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 1, 2019

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)

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

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ESE	New York Stock Exchange

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

Today, May 7, 2019, the Registrant is issuing a press release (furnished as Exhibit 99.1 to this report) announcing its fiscal 2019 second quarter financial and operating results. See Item 7.01, Regulation FD Disclosure, below.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Amendment to Form of Performance-Accelerated Restricted Share Award Agreement

On May 1, 2019, the Human Resources and Compensation Committee of the Company's Board of Directors approved an amended standard form of Award Agreement for performance-accelerated restricted share (PARS) awards granted under the Company's 2018 Omnibus Incentive Plan (the "Plan") to the Company's executive officers and certain other management personnel, effective beginning with the awards granted on that date. The amended form of Award Agreement is included herein as Exhibit 10.1.

In addition to updating certain language in the award, the amended form includes alternative language tailored to Massachusetts law for recipients in that state, adds an express acknowledgment of review and understanding by the recipient, and conforms the language regarding share ownership requirements to the Company's share ownership policy requiring a Named Executive Officer of the Company to hold 100% of the shares distributed to him/her pursuant to the award (net of tax withholdings) until his/her ownership requirement is satisfied.

Item 7.01 Regulation FD Disclosure

Today, May 7, 2019, the Registrant is issuing a press release (Exhibit 99.1) announcing its fiscal 2019 second quarter financial and operating results. The Registrant will conduct a related Webcast conference call today at 4:00 p.m. Central Time. The press release will be posted on the Registrant's web site located at http://www.escotechnologies.com. It can be viewed through the "Investor News" page of the web site under the "Investor Center" tab, although the Registrant reserves the right to discontinue that availability at any time.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description of Exhibit
10.1	PARS Award Agreement as amended May 1, 2019
99.1	Press Release dated May 7, 2019

Other Matters

The information in this report furnished pursuant to Item 2.02 and Item 7.01, including Exhibit 99.1, 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.

References to the Registrant's web site address are included in this Form 8-K and the press release only as inactive textual references, and the Registrant does not intend them to be active links to its web site. Information contained on the Registrant's web site does not constitute part of this Form 8-K or the press release.

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.

Date: May 7, 2019

ESCO TECHNOLOGIES INC.

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

EXHIBIT 10.1

COMBINED FORM – MASTER

PARS AWARD AGREEMENT

To: ______________ ("you")

From: Human Resources and Compensation Committee of the Board of Directors (the "Committee")

Subject: ESCO Technologies Inc. 2018 Omnibus Incentive Plan ("Plan") –
20__ Award ("Award")

1. Award. Effective __________, 20__ (the "Award Date"), the Committee has approved the award by ESCO Technologies Inc. (the "Company") to you of ______ Performance-Accelerated Restricted Share Units (the "PARS Units") pursuant to the Plan, representing the right to receive ______ shares of Company Stock (net of tax withholdings) upon satisfaction of all of the terms and conditions set forth in this Award Agreement and in the Plan, a copy of which has been delivered to you.

2. Payout Terms.

(a) If you are continuously employed by the Company or a subsidiary, limited liability company, other entity directly or indirectly wholly owned by the Company ("Company Owned Entity") from the Award Date through the close of business on the "Vesting Date" as defined in the following paragraphs, you will become entitled to receive one share of Company Stock for each PARS Unit, and such shares of Company Stock will be issued to you (net of tax withholdings) as of the next business day after the Vesting Date.

(b) The Vesting Date is __________, 20__. However, the Vesting Date may be accelerated as to all or part of the PARS Units upon the occurrence of one or more of the conditions set forth in paragraph 2(c) and/or 2(d).

(c) Notwithstanding paragraph 2(b), if, as of any date during the two-year period commencing __________, 20__ and ending __________, 20__, the 30-Day Average Value Per Share of Company Stock reaches an amount set forth in column (A) below, the Vesting Date for the corresponding percentage of the PARS Units set forth under column (B) below will be accelerated according to the following schedule:

Acceleration Period	**Vesting Date**
__/__/20__ – __/__/20__	__/__/20__
__/__/20__ – __/__/20__	__/__/20__
After __/__/20__	__/__/20__

(A) If the 30-Day Average Value Per Share of Company Stock reaches at least:	(B) The Cumulative Percent of Award Accelerated shall be:
$____	100%
$____	50%

Whether or not the above conditions for acceleration are met, the Committee may, but shall not be obligated to, in its sole discretion authorize full or partial acceleration of the Vesting Date based upon its evaluation of the Company's financial performance against such other performance measures as the Committee may consider appropriate, including (by way of example and not limitation) cash flow, earnings, sales and margins.

(d) Notwithstanding paragraphs 2(a), 2(b) or 2(c), if there is a Change of Control before all shares of Company Stock have been issued to you under this Award and either:

(i) You are and have been continuously employed by the Company or a Company Owned Entity through and on the effective date of the Change of Control (the "CoC Effective Date"), or

(ii) You have been continuously employed by the Company or a Company Owned Entity and not more than ninety (90) days prior to the CoC Effective Date your employment with the Company or Company Owned Entity is terminated, and such termination was done at the request of a third party who, at such time, had taken steps reasonably calculated to effect a Change of Control, such termination was not because of your death, Disability or for Cause, and such Change of Control subsequently does occur;

then the entire then-remaining undistributed portion of the Award will be converted into the right to receive cash in an amount equal to the number of then-remaining PARS Units multiplied by the average of the daily closing price of the Company's common stock on the New York Stock Exchange over the last ten trading days preceding the CoC Effective Date, and such cash will be paid to you (net of required tax withholdings) within 30 days after the CoC Effective Date. However, in such event, the following additional terms will apply to the Award:

