

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): November 13, 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

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, November 19, 2019, ESCO Technologies Inc. (the Registrant, or the “Company”) is issuing a press release (furnished as Exhibit 99.1 to this report) announcing its financial and operating results for the fourth quarter and fiscal year ended September 30, 2019. 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

Election of New Director and Reclassification of Directors

On November 13, 2019 the Company’s Board of Directors, by unanimous written consent pursuant to Section 3.1 of its Bylaws, increased the authorized size of the Board of Directors from eight to nine members and elected Gloria L. Valdez, age 57, as a director to fill the vacancy thereby created.

Ms. Valdez retired in April 2018 after 32 years of civilian service with the Department of the Navy and the Department of Homeland Security. Prior to her retirement, she served as the Deputy Assistant Secretary of the Navy within the Office of the Assistant Secretary of the Navy (ASN) for Research, Development and Acquisition. In this capacity, she was responsible for executive oversight of all naval shipbuilding programs, major ship conversions, and the maintenance, modernization and disposal of in-service ships. She previously served as the Executive Director for the Program Executive Office for submarines, responsible for civilian management, and design, acquisition and construction for submarine platform and undersea systems, and as the Director of the Investment and Development division within the Office of ASN for Financial Management and Comptroller.

Ms. Valdez holds a Master of Science degree in Management from Florida Institute of Technology as well as a Bachelor of Science degree in Mechanical Engineering from the University of New Mexico. She has received the Department of the Navy’s Distinguished, Superior and Meritorious Civilian Service Awards, and in 2014 she was awarded the Pioneer award from Great Minds in STEM.

Ms Valdez was selected to serve the Company on the basis of her extensive strategic and operational experience in the defense markets as well as her management and financial experience, which will allow her to assist the board in guiding strategy at the highest level.

Ms. Valdez will receive compensation for her service on the Board of Directors and its Committees pursuant to the Company’s Compensation Plan for Non-Employee Directors, as amended (the “Directors Compensation Plan”), on the same basis as the Company’s other directors; provided that as compensation for her service during the remainder of calendar 2019 she will receive compensation prorated at 25% of a full year’s compensation, consisting of cash fees of \$12,500, plus an award of shares of Company common stock valued at \$45,000 on the issue date. Under the Directors Compensation Plan, Ms. Valdez has 30 days from the date of her election to elect whether or not to receive the common stock award, or both the cash fees and common stock award, or neither of them, in common stock equivalents priced at the closing price of the common stock on the issue/payment date and issuable at the termination of the director’s service in stock and/or cash, all on the terms and conditions provided in the Directors Compensation Plan.

Ms. Valdez was designated as a Class II Director, to serve for a term ending at the 2022 annual meeting of shareholders. She will also serve on the Nominating and Corporate Governance Committee of the Board of Directors. In order to retain equality of size among the three director classes as nearly as practicable, as required by the Company’s Bylaws, director Victor L. Richey, previously a Class II director, agreed to be reclassified as a Class I Director to serve for a shortened term ending at the 2021 annual meeting of shareholders.

Compensation of Executive Officers

On November 14, 2019, the Human Resources and Compensation Committee (the “Committee”) of the Company’s Board of Directors approved the following base salaries and target cash incentive compensation opportunities for its executive officers for the Company’s 2020 fiscal year ending September 30, 2020. The Committee determined that increases in total cash compensation of 4.5%, 4.2% and 4.2% were warranted for Mr. Richey, Mr. Muenster and Ms. Barclay, respectively, and (as it had done for fiscal 2019) it provided each of the executive officers with the discretion to allocate their increase prospectively between their base salaries and their cash incentive targets. Mr. Richey and Ms. Barclay elected to allocate the entire dollar amount of their increases to their cash incentive targets, and Mr. Muenster elected to allocate his increase between his base salary and his cash incentive target, resulting in fiscal 2020 base salaries of \$824,500, \$600,000 and \$350,600 and cash incentive targets of \$927,965, \$480,000 and \$241,400 for Mr. Richey, Mr. Muenster and Ms. Barclay, respectively.

For fiscal 2020 the Committee allocated 100% of the executive officers’ cash incentive compensation opportunity to the Company’s Performance Compensation Plan (“PCP”). The Committee also approved the fiscal 2020 performance criteria for determining the percentage of such target incentive compensation opportunity that will actually be earned by the executive officers, depending on actual fiscal 2020 results compared to the criteria. The Committee established two performance criteria for fiscal 2020:

- Earnings per share adjusted for certain defined non-recurring gains and charges (“Adjusted EPS”), weighted at 70% of the total target opportunity; and
- Cash generated from operations at the subsidiary level, including corporate cash activity related to debt and interest payments, tax payments, pension contributions and corporate general administrative expenses, and excluding corporate cash activity related to acquisitions, dividends and share repurchases (“Cash Flow”), weighted at 30% of the total target opportunity.

The actual cash incentive compensation payable under the PCP for fiscal 2020 will range from 0.2 to 2.0 times the target opportunity for both Adjusted EPS and Cash Flow, depending on actual 2020 performance, based on a separate matrix for each of the measures.

On February 4, 2019 the Compensation and Human Resources Committee of the Company’s Board of Directors had prospectively amended and restated the PCP effective beginning with the November 2019 awards described above (and other awards granted concurrently therewith). The last previous amendment to the PCP was on November 9, 2017. The 2019 amendments did not increase the amounts or change the forms of compensation which may be paid to the eligible officers or managers; the principal changes were (i) to update the references in the PCP to refer to the Company’s 2018 Omnibus Incentive Plan, (ii) to delete references to now-repealed Section 162(m) of the Internal Revenue Code and the qualification of awards thereunder, and (iii) to clarify the events constituting “Misconduct” for which a recipient’s awards may be cancelled and other penalties imposed. A copy of the PCP as restated to incorporate the amendments is attached to this report as [Exhibit 10.1](#), and a copy of the restated PCP marked to indicate the substantive changes since November 2017 is attached as [Exhibit 10.2](#).

Item 5.03 **Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year**

On November 14, 2019, the Company’s Board of Directors amended Section 2.1 of the Company’s Bylaws to expand the time period within which the Company is required to hold its annual meeting of shareholders, in order to give the Board more flexibility in scheduling the annual meeting and the associated meetings of the Board and its committees in order to accommodate the schedules of the various directors. Prior to the amendment, Section 2.1 required the annual meeting to take place on a business day “during the first two weeks in February” of each year; as amended, Section 2.1 requires the annual meeting to take place on a business day “not later than February 15” of each year. A complete copy of the Company’s Bylaws as so amended is filed herewith as [Exhibit 3.1](#).

Item 7.01 **Regulation FD Disclosure**

Today, November 19, 2019, the Company is issuing a press release (attached as [Exhibit 99.1](#)) announcing its financial and operating results for the fourth quarter and fiscal year ended September 30, 2019. The Company will conduct a related Webcast conference call today at 4:00 p.m. Central Time. The press release will be posted on the Company’s web site located at <http://www.escottechnologies.com>. It can be viewed through the “Investor News” page of the web site under the “Investor Center” tab, although the Company reserves the right to discontinue that availability at any time.

Item 9.01 **Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	Bylaws, as amended November 14, 2019
10.1	Amended and Restated Performance Compensation Plan
10.2	Amended and Restated Performance Compensation Plan, marked to indicate changes
99.1	Press Release issued November 19, 2019
104	Cover Page Inline Interactive Data File

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 Company incorporates it by reference into a filing under the Securities Act of 1933 as amended or the Exchange Act.

