefore, the Company does not anticipate a loss related to this matter.

Effective April 5, 2002, the Company amended its existing $75 million revolving credit facility changing the previously scheduled reductions and extending the $25 million increase option through April 11, 2004. The amendment calls for $5 million reductions to the credit facility annually beginning in April 2002 with the balance due upon maturity and expiration on April 11, 2005. As of March 31, 2003, the Company had not exercised the $25 million increase option and the revolving line of credit was $70 million. At March 31, 2003, the Company had approximately $48.2 million available to borrow under the credit facility in addition to $29.7 million cash on hand. Against the $70 million available under the revolving credit facility at March 31, 2003, the Company had $7.9 million of outstanding long-term foreign borrowings and outstanding letters of credit of $13.9 million. Cash flow from operations and borrowings under the Company's bank credit facility are expected to provide adequate resources to meet the Company's capital requirements and operational needs for the foreseeable future.

In December 2002, the Company paid $4 million to acquire the assets and certain liabilities of Austin Acoustics Systems, Inc. In March 2003, the Company paid $1 million related to the technology acquired from NC SRT under the terms of the acquisition agreement.

SUBSEQUENT EVENTS

In May 2003, the Company committed to plans to proceed with the closure of the Filtertek manufacturing operation in Puerto Rico. The manufacturing will be moved to existing facilities in Hebron, IL and Juarez, Mexico. The closure will result in a fiscal 2003 third quarter charge between $3.0 million to $4.0 million primarily related to the write down of the Puerto Rico facility to its appraised value. The move costs are expected to be between $1.5 million and $2.0 million and will be incurred over the next twelve months. When the closure and relocation is completed in fiscal 2004, Management expects this action to result in at least $2.0 million of annual cost savings.

In May 2003, the Company committed to plans to restructure its Test operations in the U.K. and centralize the management of the European Test operations. The European consolidation will result in a fiscal 2003 second-half pretax charge between $0.3 million and $0.6 million. The costs primarily relate to severance, write-offs of leasehold improvements, and moving costs. The consolidation will be complete in fiscal 2003.

At March 31, 2003, other current assets included approximately $1.1 million of deferred legal costs that were incurred in the defense of certain revenue generating patents used in the Company's Filtration/Fluid Flow business. During the third quarter of fiscal 2003, the Company reached a settlement in the defense of these revenue generating patents. Under the agreement, the Company is to receive approximately $7.3 million by June 30, 2003. The Company anticipates a gain on the settlement of approximately $2.1 million to $2.3 million, to be recorded during the third quarter of fiscal 2003. The remaining unrealized gain will be recognized in pretax income over the remaining eight years of the patent.

SYNTHETIC LEASE OBLIGATION

The Company has a $31.5 million obligation under a synthetic lease facility arranged by Bank of America. For GAAP purposes, prior to the adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46), this is accounted for as an operating lease. This obligation is secured by leases of three manufacturing locations, two of which are located in Oxnard, CA (Filtration/Fluid Flow segment) and the other in Cedar Park, TX, (Test segment) as well as a $10.6 million letter of credit issued under the Company's $70 million credit facility. The leases expire on December 29, 2005 at which time the Company will be required to extend the leases on terms to be negotiated, purchase the properties for $31.5 million, or refinance the obligation.

FIN 46 provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. The Company is currently reviewing the impact of this new FASB interpretation and the consolidation of the synthetic lease obligation. Upon consolidation, the Company expects to record property, plant & equipment of $29.2 million, long-term debt of $31.5 million and a non-cash after-tax charge reported as a cumulative effect of a change in accounting principle of approximately $1.4 million during the fiscal 2003 fourth quarter.