[Alternate A – For Awards to Severance Plan Participants]

(I) Notwithstanding the foregoing provisions of this paragraph 2(d), in the event a certified public accounting firm designated by the Committee (the "Accounting Firm") determines that any payment (whether paid or payable pursuant to the terms of this Award or otherwise and each such payment hereinafter defined as a "Payment" and all Payments in the aggregate hereinafter defined as the "Aggregate Payment"), would subject you to tax under Section 4999 of the Internal Revenue Code of 1986 ("Code") then such Accounting Firm shall determine whether some amount of payments would meet the definition of a "Reduced Amount". If the Accounting Firm determines that there is a Reduced Amount, payments shall be reduced so that the Aggregate Payments shall equal such Reduced Amount. For purposes of this clause 2(d)(I), the "Reduced Amount" shall be the largest Aggregate Payment which (A) is less than the sum of all Payments and (B) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if Payments were made without regard to this clause 2(d)(I). "Net After Tax Receipt" means the Present Value (defined under Section 280G(d)(4) of the Code) of a Payment net of all taxes imposed on you under Section 1 and 4999 of the Code by applying the highest marginal rate under Section 1 of the Code.

[Alternate B – For Awards to All Other Participants]

(I) Notwithstanding the foregoing provisions of this paragraph 2(d), in the event a certified public accounting firm designated by the Committee (the "Accounting Firm") determines that any payment (whether paid or payable pursuant to the terms of this Award or otherwise and each such payment hereinafter defined as a "Payment" and all Payments in the aggregate hereinafter defined as the "Aggregate Payment"), would subject you to tax under Section 4999 of the Internal Revenue Code of 1986 ("Code") then such Accounting Firm shall determine whether some amount of payments would meet the definition of a "Reduced Amount". If the Accounting Firm determines that there is a Reduced Amount, payments shall be reduced so that the Aggregate Payments shall equal such Reduced Amount. For purposes of this clause 2(d)(I), the "Reduced Amount" shall be the largest Aggregate Payment which results in no tax being imposed on the Participant under Section 4999 of the Code.

[Note: Include II for All Participants]

(II) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination of the Accounting Firm hereunder, it is possible that Payments will be made by the Company or a Company Owned Entity which should not have been made (the "Overpayments") or that additional Payments which the Company or a Company Owned Entity has not made could have been made (the "Underpayments"), in each case consistent with the calculations of the Accounting Firm. In the event that the Accounting Firm, based either upon (A) the assertion of a deficiency by the Internal Revenue Service against the Company or a Company Owned Entity or you which the Accounting Firm believes has a high probability of success or (B) controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to you which you shall repay to the Company or Company Owned Entity together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no amount shall be payable by you to the Company or Company Owned Entity if and to the extent such payment would not reduce the amount which is subject to taxation under Section 1 and Section 4999 of the Code or if the period of limitations for assessment of tax has expired. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company or Company Owned Entity to you together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

(e) Notwithstanding any other provision of this Section 2, if your employment terminates on account of death or Disability prior to the time you become entitled to receive a distribution in respect of this Award, the Committee, in its absolute discretion, may make such full, pro-rata, or no distribution of Company Stock in satisfaction of this Award as it may determine, either to you or, if termination is on account of death, to your surviving spouse, heirs or estate as it may determine, all in its sole and complete discretion. If your employment terminates on account of retirement with the approval of the Committee:

(i) Any PARS Award granted to you within 12 months prior to the participant's retirement date shall be forfeited and no distribution shall be made;

(ii) With respect to any other outstanding PARS Award, that portion, if any, of the Award for which the distribution date has been accelerated in full or in part due to satisfaction of the applicable performance goal(s) prior to your retirement date shall vest and be distributed in full;

(iii) All other outstanding PARS Awards (including any non-distributed portion of an Award distributed in part under the preceding clause (ii)) shall vest and be distributed to you pro rata based on the number of months elapsed during the PARS Award Term as of the retirement date compared to the total number of months in the PARS Award Term; and

(iv) Any distribution to which you become entitled under this section shall be made as soon as administratively feasible but not later than 2½ months after your retirement date.

3. <u>Share Ownership Requirements</u>. You are expected to own shares of Company Stock with a fair market value equal to a multiple of your total cash compensation (the "Share Ownership Requirement"). If you do not currently meet your Share Ownership Requirement, you must retain 50% ***[Alternate for NEOs:* 100%*]*** of any Award distribution which you receive under Section 2 (which will be net of any tax withholdings) until the Share Ownership Requirement is satisfied. Thereafter you must maintain ownership of a sufficient number of shares of Company Stock to ensure that the Share Ownership Requirement remains satisfied. The satisfaction of the requirements of this Section 3 will be reviewed periodically as determined by the Committee.

4. <u>Definitions</u>. For purposes of the Award, the following terms have the following meanings:

(a) "<u>30-Day Average Value Per Share</u>" means the average of the daily closing price of Company Stock on the New York Stock Exchange over any period of 30 consecutive trading days on which Company Stock is traded.

(b) "<u>Cause</u>" means:

(i) Your willful and continued failure to perform substantially all of your duties with the Company or Company Owned Entity (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for such performance is delivered to you by the Company's Board of Directors in a case where you are the Chief Executive Officer of the Company ("CEO"), or otherwise by the CEO, which specifically identifies the manner in which such Board or CEO believes that you have not substantially performed your duties, or

(ii) Your willful engagement in (A) illegal conduct (other than minor offenses), or (B) conduct which is in breach of your fiduciary duty to the Company or Company Owned Entity and which is demonstrably injurious to the Company or Company Owned Entity, its reputation or its business prospects.

