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 7, 1997

ESCO ELECTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

COMMISSION FILE NUMBER 1-10596

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 (Address of principal executive offices)	63124-2090 (Zip Code)

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

ESCO ELECTRONICS CORPORATION

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

As reported in Item 5 of its Form 10-Q for the quarterly period ended December 31, 1996, ESCO Electronics Corporation (the "Company") completed its acquisition of the Filtertek and the thermoform packaging businesses ("Filtertek") of Schawk, Inc. ("Schawk") on February 7, 1997. This Form 8-K sets forth the financial statements and pro forma financial information required to be filed in connection with this acquisition. Filtertek is a leader in the manufacture of plastic insert injection molded filter assemblies. The transaction involved the purchase of assets and stock of subsidiary corporations of Schawk. The assets included manufacturing and office facilities, equipment, inventories and accounts receivable, and the Company intends to continue the use of these assets in the on-going operation of the above-mentioned businesses. The consideration paid was $92 million in cash plus working capital adjustments, which was funded by cash and borrowings from the Company's bank credit facility. The banks involved are listed in Exhibit 4 to this Form 8-K. The consideration was arrived at through arms-length negotiations between the parties. This acquisition will be accounted for under the purchase method of accounting.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial statements of business acquired.

Audited financial statements of Filtertek at December 31, 1996 and the consolidated results of its operations and its cash flows for the year then ended.

(b) Pro forma financial information.

Introduction to Unaudited Pro Forma Consolidated Financial Statements.

Unaudited Pro Forma Consolidated Statement of Operations for the fiscal year ended September 30, 1996.

Unaudited Pro Forma Consolidated Statement of Operations for the three months ended December 31, 1996.

Unaudited Pro Forma Consolidated Balance Sheet at December 31, 1996.

ESCO ELECTRONICS CORPORATION

(c) Exhibits

Exhibit Number	
2(a)	Acquisition Agreement dated December 18, 1996 between the Company and Schawk, Inc. Certain schedules and attachments have been omitted due to immateriality. The Registrant agrees to furnish supplementally a copy of any omitted schedule or attachment to the Commission upon request.
2(b)	First Amendment dated as of February 7, 1997 to Acquisition Agreement listed as Exhibit 2(a) above
4	Credit Agreement dated as of September 23, 1990 (as most recently amended and restated as of February 7, 1997) among the Company, Defense Holding Corp., the Banks listed therein and Morgan Guaranty Trust Company of New York, as agent

The above-listed Exhibits are incorporated by reference to Form 10-Q for the quarterly period ended December 31, 1996, at the Exhibit Numbers listed above, respectively.

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 Electronics Corporation
(Registrant)

/s/ Philip M. Ford

By: Philip M. Ford
Senior Vice President and
Chief Financial Officer

April 18, 1997

REPORT OF INDEPENDENT AUDITORS

ESCO Electronics Corporation

We have audited the accompanying balance sheet of Filtertek, Inc., The Plastics Group of Schawk, Inc., ("Filtertek") as of December 31, 1996, and the related statements of income, division equity, and cash flows for the year then ended. These financial statements are the responsibility of Filtertek management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Filtertek at December 31, 1996 and the consolidated results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Ernst & Young LLP

February 27, 1997

BALANCE SHEET FILTERTEK (THOUSANDS OF DOLLARS)

	DEC. 31 1996
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 583
Trade Accounts Receivable, Net of Reserves of $262	11,212
Inventories	12,441
Deferred Income Taxes	873
Other Current Assets	472
Total Current Assets	25,581
Intangible Assets, Net	42,302
Other Assets	144
Plant and Equipment:	
Land and Buildings	28,858
Machinery and Equipment	40,218
Furniture and Fixtures	3,133
	72,209
Less Accumulated Depreciation	24,011
Total Plant and Equipment, Net	48,198
	$ 116,225
LIABILITIES AND DIVISION EQUITY	
Current Liabilities:	
Accounts Payable-Trade	$ 5,362
Accrued Liabilities:	
Compensation and Related Payroll Taxes	1,604
Other	988
Total Current Liabilities	7,954
Deferred Income Taxes	3,813
Division Equity	104,458
	$ 116,225

The accompanying notes to the financial statements are an integral part of these statements.

