

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): February 4, 2010

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

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))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Today, February 4, 2010, the Registrant is issuing a press release (furnished herewith as Exhibit 99.1 to this report) announcing its fiscal year 2010 first quarter financial and operating results. See Item 7.01, Regulation FD Disclosure below.

ITEM 7.01 REGULATION FD DISCLOSURE

Today, the Registrant is issuing a press release (Exhibit 99.1) announcing its fiscal year 2010 first quarter financial and operating results. The Registrant will conduct a related Webcast conference call today at 4:00 p.m. central time. This press release will be posted on the Registrant's web site located at <http://www.escotechnologies.com>. It can be viewed through the "Investor Relations" page of the web site under the tab "Press Releases", although the Registrant reserves the right to discontinue that availability at any time.

NON-GAAP FINANCIAL MEASURES

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

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

The Registrant believes that the presentation of EBIT provides important supplemental information to management and investors regarding financial and business trends relating to the Registrant's financial condition and results of operations. The Registrant's management believes that the use of EBIT provides an alternative method for assessing the Registrant's expected future performance that is useful because it facilitates comparisons with other companies in the Utility Solutions Group segment industry, many of which use similar non-GAAP financial measures to supplement their GAAP results. The Registrant provides this information to investors to enable them to perform additional analyses of present and future operating performance, compare the Registrant to other companies, and evaluate the Registrant's ongoing financial operations.

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

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release dated February 4, 2010

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.

SIGNATURE

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

ESCO TECHNOLOGIES INC.

Dated: February 4, 2010

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release dated February 4, 2010

NEWS FROM



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ESCO ANNOUNCES FIRST QUARTER RESULTS

ST. LOUIS, February 4, 2010 – ESCO Technologies Inc. (NYSE: ESE) today reported its operating results for the first fiscal quarter ended December 31, 2009.

EPS is presented from “*Continuing Operations*” and “*Discontinued Operations*”. Fiscal 2009 discontinued operations include the results of Comtrak which was sold in March 2009.

First Quarter 2010 Highlights

- Net sales were \$112.7 million;
- EPS was \$0.02 per share;
- Gross margin percentage (sales, less cost of sales, divided into sales) was 40.2 percent;
- Cash flow from operating activities was \$5.2 million;
- Net debt outstanding was \$129.6 million at December 31, 2009 (2.0x leverage ratio);
- Entered orders were \$138.4 million, (book-to-bill ratio of 1.23x); and
- Backlog increased \$25.7 million (9 percent) to an all-time high of \$325.1 million.

Chairman’s Commentary

Vic Richey, Chairman and Chief Executive Officer, commented, “I am pleased with our first quarter results, as we beat our original profit, cash flow and order expectations. We anticipated net earnings and EPS at break-even, but as a result of solid execution on several fronts, particularly within the Utility Solutions Group and Filtration segments, we exceeded our EBIT goals by nearly \$2 million, with Doble being the biggest contributor.

“The most important highlight of the quarter was the strength of entered orders and the resulting record high backlog. Strong order activity was realized across all three operating segments, which reinforces that we are taking the appropriate actions when it comes to investing in new products, enhancing existing products and servicing our customers with innovative solutions.

- more - -

Add One

“We made meaningful progress toward meeting our annual operating goals by capturing several large water AMI projects, as well as booking \$26 million of initial AMI deployment orders with two significant international customers in Latin America. We continue to be enthused with our business prospects in Central and South America, and, as these international projects begin to deploy Aclara products, we expect they will be significant contributors to our multi-year growth outlook.

“While the government’s Stimulus Program continues to cause delays of some expected orders and sales, we remain confident that once the money is distributed to the utilities we will benefit from this program over the balance of the year and well into the future.

“I am confident that given our new products, the strength and size of our domestic and international business prospects and acquisition opportunities, we are well-positioned for the future.”

Entered Orders

Entered orders in the 2010 first quarter were \$138.4 million, resulting in a book-to-bill ratio of 123 percent of sales.

First Quarter Order / Contract Highlights:

- Aclara RF AMI gas product orders with PG&E were \$7.4 million during the first quarter, bringing total PG&E gas project orders to 3.7 million units and \$207 million.
- Aclara PLS AMI orders were \$38.4 million, including approximately \$26 million of international business in Mexico and Colombia.
- Test segment orders were \$37.1 million, including several large chamber orders.