(c) "<u>Change of Control</u>" means:

(i) The purchase or other acquisition by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then-outstanding shares of common stock of the Company or the combined voting power of the Company's then-outstanding voting securities entitled to vote at any general or special meeting of shareholders; or

(ii) A change in composition of the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") resulting in individuals who constitute the Incumbent Board ceasing for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

(iii) Approval by the stockholders of the Company of (A) a reorganization, merger or consolidation, in each case with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation's then-outstanding voting securities, or (B) a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, an isolated sale, spin-off, joint venture or other business combination by the Company, which involves one or more divisions of the Company or Company Owned Entity and is approved by a majority vote of the Incumbent Board, shall not be deemed to be a Change of Control.

(d) "Company Stock" means the common stock of the Company.

(e) "Disability" means your absence from your duties with the Company or Company Owned Entity on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which incapacity is determined to be total and permanent by a physician selected by the Company or Company Owned Entity or its insurers and acceptable to you or your legal representative.

(f) "Fiscal Year" means the fiscal year of the Company, which as of the date hereof is the twelve month period commencing October 1 and ending September 30.

[For UK Awards Only](g) "Personal Data" means any personal information that could identify you.

5. Taxes. Company Stock issued pursuant to an Award shall be valued for tax purposes at its closing price on the New York Stock Exchange on the Vesting Date, or if the Company Stock is not traded on such Exchange on the Vesting Date, then on the last day prior to the Vesting Date on which the Company Stock is traded on such Exchange. Sufficient shares of Company Stock or cash, as the case may be, shall be withheld from any distribution hereunder to satisfy the Company's tax withholding requirements in respect of such distribution.

[Alternate A – For Non-CA or Non –MA Awards Only] **6. Covenants.**

(a) You agree that during the period beginning on the Award Date and ending two (2) years after the date on which you receive the final distribution of Company Stock (or payment of cash, in the event of a Change of Control) to which you are or become entitled under Section 2 of this Award, you will not do any of the following:

(i) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly carry on any business or become involved in any business activity, which is (A) competitive with the business of the Company or any Company Owned Entity, as presently conducted and as said business may evolve in the ordinary course, and (B) a business or business activity in which you were engaged in the course of your employment with the Company or any Company Owned Entity; but notwithstanding the foregoing, nothing herein shall prevent you from being a 2% or less shareholder of a publicly traded corporation;

(ii) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly recruit, solicit or hire, or assist anyone else in recruiting, soliciting or hiring, any employee of the Company or any Company Owned Entity;

(iii) Induce or attempt to induce, or assist anyone else to induce or attempt to induce, any customer of the Company or any Company Owned Entity to discontinue its business with the Company or Company Owned Entity;

(iv) Engage in the unauthorized use or disclosure of confidential information or trade secrets of the Company or any Company Owned Entity resulting in harm to the Company or any Company Owned Entity; or

(v) Engage in intentional misconduct resulting in a financial restatement or in an increase in your incentive or equity compensation.

(b) In the event of a breach or threatened breach of the covenants described in paragraph 6(a), the Company and/or any Company Owned Entity (as appropriate) shall be entitled, in addition to any other legal or equitable remedies it or they may have:

(i) To temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. You hereby expressly acknowledge that the harm which might result as a result of any noncompliance by you would be largely irreparable, and you agree that if there is a question as to the enforceability of any of the provisions of this Award, you will abide by the Award until after the question has been resolved by a final judgment of a court of competent jurisdiction;

(ii) To cancel this Award; and/or

(iii) To recover from you (1) any shares of stock (or cash, in the event of a Change of Control) transferred to you under this Award during any period(s) (A) that you were in breach of any of the above described covenants or (B) in the case of intentional misconduct resulting in a financial restatement during the periods that required statement, but in either case not to exceed three years, and (2) the proceeds from any sales of such shares received under this Award during the above time periods to the extent such shares transferred to you under this Award have been sold or retained by the Company to pay your taxes. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this subparagraph 6(b)(iii).

***[Alternate B – For CA Awards Only]*6. <u>Covenants</u>.**

(a) To the extent that you engage in conduct described in paragraph 6(b) during the period beginning on the Award Date and ending two (2) years after the date on which you receive the final distribution of Company Stock (or payment of cash, in the event of a Change of Control) to which you are or become entitled under Section 2 of this Award, you agree that the Company and/or any Company Owned Entity (as appropriate) shall be entitled to recover amounts as described in paragraph 6(c).

(b) The conduct described in this paragraph 6(b) is any of the following:

(i) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly carrying on any business or becoming involved in any business activity, which is (A) competitive with the business of the Company or any Company Owned Entity, as presently conducted and as said business may evolve in the ordinary course, and (B) a business or business activity in which you were engaged in the course of your employment with the Company or any Company Owned Entity; but notwithstanding the foregoing, nothing herein shall prevent you from being a 2% or less shareholder of a publicly traded corporation;

(ii) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly recruiting, soliciting or hiring, or assisting anyone else in recruiting, soliciting or hiring, any employee of the Company or any Company Owned Entity;

(iii) Inducing or attempting to induce, or assisting anyone else to induce or attempt to induce, any customer of the Company or any Company Owned Entity to discontinue its business with the Company or Company Owned Entity;

(iv) Engaging in the unauthorized use or disclosure of confidential information or trade secrets of the Company or any Company Owned Entity resulting in harm to the Company or any Company Owned Entity; or

(v) Engaging in intentional misconduct resulting in a financial restatement or in an increase in your incentive or equity compensation.