MANAGEMENT TRANSITION AGREEMENT

On August 5, 2002, the Company entered into the MTA with Dennis J. Moore, the Company's former Chairman, which provided for Mr. Moore to receive certain compensation in conjunction with his planned retirement in April 2003 and for consulting services after such retirement. Of the $2.5 million total cost related to the MTA, $1.4 million was expensed in SG&A during the first six months of fiscal 2003 and $0.7 million was recorded in the fourth quarter of fiscal 2002, for a total of $2.1 million expensed to date. The remaining cost of the MTA relates to the $0.3 million consulting agreement which will be expensed over the twelve-month period from April 2003 through March 2004, consistent with the period of service.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements. In preparing these financial statements, Management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Company's senior Management discusses the accounting policies described below with the Audit and Finance Committee of the Company's Board of Directors on a periodic basis.

The following discussion of critical accounting policies is intended to bring to the attention of readers those accounting policies which Management believes are critical to the Consolidated Financial Statements and other financial disclosure. It is not intended to be a comprehensive list of all significant accounting policies that are more fully described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2002 Annual Report on Form 10-K.

The Company has identified the following areas as critical accounting policies.

Revenue Recognition

The majority of the Company's revenues are recognized when products are shipped to or when services are performed for unaffiliated customers. Other revenue recognition methods the Company uses include the following: Revenue on production contracts is recorded when specific contract terms are fulfilled, usually by delivery or acceptance. Revenues from cost reimbursement contracts are recorded as costs are incurred, plus fees earned. Revenue under long-term contracts, for which delivery is an inappropriate measure of performance, is recognized on the percentage-of-completion method based upon incurred costs compared to total estimated costs under the contract. Revenue under engineering contracts is generally recognized as milestones are attained. The SEC's Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition" provides guidance on the application of generally accepted accounting principles to selected revenue recognition issues. Management believes the Company's revenue recognition policy is in accordance with generally accepted accounting principles and SAB No. 101.

Accounts Receivable

Accounts receivable have been reduced by an allowance for amounts that may become uncollectible in the future. This estimated allowance is based primarily on Management's evaluation of the financial condition of the customer and historical bad debt experience.

Inventory

Inventories are valued at the lower of cost (first-in, first-out) or market value and have been reduced by an allowance for excess, slow-moving and obsolete inventories. The estimated allowance is based on Management's review of inventories on hand compared to historical usage and estimated future usage and sales. Inventories under long-term contracts reflect accumulated production costs, factory overhead, initial tooling and other related costs less the portion of such costs charged to cost of sales and any unliquidated progress payments. In accordance with industry practice, costs incurred on contracts in progress include amounts relating to programs having production cycles longer than one year, and a portion thereof may not be realized within one year.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets may be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance when Management believes it is more likely than not such assets will not be recovered, taking into consideration historical operating results, expectations of future earnings, and the expected timing of the reversals of existing temporary differences.

Goodwill and Other Long-Lived Assets

The Company adopted the provisions of SFAS No. 142 effective October 1, 2001. Goodwill and other long-lived assets with indefinite useful lives are reviewed by Management for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If indicators of impairment are present, the determination of the amount of impairment is based on Management's judgment as to the future operating cash flows to be generated from these assets throughout their estimated useful lives. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121.

Pension Plans and Other Postretirement Benefit Plans

The measurement of liabilities related to pension plans and other post-retirement benefit plans is based on Management's assumptions related to future events including interest rates, return on pension plan assets, rate of compensation increases, and health care cost trend rates. Actual pension plan asset performance will either decrease or increase unamortized pension losses which will affect net earnings in future years.

Contingencies

As a normal incident of the businesses in which the Company is engaged, various claims, charges and litigation are asserted or commenced against the Company. In the opinion of Management, final judgments, if any, which might be rendered against the Company in current litigation are adequately reserved, covered by insurance, or would not have a material adverse effect on its financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities," that supersedes Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and other Costs to Exit An Activity (including Certain Costs Incurred in a Restructuring)." The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The Company has adopted the provisions of SFAS No. 146.