Significant Contracts / Orders Received Subsequent to December 31:

- Aclara RF AMI water contract signed with San Francisco Public Utilities Commission in November 2009, with a \$13 million purchase order received in January 2010.
- Aclara RF AMI water contract with Toho Water Authority in Florida with orders under the contract expected to total \$9 million.
- Aclara RF AMI water contract with City of Toronto with orders under the contract expected to total \$34 million.
- Aclara RF AMI water orders for the New York City Water project worth \$17.3 million.
- Test segment order for two large shielded enclosures worth over \$14 million.

- more - -

Add Two

Business Outlook

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

Dividend Payment

The next quarterly cash dividend of \$0.08 per share will be paid on April 20 to stockholders of record on April 5.

FY 2010

Management's expectations for fiscal year 2010 remain consistent with the Business Outlook discussions noted in the Company's Earnings Release dated November 12, 2009.

As noted earlier, Management decided to defer providing specific 2010 guidance due to the significant size and uncertain timing of the numerous projects in which the Company is currently engaged. Combined with the impact of the global economic recovery, Management believes the specific financial impact and timing of these large projects will be more quantifiable in the future, and therefore believes it is prudent to defer providing specific EPS guidance at this time.

Chairman's Commentary – Wrap-Up

Mr. Richey concluded, "We continue to have a sizeable amount of specific, identifiable growth opportunities that should develop into orders and sales in varying degrees throughout fiscal 2010. I expect 2010 to be a year of significant activity as many of these projects materialize and firmly set us up for meaningful growth in sales and earnings over the next few years. I remain very optimistic about our current business prospects, both domestically and internationally. Our commitment remains the same, to achieve our long-term goal of increasing shareholder value."

Conference Call

The Company will host a conference call today, February 4, at 4 p.m. Central Time, to discuss the Company's first quarter fiscal 2010 operating results. A live audio webcast will be available on the Company's web site at www.escotechnologies.com. Please access the web site at least 15 minutes prior to the call to register, download and install any necessary audio software. A replay of the conference call will be available for seven days on the Company's web site noted above or by phone (dial 1-888-203-1112 and enter the pass code 8614240).

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Forward-Looking Statements

Statements in this press release regarding the likelihood, timing and size of potential international and domestic opportunities, projects and contracts which the Company may receive or participate in, expected total orders to be received under significant Company contracts and orders described herein, the likelihood and timing of benefits resulting from the government's Stimulus Program, amounts and timing of fiscal 2010 future revenues, earnings, sales growth, orders, growth, the success in capturing international AMI opportunities, the global economic recovery, the Company's ability to complete acquisitions, success of new products and technologies, the long-term success of the Company, and any other written or oral statements which are not strictly historical are "forward-looking" statements within the meaning of the safe harbor provisions of the federal securities laws. Investors are cautioned that such statements are only predictions and speak only as of the date of this release, and the Company undertakes no duty to update. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment including, but not limited to: the risk factors described in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2009; the effect of the American Recovery and Reinvestment Act of 2009; the success of the Company's competitors; changes in Federal or State energy laws; the timing and content of purchase order releases under the Company's Gas AMI contract with PG&E; the Company's successful performance of its AMI contracts; site readiness issues with Test segment customers; weakening of economic conditions in served markets; the availability and pricing of acquisition targets, changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; unforeseen charges impacting corporate operating expenses; the performance of the Company's international operations; material changes in the costs of certain raw materials including steel and copper; delivery delays or defaults by customers; termination for convenience of customer contracts; timing and magnitude of future contract awards; containment of engineering and development costs; performance issues with key customers, suppliers and subcontractors; labor disputes; changes in laws and regulations including but not limited to changes in accounting standards and taxation requirements; costs relating to environmental matters; uncertainty of disputes in litigation or arbitration; and the Company's successful execution of internal operating plans.

- more - -

Add Four

ESCO, headquartered in St. Louis, is a proven supplier of special purpose utility solutions for electric, gas, and water utilities, including hardware and software to support advanced metering applications and fully automated intelligent instrumentation. In addition, the Company provides engineered filtration products to the aviation, space, and process markets worldwide and is the industry leader in RF shielding and EMC test products. Further information regarding ESCO and its subsidiaries is available on the Company's web site at www.escotechnologies.com.