(c) In the event you engage in conduct described in paragraph 6(b), the Company and/or any Company Owned Entity (as appropriate) shall be entitled:

(i) To cancel this Award; and/or

(ii) To recover from you (1) any shares of stock (or cash, in the event of a Change of Control) transferred to you under this Award during any period(s) (A) that you were in breach of any of the above described covenants or (B) in the case of intentional misconduct resulting in a financial restatement during the periods that required statement, but in either case not to exceed three years , and (2) the proceeds from any sales of such shares received under this Award during the above time periods to the extent such shares transferred to you under this Award have been sold or retained by the Company to pay your taxes. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this subparagraph (ii).

***[Alternate C for MA Awards Only]*6. <u>Covenants</u>.**

(a) You agree that during the Restricted Period, you will not, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, in any Covered Geographic Region, directly or indirectly carry on any business or become involved in any business activity which is competitive with the business of the Company or any Company Owned Entity, as presently conducted and as said business may evolve in the ordinary course, and which either involves or relates to a business or business activity in which you, at any time during your final two (2) years of employment with the Company or a Company Owned Entity, were engaged or regarding which you had any Company or Company Owned Entity confidential information during such final two-year period. Nothing herein, however, shall prevent you from being a 2% or less shareholder of a publicly traded corporation. The Restricted Period shall be the period beginning on the Award Date and ending on the earlier of (i) two (2) years after the date on which you receive the final distribution of Company Stock (or payment of cash, in the event of a Change of Control) to which you are or become entitled under Section 2 of this Award, (ii) the termination of your employment by the Company without Cause, or (iii) one (1) year after your employment is terminated by the Company for Cause or you voluntarily terminate your employment; provided, however, if you have breached any fiduciary duty owed to the Company or a Company Owned Entity or taken any property belonging to the Company or a Company Owned Entity, then the Restricted Period shall be in effect until two (2) years after your employment ends. Covered Geographic Region shall mean all geographic regions in or for which you, at any time during your final two (2) years of employment, (A) provided services for or on behalf of the Company or a Company Owned Entity and/or (B) had direct or indirect responsibility for some or all of the Company or a Company Owned Entity’s activities in such geographic regions.

(b) You agree that during the period beginning on the Award Date and ending two (2) years after the date on which you receive the final distribution of Company Stock (or payment of cash, in the event of a Change of Control) to which you are or become entitled under Section 2 of this Award, you will not do any of the following

(i) As an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly recruit, solicit or hire, or assist anyone else in recruiting, soliciting or hiring, any employee of the Company or any Company Owned Entity;

(ii) Induce or attempt to induce, or assist anyone else to induce or attempt to induce, any customer of the Company or any Company Owned Entity to discontinue its business with the Company or Company Owned Entity;

(iii) Engage in the unauthorized use or disclosure of confidential information or trade secrets of the Company or any Company Owned Entity resulting in harm to the Company or any Company Owned Entity; or

(iv) Engage in intentional misconduct resulting in a financial restatement or in an increase in your incentive or equity compensation.

(c) In the event of a breach or threatened breach of any of the covenants described in paragraph 6(a) or (b), the Company and/or any Company Owned Entity (as appropriate) shall be entitled, in addition to any other legal or equitable remedies it or they may have:

(i) To temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. You hereby expressly acknowledge that the harm which might result as a result of any noncompliance by you would be largely irreparable, and you agree that if there is a question as to the enforceability of any of the provisions of this Award, you will abide by the Award until after the question has been resolved by a final judgment of a court of competent jurisdiction;

(ii) To cancel this Award; and/or

(iii) To recover from you (1) any shares of stock (or cash, in the event of a Change of Control) transferred to you under this Award during any period(s) (A) that you were in breach of any of the above described covenants or (B) in the case of intentional misconduct resulting in a financial restatement during the periods that required statement, but in either case not to exceed three years, and (2) the proceeds from any sales of such shares received under this Award during the above time periods to the extent such shares transferred to you under this Award have been sold or retained by the Company to pay your taxes. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this subparagraph 6(b)(iii).

[For MA Awards Only]**7. <u>Choice of Law; Venue</u>.** This Award shall be construed and administered in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law which might otherwise apply. Notwithstanding the above, Section 6(a) shall be construed and administered in accordance with the laws of the Commonwealth of Massachusetts and to the extent Section 6(a) is deemed unenforceable under Massachusetts General Laws Chapter 149, § 24L, Section 6(a) shall be revised so as to conform with such statute and enforced to the maximum extent permitted under applicable law. Any civil action arising under or relating to this Agreement shall be required to be brought in the state courts located within the Commonwealth of Massachusetts, Suffolk County, where the Superior Court or the Business Litigation Session of the Superior Court shall have exclusive jurisdiction.

[For non-MA Awards]**7. <u>Choice of Law; Venue</u>.** This Award shall be construed and administered in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law which might otherwise apply. In light of the fact that the Company is headquartered in St. Louis, Missouri, the Plan was established and is administered in the State of Missouri and the majority of the Committee's meetings are held in the State of Missouri, any litigation concerning any aspect of this Award shall be conducted exclusively in the State or Federal Courts in the State of Missouri.

8. <u>Severability</u>. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, (a) the parties agree that such provision(s) will be enforced to the maximum extent permissible under the applicable law, and (b) any invalidity, illegality or unenforceability of a particular provision will not affect any other provision of this Agreement.

9. <u>Amendment</u>. The Award may be amended by written consent between the Company and you.

***[For UK Awards Only]*10. <u>Data Protection</u>.**

(a) In accepting the grant of the PARS Unit(s), you consent to the collection, holding, processing and transfer of your Personal Data by the Company or any Company Owned Entity for all purposes connected with the operation of the Plan.