References to the Company’s web site address are included in this Form 8-K and the press release only as inactive textual references, and the Company does not intend them to be active links to its web site. Information contained on the Company’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: November 19, 2019

ESCO TECHNOLOGIES INC.

By: /s/Gary E. Muenster

Gary E. Muenster

Executive Vice President and Chief Financial Officer

BYLAWS

OF

ESCO TECHNOLOGIES INC.

(AS AMENDED THROUGH NOVEMBER 14, 2019)

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BYLAWS
OF
ESCO TECHNOLOGIES INC.
ARTICLE ONE
OFFICES

Section 1.1 Registered Office. The registered office of the Corporation in Missouri shall be located at 9900A Clayton Road, St. Louis, Missouri 63124, or at such other address within the State of Missouri as the Board of Directors may from time to time authorize by duly adopted resolution.

Section 1.2 Other Offices. The Corporation may maintain such other offices both within and without the State of Missouri as the business of the Corporation may from time to time require or as the Board of Directors may determine.

ARTICLE TWO
SHAREHOLDERS' MEETINGS

Section 2.1 Annual Meetings. The annual meeting of shareholders for the election of Directors and for the transaction of such other business as properly may come before such meeting shall be held at such place within or without the State of Missouri as the Board of Directors may direct in the notice of such meeting, on such business day not later than February 15 of each year as the Board of Directors may approve; provided that the Board of Directors may change a meeting date previously set, in its discretion, subject to any applicable limitations of law. Every meeting of the shareholders shall be convened at the hour stated in the notice for the meeting and shall continue until declared adjourned by a vote of the shareholders present or by the presiding officer.

Section 2.2 Special Meetings. Unless otherwise required by law or the Corporation's Articles of Incorporation, special meetings of the shareholders or of the holders of any class of stock may be called only by (i) the Board of Directors by the affirmative vote of a majority of the entire Board of Directors (as defined in the Articles of Incorporation), (ii) the Chairman or any Vice Chairman of the Board of Directors, or (iii) the President; in each case by delivering notice thereof in writing or by electronic transmission to the Secretary of the Corporation stating the time, place and purpose or purposes of the proposed meeting. At any special meeting of shareholders, only such business shall be conducted, and only such proposals shall be acted upon, as are specified in the notice calling the meeting.

Section 2.3 Notice of Meetings.

(a) Notice of each meeting of shareholders, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or given not less than 10 nor more than 70 days before the date of the meeting, by or at the direction of the Secretary to each shareholder of record entitled to vote at such meeting.

(b) Notice may be given in any form or manner permitted by law. Any notice of a shareholders' meeting sent by mail shall be deemed to be delivered when deposited in the United States mail with first class postage thereon prepaid, addressed to the shareholder at such shareholder's address as it appears on the records of the Corporation. Any notice of a shareholders' meeting given by electronic transmission shall be deemed given (i) if by fax, when directed to a fax number at which the shareholder has consented to receive notice; (ii) if by email, when directed to an email address at which the shareholder has consented to receive notice; (iii) if by posting on an electronic network together with separate notice to the shareholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when appropriately directed to the shareholder. As used in these Bylaws, "electronic transmission" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient.

(c) A shareholder may waive notice of a meeting before or after the meeting in writing, by electronic transmission, or in any other manner permitted by law. Attendance of a shareholder at any meeting shall constitute a waiver of notice of such meeting except where such shareholder attends the meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 2.4 Quorum; Adjournment or Postponement.

(a) A majority of the outstanding shares entitled to vote at any meeting, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders; provided that less than such quorum shall have the right to adjourn the meeting as provided in paragraph 2.4(b). Shares represented by a proxy which directs that the shares abstain from voting or that a vote be withheld on a matter shall be deemed to be represented at the meeting for quorum purposes. Shares as to which voting instructions are given as to at least one of the matters to be voted on shall also be deemed to be represented at the meeting. If the proxy states how shares will be voted in the absence of instructions by the shareholder, such shares shall be deemed to be represented at the meeting.

(b) A meeting may be successively adjourned to a specified date not longer than 90 days after such adjournment or to another place. Notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless otherwise required by law. If the adjournment is for more than 90 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the date and place of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. At an adjourned meeting any business may be transacted which might have been transacted at the original meeting.

(c) Any meeting may be successively postponed by resolution of the Board of Directors to a specified date up to 90 days after such postponement or to another place, upon public disclosure given on or prior to the date previously scheduled for such meeting of shareholders.

(d) For purposes of this Section, "adjournment" means a delay in the date, which may also be combined with a change in the place, of a meeting after the meeting has been convened; "postponement" means a delay in the date, which may be combined with a change in the place, of the meeting before it has been convened, but after the time and place thereof have been set forth in a notice delivered or given to shareholders; and public disclosure shall be deemed to have been given if a public announcement is made by press release reported by a national news service or in a publicly available document filed with the Securities and Exchange Commission.

Section 2.5 Voting. Subject to the rights of any holders of preferred stock, each outstanding share entitled to vote under the provisions of the Articles of Incorporation shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the matter in question shall be the act of the shareholders unless the vote of a greater number of shares is required by law or the Articles of Incorporation or these Bylaws. No person shall be entitled to vote any shares belonging or hypothecated to the Corporation. A shareholder may vote either in person or by proxy, executed in writing by the shareholder or by his duly authorized attorney-in-fact, or by electronic transmission in any manner provided for such purpose by the Corporation.

Section 2.6 Organization and Conduct of Meetings of Shareholders.

(a) Each meeting of shareholders shall be convened and presided over by one of the following persons (the "Presiding Officer"), in the following order of precedence: (i) the Chairman of the Board, (ii) the Vice Chairman of the Board, if any, (iii) the President, or (iv) another officer or director of the Corporation who has been designated as chairman of the meeting by the Board of Directors. The Secretary of the Corporation or, in his or her absence, a person whom the Presiding Officer shall appoint, shall act as secretary of each meeting of shareholders. Whenever the Secretary shall be absent or shall be acting as Presiding Officer, the Presiding Officer shall appoint a person present to act as secretary of the meeting.

(b) The Board of Directors may adopt such rules, regulations and procedures for the conduct of the meeting as it shall deem appropriate. In addition, except to the extent inconsistent with such rules, regulations and procedures, the Presiding Officer shall have the right and authority to convene and (for any or no reason) to adjourn the meeting and to prescribe such rules, regulations and procedures and do all such acts as, in the judgment of the Presiding Officer, are necessary, appropriate or convenient for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Presiding Officer, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present, including removing any shareholder who refuses to comply with the rules, regulations or procedures for the meeting; (iii) limitations on attendance at or participation in the meeting to shareholders of record of the Corporation, their duly authorized and constituted proxies and such other persons as the Presiding Officer shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted to questions or comments by participants; (vi) adjournment of the meeting either by the Presiding Officer or by the affirmative vote of a majority of the shares represented at the meeting; and (vii) regulation of the voting or balloting, as applicable, including matters, if any, which are to be voted on by ballot. Unless and except to the extent otherwise determined by the Board of Directors or the Presiding Officer, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(c) The Presiding Officer shall have absolute authority to decide questions of compliance with the foregoing procedures, and his or her ruling thereon shall be final and conclusive.

Section 2.7 Nominations and Other Proposals by Shareholders.