STATEMENT OF DIVISION EQUITY

	FILTERTEK
	(Thousands of Dollars)
BALANCE DECEMBER 31, 1995	$115,060
Effect of Foreign Currency Rate Fluctuations	(233)
Net Income	2,490
Net Payments To/Intercompany Charges From Schawk, Inc	(12,859)
BALANCE DECEMBER 31, 1996	$104,458

The accompanying notes to financial statements are an integral part of these financial statements.

STATEMENT OF INCOME Filtertek

YEAR ENDED DECEMBER 31, 1996	(THOUSANDS OF DOLLARS)
Net Sales	$77,752
Cost of Sales	64,037
Gross Profit	13,715
Selling, General & Administrative	10,143
Income From Operations	3,572
Other Income (Expenses):	
Interest Expense	(936)
Interest Income	44
Other, Net	(72)
Total Other	(964)
Income Before Income Taxes	2,608
Income Taxes	118
Net Income	$ 2,490

The accompanying notes to financial statements are an integral part of these financial statements.

STATEMENT OF CASH FLOWS — FILTERTEK (THOUSANDS OF DOLLARS)

YEAR ENDED DECEMBER 31, 1996

CASH PROVIDED FROM OPERATIONS	
Net income	$ 2,490
Adjustments to Reconcile Net Income to Cash Provided from Operations:	
Depreciation	6,832
Amortization of Intangibles	1,212
Deferred Income Taxes	(482)
Non-cash Intercompany Charges	2,116
Change in Accounts Receivable	859
Change in Inventories	59
Change in Accounts Payable and Accrued Liabilities	(75)
Other	943
Cash Provided From Operations	13,954
CASH USED FOR INVESTMENT ACTIVITIES	
Additions to Plant and Equipment	(7,785)
Proceeds From Retirement of Capital Assets	477
Proceeds From Sale of Plastic Molded Concepts	4,914
Cash Used For Investment Activities	(2,394)
CASH USED FOR FINANCING ACTIVITIES	
Net Payments to Schawk, Inc	(12,537)
Cash Used For Financing Activities	(12,537)
EFFECT OF FOREIGN CURRENCY RATE FLUCTUATIONS	53
Decrease in Cash & Cash Equivalents	(924)
Cash and cash equivalents:	
Beginning of Year	1,507
End of Year	$ 583
Supplemental Disclosures of Cash Payments:	
Interest	$ -
Income taxes	$ 44

The accompanying notes to the financial statements are an integral part of these statements.

FILTERTEK

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

BASIS OF PRESENTATION

Filtertek, Inc., the Plastics Group of Schawk, Inc., (the "Division") develops and manufactures insert injection molded plastic filtration elements and custom specialty plastic products for the automotive, health care, and industrial markets. The Division also manufactures thermoform visual and specialty packaging for the general commercial, health care and consumer markets.

The accompanying financial statements of the Division include the Hebron, Illinois; Huntley, Illinois; and Stockton, California operations of Filtertek USA, Inc.; the Puerto Rico operations of Schawk, Inc.; and the European operations of Filtertek BV (Ireland), Filtertek SA (France) and Filtertek GmbH (Germany). All significant intercompany balances and transactions have been eliminated.

These financial statements are presented as if the Division had existed as an entity separate from Schawk, Inc. ("Schawk") during the period presented and include the historical assets and liabilities that are directly related to the Division's operations. However, these financial statements are not necessarily indicative of the financial position and results of operations which would have occurred had the Division been an independent company.

CASH EQUIVALENTS

Marketable securities classified as cash equivalents, primarily time deposits, are stated at cost which approximates market value at the financial statement date and have a maturity of ninety days or less.

CONCENTRATION OF CREDIT RISK

The Division sells to healthcare and automotive original equipment manufacturers and other markets. Receivables are in approximately the same proportion as product sales to the above customer groups (healthcare 26%, automotive 35%, consumer 20%, and industrial 19% as of December 31, 1996).