(b) The purposes of the Plan referred to in paragraph 10(a) include, but are not limited to:

(i) Holding and maintaining details of your PARS Units;

(ii) Transferring your Personal Data to the trustee of an employee benefit trust, the Company's registrars or brokers or any administrators of the Plan;

(iii) Transferring your Personal Data to a bona fide prospective buyer of the Company or any Company Owned Entity or business unit (or the prospective buyer's advisers), provided that the prospective buyer, and its advisers, irrevocably agree to use your Personal Data only in connection with the proposed transaction and in accordance with the data protection principles set out in the Data Protection Act 1998; and

(iv) Transferring your Personal Data under paragraph 10(b)(ii) or paragraph 10(b)(iii) to a person who is resident in a country or territory outside UK or the European Economic Area that may not provide the same statutory protection for the information as countries within the European Economic Area.

__. <u>Understanding of Agreement</u>. You acknowledge that you have had a reasonable period of time to study, understand, and consider this Agreement, that you have the right to consult with counsel of your choice prior to signing the Agreement, that you have read the Agreement and understand all of its terms, that you are entering into the Agreement knowingly and voluntarily, that in so doing you are not relying upon any statements or representations of the Company or its agents other than as expressly provided in this Agreement, and that the Agreement is fair and reasonable.

***[For MA Awards Only]*__. <u>Receipt of Agreement</u>**. You acknowledge that the Company has provided you a copy of this Agreement at least ten (10) business days prior to the date on which this Agreement shall become effective.

***[For Awards to Licensed Attorneys Only]*__. <u>Ethical Obligations</u>.** In recognition of your ethical duties and responsibilities as a licensed attorney, the parties agree that nothing in this Award shall prevent you from providing legal advice or otherwise being engaged in the practice of law; provided, however, that you agree not to breach any ethical obligations you have by virtue of being, or having been, the Company's corporate counsel.

Executed _______________, 20__.

ESCO TECHNOLOGIES INC.	**AGREED TO AND ACCEPTED:**
By: ______________________________	______________________________
Vice President	**Participant**

EXHIBIT 99.1

NEWS FROM

For more information contact:
Kate Lowrey
Director, Investor Relations
ESCO Technologies Inc.
(314) 213-7277

ESCO ANNOUNCES SECOND QUARTER FISCAL 2019 RESULTS

*- **Q2 GAAP EPS $0.72 (Includes $0.04 of Cost Reduction Charges)** -*
*- **Q2 Adjusted EPS $0.76 ($0.13 above Guidance Range / 58 Percent above Q2 2018)** –*
*- **Management Raises 2019 EPS Guidance to $3.05 to $3.10** -*

ST. LOUIS, May 7, 2019 – ESCO Technologies Inc. (NYSE: ESE) (ESCO, or the Company) today reported its operating results for the second quarter ended March 31, 2019 (Q2 2019), compared to the quarter ended March 31, 2018 (Q2 2018).

The financial results presented include certain non-GAAP financial measures such as EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS, as defined within the "Non-GAAP Financial Measures" described below. Any non-GAAP financial measures presented are reconciled to their respective GAAP equivalents.

Management believes these non-GAAP financial measures are useful in assessing the ongoing operational profitability of the Company's business segments, and therefore, allow shareholders better visibility into the Company's underlying operations. See "*Non-GAAP Financial Measures*" described below.

Earnings Summary

Q2 2019 GAAP EPS of $0.72 per share included $0.04 per share of previously described cost reduction charges in Technical Packaging and at Doble, and costs incurred to move the aircraft / aerospace business from VACCO to PTI. The $0.04 per share was excluded when determining Q2 2019 Adjusted EPS of $0.76 per share. GAAP net earnings were $19 million in Q2 2019.

Q2 2018 GAAP EPS of $0.38 per share included $0.10 per share of previously disclosed cost reduction charges incurred in USG and Filtration. The $0.10 per share was excluded when determining Q2 2018 Adjusted EPS of $0.48 per share. GAAP net earnings were $10 million in Q2 2018.

Q2 2019 Adjusted EPS of $0.76 per share significantly exceeded Management's previous guidance of $0.58 to $0.63 per share, and increased 58 percent over Q2 2018 Adjusted EPS of $0.48 per share.

Adjusted EBITDA was $34 million in Q2 2019, reflecting a 22 percent increase over Q2 2018 Adjusted EBITDA of $28 million.

The increases in Adjusted EBITDA and Adjusted EPS were driven by higher sales and improved operating performance across the Company, supplemented by specific tax planning strategies implemented in Q2 2019 which generated a lower effective tax rate in the Quarter versus previous expectations.

Operating Highlights

- Q2 2019 sales increased 11 percent to $194 million compared to $175 million in Q2 2018.

- On a segment basis, Q2 2019 Filtration sales exceeded expectations and increased 20 percent from Q2 2018 with all operating units contributing to the growth driven by significantly higher aerospace (commercial and defense) and navy sales. Test sales increased 5 percent driven by strong project sales domestically and in China. USG sales from Doble increased significantly, while NRG's sales to renewable energy customers decreased, resulting in a net 5 percent increase in USG sales. Technical Packaging sales increased 6 percent resulting from new product introductions.

- SG&A expenses increased nominally (2 percent) in Q2 2019 compared to Q2 2018 primarily as a result of higher sales commissions and normal cost of living adjustments, partially offset by cost reductions.

- Entered orders were $232 million in Q2 2019 (book-to-bill of 1.19x) which resulted in an ending backlog of $436 million at March 31, 2019, an increase of $53 million, or 14 percent, from September 30, 2018.