(a) Shareholders shall not be permitted to propose business to be brought before a special meeting of shareholders, other than the nomination of directors if the Board of Directors has first determined that directors are to be elected at such special meeting.

(b) A shareholder desiring to nominate one or more persons for election to the Board of Directors or to propose other business to be considered by the shareholders at a meeting at which such a nomination or proposal is permitted must comply with all of the requirements set forth in these Bylaws and in the Articles of Incorporation, including timely providing a notice of the shareholder's intent to make such nomination or propose such other business ("Shareholder's Notice"), in order for the nomination or proposal to be eligible to be considered at the meeting. In the case of a shareholder's nomination of one or more persons for election to the Board of Directors, only such persons who are nominated in accordance with the procedures set forth in this Section and Article Six of the Articles of Incorporation shall be eligible to serve as directors.

(c) The Shareholder's Notice must contain all of the information set forth in Article Six or Article Nine of the Articles of Incorporation, as applicable, and must also set forth, as to each Proposing Person (as defined below):

(i) The name and address of such Proposing Person;

(ii) The class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such Proposing Person;

(iii) Any Derivative Instrument (as defined below) directly or indirectly owned beneficially by such Proposing Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation;

(iv) Any proxy, contract, arrangement, understanding, or relationship pursuant to which such Proposing Person has a right to vote any class or series of shares of the Corporation;

(v) Any Short Interests (as defined below);

(vi) Any rights to dividends on the shares of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation;

(vii) Any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Proposing Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(viii) Any performance-related fees (other than an asset-based fee) that any such Proposing Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments;

(ix) Any direct or indirect interest of such Proposing Person in the Corporation, in any affiliate of the Corporation, or in any principal competitor of the Corporation, not otherwise disclosed;

(x) Any direct or indirect interest of such Proposing Person in any contract with the Corporation, with any affiliate of the Corporation, or with any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

(xi) Any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies by such Proposing Person for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder;

(xii) In the case of the shareholder giving the Shareholder's Notice, a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting, intends to continuously hold such stock of the Corporation through such meeting, and intends to appear in person or by a qualified representative at the meeting to propose such business or nomination; and

(xiii) A representation as to whether such Proposing Person intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (B) otherwise to solicit proxies from shareholders in support of such proposal or nomination.

(d) If the Shareholder's Notice relates to any business or proposal other than the nomination of one or more persons for election or reelection to the Board of Directors, then the Shareholder's Notice must also set forth:

(i) Any material interest of each Proposing Person in the subject matter of such business;

(ii) The text of the proposal, including the text of any related agreement or resolutions; and

(iii) A description of all agreements, arrangements and understandings among any of the Proposing Persons or between any Proposing Person and any other person or persons (including their names) in connection with the proposal.

(e) If the Shareholder's Notice relates to the proposed nomination of one or more persons for election or reelection to the Board of Directors (each, a "Prospective Nominee"), then the Shareholder's Notice must also set forth with respect to each Prospective Nominee:

(i) All information that would be required to be set forth in a Shareholder's Notice pursuant to paragraph (c) of this Section if the term "Prospective Nominee" were substituted for the term "Proposing Person" where it appears in such paragraph;

(ii) All information relating to the Prospective Nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder;

(iii) A description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among any Proposing Person, on the one hand, and any of the Prospective Nominee, his or her respective affiliates and associates, or others acting in concert with the Prospective Nominee, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K under the Exchange Act if the Proposing Person were the "registrant" for purposes of such rule and the Prospective Nominee were a director or executive officer of such registrant; and

(iv) The completed and signed questionnaire, written representation and agreement required by Section 2.8.

(f) For a Shareholder's Notice to be deemed timely given, all of the information required by paragraphs (b) through (e) of this Section must be received by the Secretary of the Corporation at the Corporation's principal executive offices within the time period prescribed for delivery of notice pursuant to Article Six or Article Nine of the Articles of Incorporation, as applicable.

(g) The Corporation may require any Prospective Nominee to furnish such other information as may reasonably be required by the Corporation to determine the Prospective Nominee's eligibility to serve as a director of the Corporation and to determine the Prospective Nominee's independence or lack thereof, or that could be material to a reasonable shareholder's understanding of the Prospective Nominee's independence or lack thereof. Any such additional information must be provided not later than the earlier of (i) ten (10) business days after the Corporation's request therefor or (ii) two (2) business days prior to the date of the meeting.

(h) The shareholder submitting a Shareholder's Notice shall update and supplement the Shareholder's Notice to the extent necessary so that the information provided or required to be provided therein pursuant to this Section and Articles Six and Nine of the Articles of Incorporation shall be true and correct as of (A) the record date for notice of the meeting, which update and supplement shall be due five (5) business days after the record date, (B) the date that is ten (10) business days prior to the meeting, which update and supplement shall be due eight (8) business days prior to the date for the meeting, and (C) the date that is ten (10) business days prior to any adjournment or postponement of the meeting, which update and supplement shall be due the later of (I) eight (8) business days prior to the date for the meeting as so adjourned or postponed or (II) the first practicable date after the announcement of the adjournment or postponement. Any such update and supplement must be received by the Secretary of the Corporation at the Corporation's principal executive offices not later than 4:30 p.m. Central Time on the date due.

(i) In no event shall any adjournment or postponement of a meeting or the announcement thereof commence a new time period for the giving of a Shareholder's Notice pursuant to Articles Six and Nine of the Articles of Incorporation and this Section.

(j) Notwithstanding Articles Six and Nine of the Articles of Incorporation and the other provisions of this Section, if the shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to present a nomination or proposal, the nomination or proposal shall be disregarded and shall not be considered by the shareholders, even though proxies in respect of such vote may have been received by the Corporation. In order to be considered a qualified representative of a shareholder for purposes of these Bylaws, a person must be a duly authorized officer, manager or partner of such shareholder or must be authorized by a writing executed by such shareholder or an electronic transmission delivered by such shareholder to act for such shareholder as proxy at the meeting of shareholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of shareholders.

(k) The Board of Directors may reject any nomination or shareholder proposal submitted for consideration at any meeting of shareholders which is not made in accordance with the provisions of the Articles of Incorporation or this Section or which is not a proper subject for shareholder action under applicable law. If the Board of Directors does not determine the validity of any nomination or shareholder proposal, then except as otherwise provided by law, the Presiding Officer may, if the facts warrant, determine and declare at the meeting that the proposed nomination or proposal was not made or proposed in accordance with the procedures prescribed by the Articles of Incorporation and this Section or is not a proper subject for shareholder action under applicable law; and in such event the proposed nomination or proposal shall be disregarded and shall not be considered by the shareholders.

(l) Nothing in Articles Six and Nine of the Articles of Incorporation or in this Section shall be deemed to affect any rights (i) of shareholders to request inclusion of proposals in, or of the Corporation to omit proposals from, the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or any successor provision, if applicable, or (ii) of the holders of any series of preferred stock if and to the extent provided for under law, the Articles of Incorporation or these Bylaws. Subject to Rule 14a-8 under the Exchange Act, if applicable, nothing in these Bylaws shall be construed to permit any shareholder, or give any shareholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of a director or directors or any other proposal; and in addition to complying with the requirements of Articles Six and Nine of the Articles of Incorporation and this Section, a shareholder must also comply with any applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder. The provisions of Article Six or Article Nine of the Articles of Incorporation, as applicable, shall also govern what constitutes timely notice for purposes of Rule 14a-4(c) under the Exchange Act, or any successor provision. However, notwithstanding anything to the contrary in Article Nine of the Articles of Incorporation or this Section, solely with respect to a shareholder proposal, other than the nomination of one or more directors, that a shareholder proposes to bring before an annual meeting of shareholders, the notice requirements set forth in Article Nine of the Articles of Incorporation and this Section shall be deemed satisfied by a shareholder if such shareholder has submitted the proposal to the Corporation in compliance with Rule 14a-8 under the Exchange Act and the proposal has been included in a proxy statement that has been prepared and issued by the Corporation to solicit proxies for the meeting.