FILTERTEK

NOTES TO FINANCIAL STATEMENTS

INVENTORIES

Inventories are comprised of material, labor and overhead and are valued at the lower of cost (determined on a first-in, first-out basis) or market. The components of inventories are as follows at December 31, 1996 (in thousands):

Raw materials	$ 3,959
Work-in-process	5,128
Finished goods	3,354
	$ 12,441

PLANT, EQUIPMENT AND DEPRECIATION

Plant, equipment and certain company-owned tooling accounts are stated at cost. Depreciation expense has been provided for financial reporting purposes using the straight-line method and for income tax purposes using principally accelerated methods, except for the Puerto Rican operation which uses primarily the straight-line method for both financial reporting and income tax purposes.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs relate to the development of customer prototype and production tooling. Amounts expended for research and development were $3,059,000 in 1996. Customers provided approximately 94% of this amount. The amounts received from customers are recorded as a reduction of actual research and development costs. The remaining research and product development costs are funded by the Company and are charged to expense as incurred in the Division's financial statements.

INTANGIBLE ASSETS

The excess of the purchase cost over the fair value of net assets acquired is being amortized principally over 40 years on a straight-line basis. The Division continually evaluates the existence of goodwill impairment on the basis of whether the goodwill is fully recoverable from projected, undiscounted net cash flows. Accumulated goodwill amortization as of December 31, 1996 was $4,447,000.

FILTERTEK

NOTES TO FINANCIAL STATEMENTS

FOREIGN CURRENCY TRANSLATION

Foreign currency assets and liabilities are translated at the rate of exchange existing at year-end and income amounts are translated at the average of the monthly exchange rates. Gains and losses resulting from the translation of foreign currency financial statements are deferred and classified as a separate component of division equity. For the year ended December 31, 1996, the statement of income for the Division included net currency transaction losses of $109,000.

USE OF ESTIMATES

Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2. BUSINESS DISPOSITION

Effective April 30, 1996, the Division sold all of the common stock of Plastic Molded Concepts ("PMC") for net book value. The Company received $4,914,000 in cash and a note receivable of $2,438,000. The note receivable was contributed to Schawk and has been reflected as a charge to division equity in the accompanying financial statements.

NOTE 3. RELATED PARTY TRANSACTIONS

The Division received direct charges from Schawk primarily for interest expense, health insurance claims, Company 401(k) contributions and other insurance related costs. The total amount of these direct charges from Schawk included in the statement of income for the year ended December 31, 1996 was approximately $2,116,000.

The Division has intercompany debt with Schawk of approximately $8,676,000 which was capitalized as part of the sale of the Division (see Note 8) and is included in division equity in the December 31, 1996 balance sheet. Schawk charged the Division interest on this balance during 1996 at a rate of 6.98% which amounted to $925,000 for the year ended December 31, 1996 and is included in the direct charges described above. The Company also has an intercompany payable to Schawk related to an accumulation of the direct charges on which no interest is charged. The balance of the intercompany payable of approximately $4,556,000 is included in division equity in the December 31, 1996 balance sheet.

FILTERTEK

NOTES TO FINANCIAL STATEMENTS

NOTE 4. INCOME TAXES

Income tax expense includes federal and state income taxes. Deferred income taxes are determined based on differences between the financial reporting and tax bases of assets and liabilities measured using currently enacted tax rates. The Division is included in the consolidated income tax return of Schawk. For purposes of these financial statements, the income tax provision has been determined on a basis as if the Division was a separate taxpayer. Current income tax liabilities due Schawk have been included in division equity.

The provision for income taxes is comprised of the following for the year ended December 31, 1996 (in thousands):

Current:	
U.S./Puerto Rico	$ 592
Foreign	8
	600
Deferred:	
United States	(258)
Foreign	(224)
	(482)
Total	$ 118

Components of deferred income tax liabilities and assets at December 31, 1996 are as follows (in thousands):

Deferred income tax liabilities:	
Plant and equipment	$3,852
Deferred income tax assets:	
Accruals and reserves not currently deductible	450
Net operating losses carryforward	264
Other	198
Total deferred tax assets	912
Net deferred tax liabilities	$2,940

The net operating loss carryforward relates to the Division's operation in France and expires at various dates through 2000.