- The Q2 2019 effective income tax rate was lower than expected as a result of significant tax planning strategies implemented during the Quarter.

- 2019 net cash provided by operating activities was $17 million resulting in $182 million of net debt outstanding (total borrowings less cash on hand) at March 31, 2019, and a 1.5x leverage ratio. Cash flow in Q2 was negatively impacted by the timing of several large cash payments which moved out of the quarter and were received in early April.

Chairman's Commentary – Q2 2019

Vic Richey, Chairman and Chief Executive Officer, commented, "I'm extremely pleased with our Q2 operating results, which came in well above our expectations. Sales, operating profit, our effective tax rate, Adjusted EPS and entered orders were all better than our plan and enabled us to significantly beat the top end of our guidance range. Higher sales and operational improvements drove our Adjusted EPS $0.05 per share above our earlier expectations, and our tax strategies drove a favorable tax rate in Q2 2019 which contributed $0.08 per share above expectations.

"Comparing Q2 2019 to Q2 2018, we increased sales by 11 percent and improved our Adjusted EBITDA by over 22 percent and 2 points of margin driven by the strength of the Filtration group and our legacy Doble business. Our Test and Packaging businesses came in generally as expected and both improved their operating performance over prior year. I'm certain that the current cost reduction actions we have taken in our Packaging business will have a favorable impact on the second half of the year.

"Looking at Adjusted EBIT margins by segment, Filtration delivered 22 percent up from 18 percent in prior year; Test maintained 13 percent in both periods; and USG increased to 19 percent up from 16 percent. This operational growth supplemented by our tax strategies resulted in an increase in our Q2 Adjusted EPS of $0.28 per share, or 58 percent from prior year.

“Test’s Q2 2019 entered orders were a clear highlight as the group significantly exceeded expectations by booking $58 million in the Quarter and $103 million YTD. Our consolidated orders and strong backlog certainly bode well for the remainder of the year and gives me confidence for meeting our increased commitments.

“On the M&A front we maintain a robust pipeline of opportunities in both Filtration and USG and continue to work these aggressively, and I’m hopeful that we will add to our portfolio before the end of the fiscal year. Consistent with our history, we will remain prudent and committed to our disciplined approach of balancing ROIC and protecting our balance sheet.

“Updating the Doble headquarters relocation from Watertown to Marlborough, we recently signed the lease on the new property and we expect to be moved in and fully operational by December 31, 2019. The Doble team is looking forward to having all of its Boston area staff co-located in a single, customer-friendly facility as we all believe it will further enhance our operational efficiency and effectiveness, while lowering our facility operating costs.

“As we look toward the second half of 2019, we plan to build on the successes we achieved in the first half and expect to continue benefitting from our disciplined operating culture and our lower cost structure. Our solid market positions and tangible growth opportunities across the Company provide us with a favorable view of the future with our goal remaining unchanged – to increase long-term shareholder value.”

Dividend Payment

The next quarterly cash dividend of $0.08 per share will be paid on July 19, 2019 to stockholders of record on July 5, 2019.

New Revenue Recognition Standard

On October 1, 2018, the Company formally adopted *ASC Topic 606, Revenue from Contracts with Customers* (“New Revenue Recognition Standard”) using the modified retrospective method. Operating results for reporting periods beginning after October 1, 2018 will be presented under the New Revenue Recognition Standard, while the results from prior periods will not be adjusted and will continue to be presented using the accounting standards in effect for those periods. This new standard will have no impact on 2019 cash flows.

Previously Disclosed Cost Reduction / Restructuring Actions

Refer to our November 15, 2018 and February 7, 2019 earnings releases for details of our cost reduction and restructuring actions related to the Doble building sale and relocation, Technical Packaging’s cost reduction actions, and VACCO’s aircraft / aerospace business move to PTI.

All of these actions are intended to improve operating efficiency, enhance ROIC, generate additional free cash flow, and enhance the Company’s competitiveness across several end-markets, thereby, accelerating sales and earnings growth in the future.

Updated Business Outlook – 2019

As a result of the Company's YTD performance and its improved outlook for the remainder of the year, Management is raising its 2019 Adjusted EPS guidance to $3.05 to $3.10 per share from its earlier expectations of $2.95 to $3.05 per share.

Management continues to see meaningful organic sales, Adjusted EBIT, and Adjusted EBITDA growth opportunities across each of the Company's business segments and anticipates growth rates in 2019 and beyond that will generally exceed the broader industrial market. The organic growth described in previous earnings releases is expected to be enhanced by additional M&A contributions.

Management expects Q3 2019 Adjusted EPS to be in the range of $0.75 to $0.80 per share. The timing of quarterly sales and earnings throughout the year, coupled with the discrete charges described above within the respective quarters will impact quarterly comparability.

Conference Call

The Company will host a conference call today, May 7, at 4:00 p.m. Central Time, to discuss the Company's Q2 2019 results. A live audio webcast will be available on the Company's website at www.escotechnologies.com. Please access the website 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 on the Company's website noted above or by phone (dial 1-855-859-2056 and enter the pass code 6106418).