(m) As used in these Bylaws:

(i) The terms "affiliate" and "associate" have the meanings ascribed to such terms in Rule 12b-2 under the Exchange Act.

(ii) "Derivative Instrument" means any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation; any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation; or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation through the delivery of cash or other property, or otherwise, and without regard to whether the Proposing Person may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right.

(iii) “Proposing Person” means each of (A) the shareholder giving a Shareholder’s Notice either of the intent to nominate one or more persons for election to the Board of Directors pursuant to Article Six of the Articles of Incorporation or proposing any other matter to be brought before an annual meeting of shareholders pursuant to Article Nine of the Articles of Incorporation, as the case may be, (B) the beneficial owner, if any, on whose behalf the nomination or proposal is made, (C) any affiliate or associate of such beneficial owner or shareholder, and (D) any other person with whom such shareholder or beneficial owner (or any of their respective affiliates or associates) is acting in concert with respect to the nomination or proposal.

(iv) “Short Interests” means any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, engaged in, directly or indirectly, by a Proposing Person the purpose or effect of which is to hedge against or mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of such Proposing Person with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation.

Section 2.8 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver to the Secretary at the principal executive offices of the Corporation, in accordance with the time periods prescribed for delivery of a Shareholder’s Notice pursuant to Article Six of the Articles of Incorporation, (i) a completed and executed questionnaire (the form for which shall be provided by the Secretary upon written request) with respect to the qualification of such person and the background of, and beneficial ownership of the Corporation’s securities by, such person and any other person or entity on whose behalf, directly or indirectly, the nomination is being made, and (ii) an executed written representation and agreement (the form for which shall be provided by the Secretary upon written request) that (A) except as may be disclosed in such representation or agreement, such person is not, at the time of election will not be, and during his or her service as a Director will not become, a party to any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question, or that could limit or interfere with such person’s ability, if elected as a director of the Corporation, to comply with his or her fiduciary duties under applicable law, (B) except as may be disclosed in such representation or agreement, such person is not, at the time of election will not be, and during his or her service as a Director will not become, a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director, and (C) if elected as a director of the Corporation, such person would on the date of election be in compliance with, and at all times during his or her service as a Director will comply with, in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and stock trading policies and guidelines of the Corporation.

ARTICLE THREE

BOARD OF DIRECTORS

Section 3.1 Number, Election and Term.

(a) The Board of Directors shall consist of a minimum of three persons and a maximum of ten persons; provided, however, that the number of Directors may be determined from time to time only by the affirmative vote of a majority of the Board of Directors.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as possible. Directors shall be elected to hold office for terms of three years, and at each annual meeting of shareholders, the successors to the class of Directors whose terms shall then expire shall be elected for terms expiring at the third succeeding annual meeting after that election. In the event of any increase in the number of Directors, any additional Directors shall be added to such classes as may be necessary so that all classes shall be as nearly equal in number as possible. In the event of any decrease in the number of Directors, all classes of Directors shall be decreased as nearly equally as may be possible. No reduction in the number of Directors shall affect the term of office of any incumbent Director. Subject to the foregoing, the Board of Directors shall determine the class or classes to which any additional Directors shall be added and the class or classes which shall be decreased in the event of any decrease in the number of Directors.

(c) Directors shall serve for the terms for which they are elected and until their successors have been duly elected and qualified.

Section 3.2 Powers. The property and business of the Corporation shall be managed and controlled by or under the direction of the Board of Directors, which shall exercise or direct the exercise of all of the powers of the Corporation and do or cause to be done all acts and things as are not, by the Corporation's Articles of Incorporation, by these Bylaws or by law, directed or required to be done or exercised by the shareholders.

Section 3.3 Meetings; Quorum. Regular meetings of the Board of Directors shall be held at such places, within or without the State of Missouri, and on such days and at such times as shall be fixed from time to time by the Board of Directors. Rules of procedure for the conduct of such meetings may be adopted by resolution of the Board of Directors. Notice of such regular meetings need not be given. A majority of members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but a lesser number may adjourn a meeting to another time or day if a quorum is not present. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Corporation's Articles of Incorporation, by these Bylaws or by law. Special meetings of the Board of Directors may be held at any time and place, within or without the State of Missouri, upon the call of the Chairman of the Board of Directors, the President or Secretary of the Corporation by notice duly given to each Director either in person or by telephone or electronic transmission to the number or address provided by such Director for the receipt of such information, not less than twenty-four hours before such meeting; provided, however, that any director may waive notice of any meeting, at any time either before or after the meeting, in writing or by electronic transmission. Attendance of a Director at any meeting shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Section 3.4 Action by Consent. Any action which is required to be or may be taken at a meeting of the Directors or of a committee thereof may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all the Directors or committee members, as the case may be. Signatures may be provided by electronic transmission, in which case the Secretary shall cause a copy thereof to be printed and inserted in the appropriate minute book.

Section 3.5 Resignation of Directors. Any Director of the Corporation may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman of the Board of Directors, the President, or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the Board of Directors or one of the above-named Officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.6 Compensation of Directors. Directors, as such, may receive such compensation and be reimbursed for expenses of attendance at any meeting of the Board of Directors as shall be determined by resolution of the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.7 Committees; General Rules. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate two or more Directors to constitute a committee. Each committee, to the extent provided in such resolution, shall have and may exercise the authority of the Board of Directors, as so delegated in the resolution, in the management of the Corporation. Each committee of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. The Board of Directors shall have the power at any time to fill vacancies in, to change the size or membership of, or to dissolve any one or more of such committees. At all meetings of a committee, a majority of the committee members then in office shall constitute a quorum for the purpose of transacting business, and the acts of a majority of the committee members present at any meeting at which there is a quorum shall be the acts of the committee. A Director who may be disqualified, by reason of personal interest, from voting on any particular matter before a meeting of a committee may nevertheless be counted for the purpose of constituting a quorum of the committee.

Section 3.8 Certain Qualifications. A person first elected to the Board of Directors effective on or after May 5, 2014 shall not be eligible for election as a Director under Section 3.1 of this Article Three if such person's 75th birthday shall fall on a date prior to the commencement of the term for which such person is to be elected or appointed. No person shall be qualified to be elected and to hold office as a Director if such person is determined by a majority of the Board of Directors to have acted in a manner contrary to the best interests of the Corporation, including, but not limited to, the violation of either Federal or State law, or breach of any agreement between that Director and the Corporation relating to his services as a Director, employee or agent of the Corporation. A Director need not be a shareholder.