FILTERTEK

NOTES TO FINANCIAL STATEMENTS

A reconciliation between the provision for income taxes computed by applying the Federal statutory tax rate to income before taxes and the actual provision for the year ended December 31, 1996 is as follows:

Income taxes at statutory rate	34.0%
Puerto Rico and Irish income exempt from income taxes	(32.9)
France net operating loss not previously benefited	(16.5)
Nondeductible expenses	15.1
Other	4.8
Effective tax rate	4.5%

The Division has operations in two countries with tax holidays, Puerto Rico and Ireland. The Division's Puerto Rican operations are exempt from the payment of Puerto Rico income taxes on 90% of its income from the manufacture and sales of all products until January 1, 2010. In addition, 90% of the dividends paid to residents of Puerto Rico are exempt from tax under grant. The Division qualifies under Section 936 of the Internal Revenue Code to receive a credit equal to its United States tax on income from sources in Puerto Rico. As a result, no United States income tax has been provided on the exempt income. The Division's operation in the Republic of Ireland is subject to a 10% income tax. The approximate effects of these tax holidays was to increase net income by $857,000 in 1996.

The undistributed earnings of foreign subsidiaries were approximately $5,661,000 at December 31, 1996. No income taxes are provided on the distribution of such earnings because they are considered permanently invested. The foreign component of income before income taxes was $563,000 for the year ended December 31, 1996.

NOTE 5. EMPLOYEE BENEFIT PLANS

The Division maintains a 401(k) defined contribution plan covering substantially all United States and Puerto Rico employees. The 401(k) plan provides for a 100% Division match of employee contributions up to 5% of wages (as defined) and are subject to a seven year vesting period. The Divison's contributions to the plan for the year ended December 31, 1996 were $280,000.

NOTE 6. CONTINGENCIES

The production facility in Ireland is being financed in part by a grant from the Industrial Development Authority of Ireland (IDA). The grant provides 25% of the actual amount of funds expended on the acquisition and equipping of the production facility up to a maximum of $2,316,000. Grants received to date total $2,303,000 and are reported as a reduction of the related assets. A contingent liability for repayment of grants received exists if the Division were to liquidate the Ireland operation. The grants are forgiven ratably over a ten year period. The contingent grant liability totaled $638,000 at December 31, 1996. In 2006, all obligations for repayment of such grants terminate. The Division has no present intention of selling or liquidating the Ireland operation.

FILTERTEK

NOTES TO FINANCIAL STATEMENTS

NOTE 7. SEGMENT DATA

The Division operates in a single industry segment, that being the production of specialty filtration elements, custom injection molded components, and thermoform packaging. Summary financial information by geographic area for the year ended December 31, 1996 is as follows (in thousands):

	UNITED STATES	EUROPE	TOTAL
Net sales......................................	$62,376	$15,376	$ 77,752
Operating income...............................	2,955	617	3,572
Identifiable assets............................	99,643	16,582	116,225

Production facilities are located in the United States, France, and Ireland. Operating income is comprised of total revenues less operating expenses before interest expense and income taxes. Identifiable assets are those assets of the Division that are identifiable with the operations in each geographic area and include cash and marketable securities maintained at these locations.

Export sales were $1,406,000 for the year ended December 31, 1996. The Division had no single customer which accounted for over 10% of net sales.

NOTE 8. SUBSEQUENT EVENT

Effective February 7, 1997, the Division was sold to ESCO Electronics Corporation for cash of approximately $92,000,000 plus working capital adjustments. This sale was structured as a sale of the net assets of the North American, Puerto Rican and German operations and the sale of the capital stock ownership of Filtertek BV and Filtertek SA.

ESCO ELECTRONICS CORPORATION
INTRODUCTION TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements as presented here have been prepared from the historical financial statements of Esco and Filtertek for the respective periods noted. On July 22, 1996, the Company sold its former Hazeltine Corporation subsidiary for $110 million in cash (see Form 8-K dated August 5, 1996). On February 7, 1997, Esco acquired Filtertek for $92 million in cash plus working capital adjustments. This acquisition will be accounted for under the purchase method of accounting, and accordingly, the acquisition cost will be allocated among the net assets of Filtertek based upon their estimated fair market values. However, this allocation process has not yet been completed. Therefore, the excess purchase price over Filtertek's net book value ("Goodwill") is presented as a separate caption in the unaudited pro forma consolidated balance sheet.