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure, an Amendment of FASB Statement No. 123," that provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for interim periods beginning after December 15, 2002. The Company has adopted the provisions of SFAS No. 148, see Note 3 "Earnings Per Share" for the disclosure related to the three and six-month periods ending March 31, 2003.

In December 2002, the Emerging Issues Task Force issued EITF 00-21, "Revenue Arrangements with Multiple Deliverables." This issue addresses certain aspects of the accounting by a vendor for arrangements under which is will perform multiple revenue-generating activities. In some arrangements, the different revenue-generating activities (deliverables) are sufficiently separable, and there exists sufficient evidence of their fair values to separately account for some or all of the deliverables (that is, there are separate units of accounting). This issue addresses when and, if so, how an arrangement involving multiple deliverables should be divided into separate units of accounting. This issue does not change otherwise applicable revenue recognition criteria. This issue is applicable for revenue arrangements beginning in the fourth quarter of fiscal 2003. The Company does not expect the adoption of EITF 00-21 to have a material impact on the Company's results of operations.

In January 2003, the FASB issued Interpretation No. 46 "Consolidation of Variable Interest Entities," an interpretation of ARB No. 51, which addresses consolidation by business enterprises of variable interest entities. This Interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among the parties involved. This Interpretation applies immediately to variable interest entities created after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Upon consolidation, the Company expects to record property, plant & equipment of $29.2 million, long-term debt of $31.5 million and an after-tax charge reported as a cumulative effect of a change in accounting principle of approximately $1.4 million during the fiscal 2003 fourth quarter.

FORWARD LOOKING STATEMENTS

Statements in this report that are not strictly historical are "forward looking" statements within the meaning of the safe harbor provisions of the federal securities laws. Forward looking statements include those relating to the estimates made in connection with the Company's accounting policies, annual effective tax rate, expectations of recovery from third parties, continued strength of Co-op sales, recovery in connection with foreclosure proceedings, success in ongoing litigation, the Company's ability to negotiate a successful settlement and/or enforce the terms of the MSA, results of future closures, consolidations and relocations, the associated costs and resulting savings to be achieved, results to be achieved from future Filtration initiatives, future fiscal 2003 gains/charges and capital requirements and operational needs for the foreseeable future. Investors are cautioned that such statements are only predictions, and speak only as of the date of this report. 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; competition; intellectual property rights; the Company's successful exploitation of acquired intellectual property rights; the success of future Filtration initiatives adopted by Management; successful execution of planned facility closures consolidations and relocations with regard to the Company's Puerto Rico facility and U.K. facility; the impact of FASB Interpretation No. 46; consolidation of internal operations; integration of recently acquired businesses; delivery delays or defaults by customers; termination for convenience of customer contracts; timing and magnitude of future contract awards; performance issues with key suppliers and subcontractors; collective bargaining and labor disputes; changes in laws and regulations including changes in accounting standards and taxation requirements; litigation uncertainty; and the Company's successful execution of internal operating plans.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign currency exchange rates. There has been no material change to the Company's risks since September 30, 2002. For the six months ended March 31, 2003, accumulated other comprehensive loss included an after tax decrease in fair value of approximately $0.1 million related to the Company's interest rate swaps.

ITEM 4. CONTROLS AND PROCEDURES

Within the 90 days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a - 14(c) and 15d - 14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date this evaluation was carried out, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of the Company's shareholders was held on Thursday, February 6, 2003, to vote on the election of three directors. The voting for directors was as follows:

	For	Withheld	Broker Non-Votes
C. J. Kretschmer	10,894,082	500,135	0
J. M. McConnell	11,279,241	114,976	0
D. C. Trauscht	11,046,466	347,751	0