Section 3.9 Directors Emeritus and Advisory Directors. The Board of Directors may from time to time create one or more positions of Director Emeritus and Advisory Director, and may fill such position or positions for such terms as the Board of Directors deems proper. Each Director Emeritus and Advisory Director shall, upon the invitation of the Board of Directors, have the privilege of attending meetings of the Board of Directors but shall do so solely as an observer. Notice of meetings of the Board of Directors to a Director Emeritus or Advisory Director shall not be required under any applicable law, the Articles of Incorporation or these Bylaws. Each Director Emeritus and Advisory Director shall be entitled to receive such compensation as may be fixed from time to time by the Board of Directors. No Director Emeritus or Advisory Director shall be entitled to vote on any business coming before the Board of Directors, nor shall they be counted as members of the Board of Directors for the purpose of determining the number of Directors necessary to constitute a quorum, for the purpose of determining whether a quorum is present, or for any other purpose whatsoever. In the case of a Director Emeritus or Advisory Director, the occurrence of any event which in the case of a Director would create a vacancy on the Board of Directors, shall be deemed to create a vacancy in such position; but the Board of Directors may declare the position terminated until such time as the Board of Directors shall again deem it proper to create and to fill the position.

ARTICLE FOUR

OFFICERS

Section 4.1 Number, Election and Term. The officers of the Corporation shall be a Chairman of the Board, a President and a Secretary who shall be chosen by the Board of Directors at least annually. The Board of Directors may also choose one or more Vice-Chairmen of the Board, one or more Vice Presidents, a Treasurer, a Controller, one or more Assistant Secretaries, Assistant Treasurers and Assistant Controllers, and such other officers as the Board of Directors may deem appropriate. Any two or more offices may be held by the same person. Officers of the Corporation may be given distinctive designations such as Executive Vice President, Group Vice President, Senior Vice President, Chief Operating Officer, Chief Financial Officer and Chief Administrative Officer. All officers shall hold their offices at the pleasure of the Board of Directors.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause whenever, in its judgment, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 4.2 Chairman of the Board. The Chairman of the Board shall be the Chief Executive Officer of the Corporation, shall be responsible for the general and active management of the business and affairs of the Corporation, subject only to the control of the Board of Directors, shall have full authority to sign and execute deeds, bonds, mortgages, contracts and other instruments of the Corporation. Unless otherwise determined by the Board of Directors, the Chairman of the Board shall also be, ex officio, a member of all standing committees of the Board of Directors, shall preside at all meetings of the shareholders and of the Board of Directors, and shall perform any other duties prescribed by the Board of Directors or these Bylaws.

Section 4.3 President. The President shall, in the absence or disability of the Chairman and Vice Chairman, perform the duties and exercise the powers of the Chairman of the Board, shall perform any duties prescribed by the Chairman of the Board, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have equal authority with the Chairman and any Vice-Chairman of the Board to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 4.4 Vice Chairmen of the Board. Vice Chairmen of the Board, if any, may but need not be executive officers of the Corporation. The Vice Chairman, or, if there shall be more than one, the Vice Chairmen in order of seniority, shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman, and shall perform such other duties and have such other powers as the Chairman of the Board or the Board of Directors may prescribe. Each Vice Chairman shall have equal authority with the Chairman and the President with respect to the signing and execution of deeds, bonds, mortgages, contracts and other instruments of the Corporation.

Section 4.5 Vice Presidents. The Vice Presidents, if any, in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform any other duties prescribed by the Chairman of the Board, the President or the Board of Directors.

Section 4.6 Secretary and Assistant Secretaries. The Secretary shall keep or cause to be kept a record of all meetings of the shareholders and the Board of Directors and record all votes and the minutes of all proceedings in a book to be kept for that purpose, shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, shall keep in safe custody the seal of the Corporation and affix the same to any instrument requiring it, and shall perform any other duties prescribed by the Chairman of the Board, the President or the Board of Directors. The Assistant Secretaries, if any, in order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform any other duties prescribed by the Chairman of the Board, the President or the Board of Directors.

Section 4.7 Treasurer and Assistant Treasurers. The Treasurer, if any, shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Chairman of the Board, the President or the Board of Directors and shall perform any other duties prescribed by the Chairman of the Board, the President or the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Chairman of the Board, the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation. The Assistant Treasurers, if any, in the order of their seniority shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform any other duties prescribed by the Chairman of the Board, the President or the Board of Directors.

Section 4.8 Controller and Assistant Controllers. The Controller, if any, shall have charge of the accounting records of the Corporation, shall maintain appropriate internal control and auditing of the Corporation, and shall perform such other duties prescribed by the Chairman of the Board, the President, the Board of Directors, or other senior officers. The Assistant Controllers, if any, in order of their seniority shall, in the absence or disability of the Controller, perform the duties and exercise the powers of the Controller and shall have any other duties prescribed by the Chairman of the Board, the President or the Board of Directors.

Section 4.9 Appointed Officers. In addition to the corporate officers elected by the Board of Directors, the Chairman of the Board or the President may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers. The person appointing such officers may assign the officers such titles as the appointing person may deem appropriate, may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments with or without cause. Such appointments and termination of appointments shall be reported periodically to the Board of Directors.

ARTICLE FIVE

CAPITAL STOCK

Section 5.1 Stock Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate, in any form approved by the Board of Directors, certifying the number and class of shares owned by the shareholder in the Corporation, signed by the Chairman of the Board, the President or a Vice President and by the Secretary or Treasurer or an Assistant Secretary or Assistant Treasurer of the Corporation, and sealed with the seal of the Corporation. Any or all of the signatures on the certificate may be facsimiles, and the seal may be facsimile, engraved or printed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on the certificate shall have ceased to be an officer, transfer agent or registrar before the certificate is issued, the certificate may nevertheless be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2 Transfer of Stock. The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives. Upon transfer, the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other persons as the Board of Directors may designate, by whom they shall be cancelled and new certificates shall thereupon be issued. Except as otherwise expressly provided by the statutes of the State of Missouri, the Corporation shall be entitled to treat the holder of record of any share or shares of stock as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to or interest in such share or shares on the part of any other person whether or not it or they shall have express or other notice thereof.

Section 5.3 Closing of Transfer Books and Fixing of Record Date. The Board of Directors shall have the power to close the transfer books of the Corporation for a period not exceeding 70 days prior to the date of any meeting of shareholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect. In lieu of so closing the transfer books, the Board of Directors may fix in advance a record date for the determination of the shareholders entitled to notice of and to vote at any meeting and any adjournment thereof, or entitled to receive payment of any dividend or any allotment of rights, or entitled to exercise the rights in respect of any change, conversion or exchange of shares, up to 70 days prior to the date of any meeting of shareholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect. In such case only the shareholders who are shareholders of record on the date of closing the transfer books or on the record date so fixed shall be entitled to receive notice of and to vote at such meeting and any adjournment or postponement thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the date of closing of the transfer books or the record date fixed as aforesaid. If the Board of Directors does not close the transfer books or set a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders, only the shareholders who are shareholders of record at the close of business on the 20th day preceding the date of the meeting shall be entitled to notice of and to vote at the meeting and upon any adjournment or postponement of the meeting, except that if prior to the meeting written waivers of notice of the meeting are signed and delivered to the Corporation by all of the shareholders of record at the time the meeting is convened, only the shareholders who are shareholders of record at the time the meeting is convened shall be entitled to vote at the meeting and any adjournment or postponement of the meeting.