The operations of Esco for fiscal year ended September 30, 1996 have been combined with Filtertek's operations for the year ended December 31, 1996. The differences in year end periods as presented does not have a material impact on the combined results.

The unaudited pro forma consolidated statement of operations for fiscal year ended September 30, 1996 and the three-months ended December 31, 1996 present the Company's results of operations as adjusted to give effect to the acquisition of Filtertek and the divestiture of Hazeltine as if both transactions had occurred on October 1, 1995, which represents the beginning of Esco's most recent fiscal year . The unaudited pro forma consolidated balance sheet as of December 31, 1996 gives effect to the acquisition of Filtertek as if it had occurred on December 31, 1996.

The unaudited pro forma financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto previously filed as part of the Company's most recent annual and quarterly reports on Forms 10-K and 10-Q for the periods ended September 30, 1996 and December 31, 1996, respectively.

The unaudited pro forma information below is provided for informational purposes only and is not necessarily indicative of what the actual financial position or results of operations of the Company would have been had the transactions actually occurred on the dates indicated, nor does it purport to indicate the future financial position or results of operations of the Company. Results of operations for the three months ended December 31, 1996 may not be indicative of results of operations to be expected for a full year. The pro forma adjustments are based upon available information and assumptions believed to be reasonable in the circumstances. There can be no assurance that such information and assumptions will not change from those reflected in the pro forma financial statements and notes thereto.

ESCO ELECTRONICS CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 1996
($ in thousands, except per share amounts)

	Esco Historical 9/30/96	Filtertek Historical 12/31/96	Pro forma Adjustments	Esco Pro forma With Filtertek	Elimination of Hazeltine	Pro forma Adjustments	Esco Pro forma
Net Sales	$438,543	77,752	0	$516,295	93,585	0	$422,710
Cost and Expenses:							
Cost of sales	366,719	64,037	0	430,756	75,196	0	355,560
Selling, general and administrative	70,464	10,143	(1,808)	78,799	12,859	750	66,690
Interest expense (income)	4,781	892	5,456	11,129	29	(4,781)	6,319
Other, net	5,017	72	800	5,889	912	0	4,977
Gain on sale of Hazeltine	(48,500)	0	0	(48,500)	0	0	(48,500)
Nonrecurring charges	25,300	0	0	25,300	0	0	25,300
Total costs and expenses	423,781	75,144	4,448	503,373	88,996	(4,031)	410,346
Earnings (loss) before income taxes	14,762	2,608	(4,448)	12,922	4,589	4,031	12,364
Income tax expense (benefit)	(11,374)	118	(1,779)	(13,035)	1,836	1,612	(13,258)
Net earnings (loss)	$ 26,136	2,490	(2,669)	$ 25,957	2,753	2,419	$ 25,622
Earnings (loss) per share:							
Primary	$ 2.26			$ 2.24			$ 2.21
Fully diluted	$ 2.25			$ 2.23			$ 2.20
Outstanding shares:							
Primary	11,580			11,580			11,580
Fully diluted	11,638			11,638			11,638

The accompanying notes are an integral part of these financial statements.

ESCO ELECTRONICS CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED DECEMBER 31, 1996
($ in thousands, except per share amounts)

	Esco Historical	Filtertek Historical	Pro forma Adjustments	Esco Pro forma
Net Sales	$68,899	17,712	0	$86,611
Cost and Expenses:				
Cost of sales	51,939	14,512	0	66,451
Selling, general and administrative	12,951	2,471	(202)	15,220
Interest expense (income)	277	180	1,407	1,864
Other, net	730	(24)	200	906
Total costs and expenses	65,897	17,139	1,405	84,441
Earnings before income taxes	3,002	573	(1,405)	2,170
Income taxes	820	(312)	(562)	(54)
Net earnings	$ 2,182	885	(843)	$ 2,224
Earnings per share:				
Primary	$ 0.18			$ 0.18
Fully diluted	$ 0.18			$ 0.18
Average common and common share equivalents outstanding:				
Primary	12,045			12,045
Fully diluted	12,055			12,055

The accompanying notes are an integral part of these financial statements.