Forward-Looking Statements

Statements in this press release regarding the timing and amounts of the Company's expected quarterly, 2019 full year and beyond results, revenue and sales growth, EPS, Adjusted EPS, EPS growth, cash, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, the realization of operational efficiencies, the Company's competitiveness and the costs and savings resulting from operational improvements and cost reduction actions, the Company's ability to increase operating margins, realize financial goals and increase shareholder value, the success of acquisition efforts, the long-term success of the Company, and any other 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 them except as may be required by applicable laws or regulations. 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 those described in Item 1A, "Risk Factors", of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018, and the following: the success of the Company's competitors; 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; material changes in the costs and availability of certain raw materials; the appropriation, allocation and availability of Government funds; the termination for convenience of Government and other customer contracts; the timing and content of future contract awards or customer orders; performance issues with key customers, suppliers and subcontractors; labor disputes; the impacts of natural disasters on the Company's operations and those of the Company's customers and suppliers; changes in laws and regulations, including but not limited to changes in accounting standards and taxation requirements; changes in interest rates; costs relating to environmental matters arising from current or former facilities; financial exposure in connection with Company guarantees of certain Aclara contracts; the availability of select acquisitions; and the uncertainty regarding the ultimate resolution of current disputes, claims, litigation or arbitration.

Non-GAAP Financial Measures

The financial measures EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS are presented in this press release. The Company defines “EBIT” as earnings before interest and taxes, “EBITDA” as earnings before interest, taxes, depreciation and amortization, “Adjusted EBITDA” as EBITDA excluding certain defined charges, and “Adjusted EPS” as GAAP earnings per share (EPS) excluding the net impact of the items described above which were $0.04 per share in Q2 2019.

EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS are not recognized in accordance with U.S. generally accepted accounting principles (GAAP). However, Management believes that EBIT, EBITDA and Adjusted EBITDA are useful in assessing the operational profitability of the Company’s business segments because they exclude interest, taxes, depreciation and amortization, 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 as well as incentive compensation. The Company believes that the presentation of EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS provides important supplemental information to investors by facilitating comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. The use of non-GAAP financial measures is not intended to replace any measures of performance determined in accordance with GAAP.

ESCO, headquartered in St. Louis, Missouri: Manufactures highly-engineered filtration and fluid control products for the aviation, space and process markets worldwide; is the industry leader in RF shielding and EMC test products; provides diagnostic instruments, software and services for the benefit of industrial power users and the electric utility and renewable energy industries; and, produces custom thermoformed packaging, pulp-based packaging, and specialty products for medical and commercial markets. Further information regarding ESCO and its subsidiaries is available on the Company’s website at www.escotechnologies.com.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net Sales	$ 193,949	174,778
Cost and Expenses:		
Cost of sales	121,946	112,370
Selling, general and administrative expenses	41,673	40,749
Amortization of intangible assets	4,620	4,564
Interest expense	1,925	2,036
Other (income) expenses, net	2,430	1,475
Total costs and expenses	172,594	161,194
Earnings before income taxes	21,355	13,584
Income taxes	2,558	3,590
Net earnings	$ 18,797	9,994
Diluted EPS - GAAP	$ 0.72	0.38
Diluted EPS - As Adjusted	$ 0.76(1)	0.48(2)
Diluted average common shares O/S:	26,036	25,988

(1) Q2 2019 Adjusted EPS excluded $0.04 per share net impact of restructuring charges incurred primarily at Plastique, Doble and PTI/VACCO during the second quarter of 2019.

(2) Q2 2018 Adjusted EPS excluded $0.10 per share net impact of restructuring charges incurred at Doble & PTI during the second quarter of 2018.

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

	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Net Sales	$ 376,546	348,273
Cost and Expenses:		
Cost of sales	240,854	224,106
Selling, general and administrative expenses	82,666	82,903
Amortization of intangible assets	9,272	9,010
Interest expense	3,815	4,221
Other (income) expenses, net	(4,673)	1,648
Total costs and expenses	331,934	321,888
Earnings before income taxes	44,612	26,385
Income taxes	8,498	(18,280)
Net earnings	$ 36,114	44,665
Diluted EPS - GAAP	$ 1.38	1.72
Diluted EPS - As Adjusted	$ 1.23(1)	0.82(2)
Diluted average common shares O/S:	26,078	26,034

(1) YTD Q2 2019 Adjusted EPS excluded $0.15 per share net impact mainly from the gain on the sale of the Doble Watertown property partially offset by certain restructuring charges primarily at Plastique, PTI/VACCO & Doble.

(2) YTD Q2 2018 Adjusted EPS excluded $0.90 per share net impact of the $25 million tax benefit recorded related to U.S. Tax Reform partially offset by restructuring charges incurred at Doble & PTI during the first six months of 2018.

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

	GAAP		As Adjusted	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Net Sales				
Filtration	$ 79,478	65,775	79,478	65,775
Test	42,875	40,805	42,875	40,805
USG	48,890	46,699	48,890	46,699
Technical Packaging	22,706	21,499	22,706	21,499
Totals	$ 193,949	174,778	193,949	174,778
EBIT				
Filtration	$ 17,443	11,118	17,806	11,566
Test	5,554	5,300	5,554	5,300
USG	8,767	5,626	9,241	7,543
Technical Packaging	1,602	1,885	2,021	1,885
Corporate	(10,086)	(8,309)	(9,977)	(8,086)
Consolidated EBIT	23,280	15,620	24,645	18,208
Less: Interest expense	(1,925)	(2,036)	(1,925)	(2,036)
Less: Income tax expense	(2,558)	(3,590)	(2,853)	(3,524)
Net earnings	$ 18,797	9,994	19,867	12,648

Note 1: Adjusted net earnings were $19.9 million in Q2 ‘19 which excluded $1.1 million (or $0.04 per share) net impact of the restructuring charges incurred at Doble, Plastique, PTI and VACCO during the second quarter of 2019.

Note 2: Adjusted net earnings were $12.6 million in Q2 ‘18 which excluded $2.7 million (or $0.10 per share) net impact of the restructuring charges incurred at Doble and PTI during the second quarter of 2018.