Section 5.4 Lost or Destroyed Certificates. The holder of any shares of stock of the Corporation shall immediately notify the Corporation and its transfer agents and registrars, if any, of any loss or destruction of the certificates representing the same. The Corporation may issue a new certificate in place of any certificate theretofore issued by it which is alleged to have been lost or destroyed and the Chairman of the Board, the President or the Board of Directors may require the owner of the lost or destroyed certificate or the owner's legal representative to give the Corporation a bond in a sum and in a form approved by the Chairman of the Board, the President or the Board of Directors, and with a surety or sureties which the Chairman of the Board, the President or the Board of Directors finds satisfactory, to indemnify the Corporation and its transfer agents and registrars, if any, against any claim or liability that may be asserted against or incurred by it or any transfer agent or registrar on account of the alleged loss or destruction of any certificate or the issuance of a new certificate. A new certificate may be issued without requiring any bond when, in the judgment of the Chairman of the Board, the President or the Board of Directors, it is proper to do so. The Chairman of the Board, the President or the Board of Directors may delegate to any officer or officers of the Corporation any of the powers and authorities contained in this section.

Section 5.5 Transfer Agents and Registrars. The Chairman of the Board, the President or the Board of Directors may appoint one or more transfer agents or transfer clerks and one or more registrars of transfers which may be banks, trust companies or other financial institutions located within or without the State of Missouri; may define the authority of such transfer agents and registrars; may require all stock certificates to bear the signature of a transfer agent and/or a registrar (either of which may be facsimile); and may change or remove any such transfer agent or registrar.

Section 5.6 Book-Entry Ownership and Transfer of Stock. As an alternative to stock ownership and transfer by certificate, the stock of the Corporation may be included in a direct registration system operated by a securities depository and available for stocks traded on the New York Stock Exchange, under which the stock may be issued, recorded, owned and transferred electronically in book-entry form.

ARTICLE SIX

CORPORATE SEAL

The corporate seal shall be circular in form and shall bear the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Missouri" and otherwise shall be in such form as shall be approved from time to time by the Chairman of the Board, the President or the Board of Directors.

ARTICLE SEVEN

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of October of each year.

ARTICLE EIGHT

MISCELLANEOUS

Section 8.1 Amendments. These Bylaws may be amended or repealed, and provisions inconsistent with the provisions of the Bylaws as they exist from time to time may be adopted, only by either (i) the affirmative vote, at a duly constituted meeting of the Board of Directors, of directors constituting a majority of the entire Board of Directors, or (ii) the affirmative vote, at a duly constituted meeting of the shareholders, of the holders of record of a majority of the shares of the Corporation then outstanding and entitled to vote on the matter.

Section 8.2 Construction; Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the General Business and Corporation Law of Missouri shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, the term “person” includes both a corporation and a natural person, and the masculine gender includes the feminine gender and vice versa. Whenever the words “include,” “includes” or “including” are used in these Bylaws they shall be deemed to be followed by the words “without limitation.”

Section 8.3 Inconsistent Provisions. Any portion of these Bylaws which, upon being construed in the manner provided in Section 8.2, shall be contrary to or inconsistent with any applicable provisions of law or the Articles of Incorporation, shall not apply so long as said provisions of law or the Articles of Incorporation remain in effect, but such result shall not affect the validity or applicability of any other portion of these Bylaws, it being hereby declared that these Bylaws and each portion thereof would have been adopted, irrespective of the fact that any other portion is illegal.

Section 8.4 Provisions Additional to Provisions of Law. All restrictions, limitations, requirements and other provisions of these Bylaws shall be construed, insofar as possible, as supplemental and additional to all provisions of law applicable to the subject matter thereof and shall be fully complied with in addition to the said provisions of law unless such compliance shall be illegal.

ESCO TECHNOLOGIES INC.
PERFORMANCE COMPENSATION PLAN
Adopted August 2, 1993

As Amended and Restated through February 4, 2019

I. AUTHORITY AND PURPOSE.

A. This ESCO Technologies Inc. Performance Compensation Plan (“Plan”) has been adopted by the Committee pursuant to the authority granted to the Committee under the ESCO Technologies Inc. 2018 Omnibus Incentive Plan (the “2018 Plan”) and its predecessors, in order to provide a common framework for certain performance-based cash awards awarded and to be awarded pursuant to the 2018 Plan. This Plan and any awards granted hereunder are subject in all respects to the terms, restrictions and limitations specified in the 2018 Plan.

B. The purpose of the Plan is to provide an annual incentive plan for selected corporate and Subsidiary officers and key managers which is based upon the performance of ESCO Technologies Inc. (the “Company”) and/or its Subsidiaries during a Fiscal Year. In particular, the Plan is designed to (a) tie a specific portion of the compensation of selected officers and managers of the Company and Subsidiaries to specified performance criteria for a given Fiscal Year, and (b) enhance the Company’s ability to stay competitive with general industry trends in executive compensation.

II. DEFINITIONS.

In this Plan, the following capitalized terms shall have the following meanings unless the context clearly requires otherwise:

- (a) “Board of Directors” means the Board of Directors of the Company.
- (b) “Chief Executive Officer” means the Chief Executive Officer of the Company.
- (c) “Committee” means the Human Resources and Compensation Committee of the Board of Directors.
- (d) “Fiscal Year” means the fiscal year of the Company, which is currently the twelve-month period beginning October 1 and ending September 30.
- (e) “Participant” means an employee of the Company or a Subsidiary who has been selected by the Committee to participate in the Plan.
- (f) “Performance Compensation Award” or “Award” means the target amount a Participant is eligible to receive under the Plan for a Fiscal Year subject to specified performance criteria.
- (g) “Performance Compensation Payment” or “Payment” means the amount actually payable to a Participant based on the target amount for such Participant and the satisfaction of the performance criteria applicable to such Participant.
- (h) “Plan Administrator” means the Company’s Vice President–Human Resources or other Company officer designated by the Committee.
- (i) “Subsidiary” means any corporation, partnership or other entity a majority of whose equity interests are owned directly or indirectly by the Company.

III. ELIGIBILITY, APPROVAL AND ISSUANCE OF AWARDS.

Participation in the Plan is limited to those employees of the Company and Subsidiaries selected by the Committee upon recommendation by the Chief Executive Officer. During the first 90 days of each Fiscal Year, the Chief Executive Officer shall submit to the Committee (i) a proposed list for each Subsidiary and the Company of the Participants and their corresponding Performance Compensation Awards for that Fiscal Year, and (ii) the proposed performance criteria to be used for determining Payments based on the Awards, which may include but need not be limited to the performance criteria listed in Subsection IV.A. Upon approval of the Awards and the associated performance criteria by the Committee, the Plan Administrator shall make arrangements to ensure that each Participant is notified of the amount of his or her Performance Compensation Award as well as the performance criteria and the other terms and conditions applicable to the Award. Additions or deletions to the list of Participants during a Fiscal Year shall be made only in the event of an unusual circumstance, such as a promotion, layoff, disability, death, new hire, termination, or retirement.