- tables attached -

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

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Net Sales	\$112,705	147,357
Cost and Expenses:		
Cost of sales	67,436	92,616
SG&A	39,208	39,280
Amortization of intangible assets	2,884	4,603
Interest expense	1,482	2,618
Other expenses (income), net	1,023	(112)
Total costs and expenses	<u>112,033</u>	<u>139,005</u>
Earnings before income taxes	672	8,352
Income taxes	<u>236</u>	<u>2,512</u>
Net earnings from continuing operations	436	5,840
Loss from discontinued operations, net of tax benefit of \$11	<u>-</u>	<u>(20)</u>
Net earnings	<u>\$436</u>	<u>5,820</u>
Earnings per share:		
Basic		
Continuing operations	0.02	0.22
Discontinued operations	-	-
Net earnings	<u>\$0.02</u>	<u>0.22</u>
Diluted		
Continuing operations	0.02	0.22
Discontinued operations	-	-
Net earnings	<u>\$0.02</u>	<u>0.22</u>
Average common shares O/S:		
Basic	<u>26,423</u>	<u>26,108</u>
Diluted	<u>26,709</u>	<u>26,422</u>

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

	Three Months Ended	
	December 31,	
	2009	2008
Net Sales		
Utility Solutions Group	\$61,224	88,201
Test	26,986	35,489
Filtration	24,495	23,667
Totals	<u>\$112,705</u>	<u>147,357</u>
EBIT		
Utility Solutions Group	\$4,570	10,555
Test	700	3,234
Filtration	2,358	2,863
Corporate	(5,474)(1)	(5,682)(1)
Consolidated EBIT	<u>2,154</u>	<u>10,970</u>
Less: Interest expense	<u>(1,482)</u>	<u>(2,618)</u>
Earnings before income taxes	<u>\$672</u>	<u>8,352</u>

Note: Depreciation and amortization expense was \$5.6 million and \$7.4 million for the quarters ended December 31, 2009 and 2008, respectively.

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

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

	December 31, 2009	September 30, 2009
Assets		
Cash and cash equivalents	\$35,353	44,630
Accounts receivable, net	83,963	108,620
Costs and estimated earnings on long-term contracts	7,980	10,758
Inventories	88,477	82,020
Current portion of deferred tax assets	22,021	20,417
Other current assets	13,294	13,750
Total current assets	251,088	280,195
Property, plant and equipment, net	70,535	69,543
Goodwill	330,670	330,719
Intangible assets, net	219,953	221,600
Other assets	22,011	21,630
	\$894,257	923,687
Liabilities and Shareholders' Equity		
Current maturities of long-term debt	\$50,000	50,000
Accounts payable	30,318	47,218
Current portion of deferred revenue	21,548	20,215
Other current liabilities	40,293	46,552
Total current liabilities	142,159	163,985
Deferred tax liabilities	78,857	78,471
Other liabilities	33,490	33,424
Long-term debt	120,423	130,467
Shareholders' equity	519,328	517,340
	\$894,257	923,687

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

	<u>Three Months Ended</u> <u>December 31, 2009</u>
Cash flows from operating activities:	
Net earnings	\$436
Adjustments to reconcile net earnings to net cash provided by operating activities	
Depreciation and amortization	5,564
Stock compensation expense	1,031
Changes in current assets and liabilities	(958)
Effect of deferred taxes	(1,218)
Change in deferred revenue and costs, net	598
Other	(251)
Net cash provided by operating activities	<u>5,202</u>
Cash flows from investing activities:	
Additions to capitalized software	(1,381)
Capital expenditures	(3,715)
Net cash used by investing activities	<u>(5,096)</u>
Cash flows from financing activities:	
Principal payments on long-term debt	(10,044)
Proceeds from exercise of stock options	279
Other	601
Net cash used by financing activities	<u>(9,164)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(219)</u>
Net decrease in cash and cash equivalents	(9,277)
Cash and cash equivalents, beginning of period	<u>44,630</u>
Cash and cash equivalents, end of period	<u><u>\$35,353</u></u>

- more - -

Add Nine

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

Backlog And Entered Orders – Q1 FY 2010	Utility Solutions	Test	Filtration	Total
Beginning Backlog – 9/30/09	\$132,376	54,240	112,755	299,371
Entered Orders	74,312	37,071	27,035	138,418
Sales	(61,224)	(26,986)	(24,495)	(112,705)
Ending Backlog – 12/31/09	\$145,464	64,325	115,295	325,084

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