EBITDA Reconciliation to Net earnings:

	Q2 2019	Q2 2018	Adjusted Q2 2019	Adjusted Q2 2018
Consolidated EBITDA	$ 32,555	25,192	33,920	27,780
Less: Depr & Amort	(9,275)	(9,572)	(9,275)	(9,572)
Consolidated EBIT	23,280	15,620	24,645	18,208
Less: Interest expense	(1,925)	(2,036)	(1,925)	(2,036)
Less: Income tax expense	(2,558)	(3,590)	(2,853)	(3,524)
Net earnings	$ 18,797	9,994	19,867	12,648

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

		GAAP		As Adjusted	
		YTD Q2 2019	YTD Q2 2018	YTD Q2 2019	YTD Q2 2018
Net Sales					
Filtration	$	145,702	125,810	145,702	125,810
Test		84,161	78,334	84,161	78,334
USG		104,745	102,453	104,745	102,453
Technical Packaging		41,938	41,676	41,938	41,676
Totals	$	376,546	348,273	376,546	348,273
EBIT					
Filtration	$	28,053	20,764	28,513	21,212
Test		8,864	7,895	8,864	7,895
USG		30,313	16,277	23,100	18,194
Technical Packaging		1,708	2,850	2,396	2,850
Corporate		(20,511)	(17,180)	(20,037)	(16,957)
Consolidated EBIT		48,427	30,606	42,836	33,194
Less: Interest expense		(3,815)	(4,221)	(3,815)	(4,221)
Less: Income tax		(8,498)	18,280	(6,899)	(6,705)
Net earnings	$	36,114	44,665	32,122	22,268

Note 1: Adjusted net earnings were $32.1 million in YTD Q2 ‘19 which excluded $4.0 million (or $0.15 per share) net impact of the gain on the sale of the Doble Watertown property partially offset by charges related to restructuring actions at Doble, Plastique, PTI & VACCO.

Note 2: Adjusted net earnings were $22.3 million in YTD Q2 ‘18 which excluded $2.7 million (or $0.10 per share) net impact of the restructuring charges incurred at Doble and PTI during the first six months of 2018, and the $25 million (or $1.00 per share) tax benefit recorded related to U.S. Tax Reform.

EBITDA Reconciliation to Net earnings:

		YTD Q2 2019	YTD Q2 2018	Adjusted YTD Q2 2019	Adjusted YTD Q2 2018
Consolidated EBITDA	$	67,206	49,404	61,615	51,992
Less: Depr & Amort		(18,779)	(18,798)	(18,779)	(18,798)
Consolidated EBIT		48,427	30,606	42,836	33,194
Less: Interest expense		(3,815)	(4,221)	(3,815)	(4,221)
(Less) Plus: Income tax		(8,498)	18,280	(6,899)	(6,705)
Net earnings	$	36,114	44,665	32,122	22,268

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

	March 31, 2019	September 30, 2018
Assets		
Cash and cash equivalents	$ 34,955	30,477
Accounts receivable, net	159,923	163,740
Contract assets	100,540	53,034
Inventories	124,493	135,416
Other current assets	16,048	13,356
Total current assets	435,959	396,023
Property, plant and equipment, net	132,806	134,954
Intangible assets, net	338,514	345,353
Goodwill	381,304	381,652
Other assets	5,380	7,140
	$ 1,293,963	1,265,122
Liabilities and Shareholders' Equity		
Short-term borrowings and current maturities of long-term debt	$ 20,000	20,000
Accounts payable	58,090	63,033
Contract liabilities	55,453	49,035
Other current liabilities	68,402	68,462
Total current liabilities	201,945	200,530
Deferred tax liabilities	62,938	64,794
Other liabilities	37,684	40,388
Long-term debt	197,000	200,000
Shareholders' equity	794,396	759,410
	$ 1,293,963	1,265,122

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
(Dollars in thousands)

	Six Months Ended March 31, 2019
Cash flows from operating activities:	
Net earnings	$ 36,114
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	18,779
Stock compensation expense	2,557
Changes in assets and liabilities	(28,847)
Change in PP&E from gain on building sale	(8,922)
Pension contributions	(833)
Effect of deferred taxes	(1,856)
Net cash provided by operating activities	16,992
Cash flows from investing activities:	
Capital expenditures	(17,425)
Additions to capitalized software	(4,494)
Proceeds from sale of building and land	17,201
Net cash used by investing activities	(4,718)
Cash flows from financing activities:	
Proceeds from long-term debt and short-term borrowings	23,000
Principal payments on long-term debt	(26,000)
Dividends paid	(4,146)
Other	370
Net cash used by financing activities	(6,776)
Effect of exchange rate changes on cash and cash equivalents	(1,020)
Net increase in cash and cash equivalents	4,478
Cash and cash equivalents, beginning of period	30,477
Cash and cash equivalents, end of period	$ 34,955

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

Backlog And Entered Orders - Q2 FY 2019	Filtration	Test	USG	Technical Packaging	Total
Beginning Backlog - 1/1/19	$ 221,735	126,494	36,872	13,196	398,297
Entered Orders	100,750	57,586	51,037	22,342	231,715
Sales	(79,478)	(42,875)	(48,890)	(22,706)	(193,949)
Ending Backlog - 3/31/19	$ 243,007	141,205	39,019	12,832	436,063

Backlog And Entered Orders - YTD Q2 FY 2019	Filtration	Test	USG	Technical Packaging	Total
Beginning Backlog - 10/1/18	$ 204,227	122,350	40,727	15,467	382,771
Entered Orders	184,482	103,016	103,037	39,303	429,838
Sales	(145,702)	(84,161)	(104,745)	(41,938)	(376,546)
Ending Backlog - 3/31/19	$ 243,007	141,205	39,019	12,832	436,063