IV. PERFORMANCE CRITERIA.

A. The performance criteria for any Award may include but need not be limited to one or more of the following: earnings per share; adjusted earnings per share; sales; earnings; cash flow; profitability; customer satisfaction; investor relations; revenues; financial return ratios; market performance; shareholder return and/or value; operating profits (including earnings before income taxes, depreciation and amortization); net profits; earnings per share growth; profit returns and margins; stock price; working capital; business trends; production cost; project milestones; plant and equipment performance; safety performance; environmental performance; gross margin; operating margin; net margin; expense margins; EBIT margin; EBIT growth; EBITDA margin; EBITDA growth; adjusted EBITDA; NOPAT margin; net assets; working capital; asset turnover; working capital turnover; accounts receivable turnover; accounts payable turnover; inventory turnover; inventory days outstanding; accounts receivable days outstanding; accounts payable days outstanding; debt to equity; debt to capital; current ratio; return on equity; return on assets; return on net assets; return on invested capital; return on gross assets; return on tangible assets; cash flow return on investment; cash value added; price to earnings ratio; market to book ratio; market to capital ratio; cost of capital; cost of debt; cost of equity; market risk premium; stock price appreciation; total shareholder return; economic value added; economic profit; sales growth percentage; EPS growth percentage; cash flow growth year over year; return on total capital, or any combination of the foregoing. Performance criteria may be measured solely on a corporate, subsidiary, business unit or individual basis, or a combination thereof; may be measured in absolute levels or relative to another company or companies, a peer group, an index or indices or Company or Subsidiary performance in a previous period; and may be measured annually or over a longer period of time.

B. Establishment of Performance Goals. The performance goals for each Award and the amount payable if those goals are met shall be established in writing for each specified period of performance by the Committee no later than 90 days after the commencement of the period of service to which the performance goals relate and while the outcome of whether or not those goals will be achieved is substantially uncertain. However, in no event will such goals be established after 25% of the period of service to which the goals relate has elapsed.

V. DETERMINATION OF MINIMUM PAYMENT AMOUNTS.

Prior to the end of each Fiscal Year, the Committee, after consultation with the Plan Administrator and on behalf of the Board of Directors and the management of each Subsidiary, shall determine the minimum aggregate amount of Payments to be made by the Company and each Subsidiary pursuant to the Awards granted under the Plan for that Fiscal Year.

VI. DETERMINATION OF PAYMENTS.

A. Payments shall be based upon the degree to which the actual performance of the Company and/or Subsidiary exceeds, satisfies or fails to satisfy the predetermined performance criteria established by the Company for that Award. As soon as practicable after the end of each Fiscal Year, the Committee shall determine the Payment to each Participant based on attainment of the performance criteria for the Participant's Awards for such Fiscal Year. The Chief Executive Officer shall submit to the Committee a proposed Performance Compensation Payment summary for each Subsidiary and the Company which shall include (i) the actual performance of the Subsidiary and the Company during the Fiscal Year compared to the respective performance criteria previously established for the Subsidiary and the Company Participants for such Fiscal Year, and (ii) the resulting proposed Payments; provided, that the Committee may, following such submission, consider the further recommendations of the Chief Executive Officer. Final determination of the amount of each Participant's Performance Compensation Payment (if any) as well as the total Payments under the Plan for each Fiscal Year shall be the responsibility of the Committee.

B. The recommended Performance Compensation Payment to a Participant may be denied, or adjusted upward or downward by the Committee as in the Committee's discretion is prudent and advisable based upon its assessment of the Participant's performance and the Company's or Subsidiary's performance, as applicable, during the Fiscal Year; provided that the total of all Performance Compensation Payments for the Fiscal Year shall be no less than the minimum determined by the Committee in accordance with Section V.

VII. MANNER OF AND TIME FOR PAYMENTS.

Once the Payments have been approved by the Committee pursuant to Section VI, the Plan Administrator shall take the necessary actions to notify each Participant of the amount of his or her Performance Compensation Payment. Performance Compensation Payments will be made through payroll not later than 2½ months following the end of each Fiscal Year. The Company shall withhold from each Payment all taxes required to be withheld by any federal, state or local government and any other applicable deductions authorized by the Participant.

VIII. DESIGNATION OF BENEFICIARY.

Each Participant shall have the right to designate a beneficiary, and to change such beneficiary from time to time, by filing a request in writing with the Plan Administrator. If a Participant dies after the end of the Fiscal Year but prior to receiving the Payment due for such Fiscal Year, the Payment will be paid to the Participant's designated beneficiary at the time such amount would have been paid to the Participant, subject to Section VII. In the event the Participant has not designated a beneficiary, or in the event a beneficiary predeceases the Participant, the amount otherwise payable to such beneficiary shall be paid to the person in, or divided equally among the persons in, the first of the following classes of successive preference beneficiaries in which there shall be any person surviving such Participant:

- (1) The Participant's spouse;
- (2) The Participant's children; or
- (3) The Participant's executors or administrators;

provided that any amount payable to a minor may instead be paid to such adult or adults as, in the sole opinion of the Plan Administrator, are primarily responsible for the custody and support of such minor.

IX. ADMINISTRATION OF THE PLAN.

The Committee has the sole responsibility for overall administration and control of the Plan, including the selection of Participants, the amounts of Awards, the selection and approval of performance criteria, the determination of the minimum total Payments under the Plan for each Fiscal Year, the satisfaction of performance criteria, and the final determination of Payments to each Participant. The Plan Administrator shall be responsible for implementing the actions required under the Plan.

X. VESTING.

A Participant must be in the employ of the Company or a Subsidiary on the date a Performance Compensation Payment of an Award is made pursuant to Section VII in order to be eligible for Payment pursuant to the Award. Notwithstanding the foregoing, however, in the event that, either before or after the end of the Fiscal Year, a Participant's employment is terminated by reason of the Participant's death or disability, by the Company without cause, or by the Participant due to retirement on or after the age of 60, the Committee shall have the sole discretion as to whether the Participant shall be entitled to any Payment, and if so, the amount of such Payment, and any such amount shall be paid at the time determined pursuant to Section VII.

XI. AMENDMENT OR TERMINATION.

The Committee may amend or terminate the Plan at any time, but no amendment may impair any of the rights or obligations under any Award theretofore granted to a Participant under the Plan without such Participant's consent; provided, however, that notwithstanding the foregoing the Committee may amend the Plan or any Awards in such manner as it deems necessary to comply with the requirements of any applicable law, rule or regulation.

XII. MISCELLANEOUS.

A. All Payments under the Plan shall be made from the general assets of the Company or Subsidiary, as the case may be. To the extent any person acquires a right to receive a Payment under the Plan, such right shall be no greater than that of an unsecured general creditor of the Company or Subsidiary.

B. Nothing contained in the Plan and no action taken pursuant thereto shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or a Subsidiary and any other person.

C. Except as provided in Section XIII, no amount payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, either voluntary or involuntary, and any attempt to so alienate, anticipate, sell, transfer, assign, pledge, encumber or charge the same shall be null and void. No such amount shall be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are or may be payable.

D. Nothing contained in the Plan is intended or shall be construed to confer upon any Participant the right to continue in the employ of the Company or a Subsidiary or to limit the right of a Participant's employer to discharge the Participant at any time, with or without cause.

E. The Plan 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.

XIII. COVENANTS.

A. For purposes of this Plan, "Misconduct" means any of the following actions engaged in by a Participant during the period commencing upon receipt of any Performance Compensation Payment and ending two (2) years after such receipt:

- (1) 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 (i) competitive with the business of the Company or any Subsidiary, as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which the Participant was engaged in the course of his/her employment with the Company and or any Subsidiary (provided that nothing herein shall prohibit Participant from being a 2% or less shareholder of a publicly traded corporation);
- (2) 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 Subsidiary;
- (3) Inducing or attempting to induce, or assisting anyone else to induce or attempt to induce, any customer of the Company or any Subsidiary, to discontinue its business with the Company or such Subsidiary;
- (4) Engaging in the unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary resulting in harm to the Company or any Subsidiary; or
- (5) Engaging in intentional misconduct resulting in a financial restatement and/or an increase in the Participant's incentive or equity compensation.