ESCO ELECTRONICS CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1996
($ in thousands, except per share amounts)

	Esco Historical 12/31/96	Filtertek Historical 12/31/96	Pro forma Adjustments	Esco Pro forma
Cash and cash equivalents	$ 18,877	583	(583)	$ 18,877
Accounts receivable, net	27,228	11,212	0	38,440
Unbilled receivables	52,987	0	0	52,987
Inventories	45,848	12,441	0	58,289
Other current assets	2,874	1,345	0	4,219
Total current assets	147,814	25,581	(583)	172,812
Property, plant and equipment, net	53,713	48,198	0	101,911
Goodwill	20,256	42,302	(10,725)	51,833
Deferred tax asset	53,147	0	0	53,147
Other assets	16,898	144	0	17,042
	$291,828	116,225	(11,308)	$396,745
Short-term borrowings / current maturities LT debt	$ 1,300	0	48,200	$ 49,500
Accounts payable	27,347	5,362	0	32,709
Advance payments on LT contracts	7,057	0	0	7,057
Accrued expenses and other current liabilities	22,882	2,592	0	25,474
Total current liabilities	58,586	7,954	48,200	114,740
Other liabilities	28,793	3,813	0	32,606
Long-term debt	11,050	0	44,950	56,000
Total liabilities	98,429	11,767	93,150	203,346
Committments and contingencies	--	--	--	--
Shareholders' equity:				
Preferred stock, par value, $.01 / share	--	--	--	--
Common stock, par value $.01 / share	124	0	0	124
Additional paid-in capital	193,147	104,458	(104,458)	193,147
Retained earnings	6,366	0	0	6,366
Cumulative foreign currency translation adj.	516	0	0	516
Minimum pension liability	(1,869)	0	0	(1,869)
Subtotal	198,284	104,458	(104,458)	198,284
Less treasury stock, at cost	(4,885)	0	0	(4,885)
Total shareholders' equity	193,399	104,458	(104,458)	193,399
	$291,828	116,225	(11,308)	$396,745

The accompanying notes are an integral part of these financial statements.

ESCO ELECTRONICS CORPORATION
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(a): Represents the elimination of $1,212,000 of historical annual goodwill amortization resulting from the original purchase of Filtertek by Schawk (see note (c) below). In addition, this amount includes the reduction of historical intercompany charges as paid to Schwak versus what the estimated intercompany charges would have been had Filtertek been a part of Esco for the entire year. The three month period ended December 31, 1996 reflects one quarter of the estimated annual impact.

(b): Represents the net interest charge related to the acquisition debt of $92 million at an average interest rate of 6.9%. The fiscal year net charge also eliminates the $892,000 of net interest expense noted on the historical Filtertek financial statements. The three month period ended December 31, 1996 reflects one quarter of the estimated annual impact, with the elimination of $180,000 of net interest expense on the historical Filtertek financial statements.

(c): Represents the goodwill amortization charge assuming $32 million of goodwill being amortized over 40 years. The allocation of the purchase price has not yet been completed. See note (h) below.

(d): To provide for income tax expense (benefit) on pretax earnings and pro forma adjustments at an estimated combined statutory tax rate of 40%.

(e): Represents certain cost allocations from the Company which were previously absorbed by Hazeltine operations.

(f): Represents the elimination of Esco's historical interest expense assuming the net proceeds of the sale of Hazeltine were used in part to repay all outstanding debt (see related assumption at note (b)).

(g): Represents the elimination of the operating results of Hazeltine reflecting the terms of the Hazeltine purchase and sale agreement as previously filed.

(h): Represents the net elimination of Filtertek's historical unamortized goodwill and the estimated addition of $32 million of goodwill related to the acquisition. The allocation of the excess purchase price over the net assets acquired between tangibles, identifiable intangibles, and goodwill has not yet been completed.

(i): Represents the net debt impact to acquire Filtertek. The amounts represent $45.5 million of short-term borrowings and $60 million of term debt (with $4 million classified as current maturities of long-term debt). This total debt structure was used to fund the $92 million purchase price and the repayment of $12,350,000 of outstanding debt as noted in the Esco historical financial statements. The cash elimination represents the cash balances of Filtertek as retained by Schawk in conjunction with the terms of the acquisition agreement.

(j): Represents the elimination of Filtertek's additional paid-in capital.