The terms of W. S. Antle III, D.J. Moore, V. L. Richey, Jr., L. W. Solley, J. M. Stolze and J. D. Woods continued after the meeting.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

a) Exhibits

Exhibit Number		
3(a)	Restated Articles of Incorporation	Incorporated by reference to Form 10-K for the fiscal year ended September 30, 1999 at Exhibit 3(a)
3(b)	Amended Certificate of Designation Preferences and Rights of Series A Participating Cumulative Preferred Stock of the Registrant	Incorporated by reference to Form 10-Q for the fiscal quarter ended March 31, 2000 at Exhibit 4(e)
3(c)	Articles of Merger effective July 10, 2000	Incorporated by reference to Form10-Q for the fiscal quarter ended June 30, 2000 at Exhibit 3(c)
3(d)	Bylaws, as amended	Incorporated by reference to Form10-Q for the fiscal quarter ended June 30, 2000 at Exhibit 3(d)
4(a)	Specimen Common Stock Certificate	Incorporated by reference to Form10-Q for the fiscal quarter ended June 30, 2000 at Exhibit 4(a)
4(b)	Specimen Rights Certificate	Incorporated by reference to Exhibit B to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated February 3, 2000
4(c)	Rights Agreement dated as of September 24, 1990 (as amended and Restated as of February 3, 2000) between the Registrant and Registrar and Transfer Company, as successor Rights Agent	Incorporated by reference to Current Report on Form 8-K dated February 3, 2000, at Exhibit 4.1
4(d)	Amended and Restated Credit Agreement dated as of February28, 2001 among the Registrant, Bank of America, N.A., as agent, and the lenders listed therein	Incorporated by reference to Form10-Q for the fiscal quarter ended March 31, 2001 at Exhibit 4(d)

4(e)	Amendment No. 1 dated as of April 5, 2002 to Credit Agreement listed as Exhibit 4(d) above.	Incorporated by reference to Form 10-Q for the fiscal quarter ended June 30, 2002, at Exhibit 4(e)
99.1	Certification of Chief Executive Officer relating to Form 10-Q for period ended March 31, 2003	
99.2	Certification of Chief Financial Officer relating to Form 10-Q for period ended March 31, 2003	

b) Reports on Form 8-K.

During the quarter ended March 31, 2003, the Company filed the following Current Reports on Form 8-K:

The Company filed a Current Report on Form 8-K, dated January 13, 2003, which reported in "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits" and "Item 9. Regulation FD Disclosure" that the Company would include on its website certain information in connection with a Company presentation, and would issue a related press release.

The Company filed a Current Report on Form 8-K, dated February 6, 2003, which in "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits" and "Item 9. Regulation FD Disclosure" listed as an exhibit certain information to be included on the Company's website and presented at the Company's Annual Meeting of Stockholders on February 6, 2003.

The Company filed a Current Report on Form 8-K, dated February 13, 2003, which in "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits" and "Item 9. Regulation FD Disclosure" listed as exhibits the certifications of the Company's Chief Executive Officer and Chief Financial Officer relating to Form 10-Q for the period ended December 31, 2002.

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 thereunto duly authorized.

ESCO TECHNOLOGIES INC.

/s/ Gary E. Muenster
Gary E. Muenster
Vice President and
Chief Financial Officer
(As duly authorized officer
and principal accounting
officer of the registrant)

Dated: May 14, 2003

CERTIFICATIONS

I, V.L. Richey, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of ESCO Technologies Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit and finance committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ V.L. Richey, Jr.
V.L. Richey, Jr.
Chairman and Chief Executive Officer

CERTIFICATIONS

I, G.E. Muenster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ESCO Technologies Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit and finance committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

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

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of ESCO Technologies Inc. (the "Company") on Form 10-Q for the period ended March 31, 2003 was filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, V. L. Richey, Jr., Chairman and Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. of the Company.

/s/ V. L. Richey

V. L. Richey
Chairman and Chief Executive Officer
ESCO Technologies Inc.
May 14, 2003

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of ESCO Technologies Inc. (the "Company") on Form 10-Q for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, G. E. Muenster, Vice President and Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ G. E. Muenster

G. E. Muenster
Vice President and Chief Financial Officer
ESCO Technologies Inc.
May 14, 2003