B. In the event of Misconduct described in clause XIII(A)(5), the Company or any Subsidiary shall be entitled, in addition to any other legal or equitable remedies it may have, to recover from the Participant (i) any Performance Compensation Payments made to the Participant during the period for which restatement of the Company's financials is required (but not to exceed three years), or (ii) any Performance Compensation Payments made to the Participant during the three year period preceding the date on which a restatement is required to the extent such Performance Compensation Payments are in excess of what would have been paid to the Participant if calculated under the restated financials, or (iii) if no financial restatement is required, any Performance Compensation Payments made during the three year period preceding the date on which the Participant receives increased incentive or equity compensation as a result of such Misconduct to the extent such increased incentive or equity compensation exceeds the amount the Participant would have received in the absence of such Misconduct.

C. In the case of Misconduct or threatened Misconduct described in clauses XIII(A)(1) through XIII(A)(4), the Company or any Subsidiary shall be entitled, in addition to any other legal or equitable remedies it may have:

- (1) To temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, the Participant hereby expressly acknowledging that the harm which might result as a result of any noncompliance by the Participant would be largely irreparable and agreeing that if there is a question as to the enforceability of any of the provisions of this Award the Participant will abide by the Award until after the question has been resolved by a final judgment of a court of competent jurisdiction; and/or
- (2) To cancel this Award; and/or
- (3) To recover from the Participant any Performance Compensation Payments made to the Participant under this Award during any period(s) that the Participant was engaged in such Misconduct (but not to exceed three years).

D. Subject to the limitations described herein, the Committee shall have sole discretion in determining the amount that shall be recovered from the Participant under subsection XIII(C), provided that to the extent Performance Compensation Payments have been recovered by the Company under the Company's Dodd-Frank Act Recovery Policy such amounts shall not also be recoverable pursuant to this Section XIII.

ESCO TECHNOLOGIES INC.
PERFORMANCE COMPENSATION PLAN
 Adopted August 2, 1993

As Amended and Restated through February 4, 2019

[Marked to show substantive ~~deletions~~ and additions since November 9, 2017]

I. AUTHORITY AND PURPOSE.

A. This ESCO Technologies Inc. Performance Compensation Plan (“Plan”) has been adopted by the Committee pursuant to the authority granted to the Committee under the ESCO Technologies Inc. ~~[2013]2018~~ Omnibus Incentive ~~[Compensation]~~ Plan (the “~~[2013]2018~~ Plan”) and its predecessors, in order to provide a common framework for certain performance-based cash awards awarded and to be awarded pursuant to the ~~[2013]2018~~ Plan. This Plan and any awards granted hereunder are subject in all respects to the terms, restrictions and limitations specified in the ~~[2013]2018~~ Plan.

B. The purpose of the Plan is to provide an annual incentive plan for selected corporate and Subsidiary officers and key managers which is based upon the performance of ESCO Technologies Inc. (the “Company”) and/or its Subsidiaries during a Fiscal Year. In particular, the Plan is designed to (a) tie a specific portion of the compensation of selected officers and managers of the Company and Subsidiaries to specified performance criteria for a given Fiscal Year, and (b) enhance the Company’s ability to stay competitive with general industry trends in executive compensation.

II. DEFINITIONS.

In this Plan, the following capitalized terms shall have the following meanings unless the context clearly requires otherwise:

- (a) “Board of Directors” means the Board of Directors of the Company.
 - (b) “Chief Executive Officer” means the Chief Executive Officer of the Company.
 - (c) “Committee” means the Human Resources and Compensation Committee of the Board of Directors.
~~["Covered Employee" means, as of any date, (i) any individual who, with respect to the previous Fiscal Year, was a "covered employee" of the Company within the meaning of Section 162(m) of the Code and the Regulations promulgated thereunder; provided, however, that the term "Covered Employee" shall not include any such individual who is designated by the Committee, in its discretion, at the time of any award under the Plan or at any subsequent time, as reasonably expected not to be such a "covered employee" with respect to the current Fiscal Year or to the Fiscal Year in which any applicable award hereunder will be paid, and (ii) any individual who is designated by the Committee, in its discretion, at the time of any award or at any subsequent time, as reasonably expected to be such a "covered employee" with respect to the current Fiscal Year or with respect to the Fiscal Year in which any applicable award hereunder will be paid, and (iii) any other person who is defined as a "covered employee" under Section 162(m) of the Internal Revenue Code of 1986, as amended.]~~
 - (d) “Fiscal Year” means the fiscal year of the Company, which is currently the twelve-month period beginning October 1 and ending September 30.
 - (e) “Participant” means an employee of the Company or a Subsidiary who has been selected by the Committee to participate in the Plan.
 - (f) “Performance Compensation Award” or “Award” means the target amount a Participant is eligible to receive under the Plan for a Fiscal Year subject to specified performance criteria.
 - (g) “Performance Compensation Payment” or “Payment” means the amount actually payable to a Participant based on the target amount for such Participant and the satisfaction of the performance criteria applicable to such Participant.
 - (h) “Plan Administrator” means the Company’s Vice President–Human Resources or other Company officer designated by the Committee.
 - (i) “Subsidiary” means any corporation, partnership or other entity a majority of whose equity interests are owned directly or indirectly by the Company.
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III. ELIGIBILITY, APPROVAL AND ISSUANCE OF AWARDS.

Participation in the Plan is limited to those employees of the Company and Subsidiaries selected by the Committee upon recommendation by the Chief Executive Officer. During the first 90 days of each Fiscal Year, the Chief Executive Officer shall submit to the Committee (i) a proposed list for each Subsidiary and the Company of the Participants and their corresponding Performance Compensation Awards for that Fiscal Year, and (ii) the proposed performance criteria to be used for determining Payments based on the Awards, which may include but ~~except in the case of 162(m) Awards~~, need not be limited to the performance criteria listed in Subsection IV.A. Upon approval of the Awards and the associated performance criteria by the Committee, the Plan Administrator shall make arrangements to ensure that each Participant is notified of the amount of his or her Performance Compensation Award as well as the performance criteria and the other terms and conditions applicable to the Award. Additions or deletions to the list of Participants during a Fiscal Year shall be made only in the event of an unusual circumstance, such as a promotion, layoff, disability, death, new hire, termination, or retirement.

IV. ~~[SECTION 162(m) AWARDS]~~PERFORMANCE CRITERIA.

~~[Discretion to Make 162(m) Awards. The Committee shall have the discretion to designate any Award granted to a Covered Employee as "performance-based compensation" pursuant to section 162(m) of the Code (a "162(m) Award"). The Committee has complete discretion concerning whether a particular Award should be qualified as a 162(m) Award, and in any Fiscal Year a Covered Employee may receive both 162(m) Awards and Awards that are not 162(m) Awards. Each 162(m) Award shall be subject to the additional provisions set forth below.]~~

A. ~~[Performance Criteria for 162(m) Awards.]~~The performance criteria for any ~~[162(m)]~~Award ~~[shall consist of objective tests based on]~~may include but need not be limited to one or more of the following: earnings per share; adjusted earnings per share; sales; earnings; cash flow; profitability; customer satisfaction; investor relations; revenues; financial return ratios; market performance; shareholder return and/or value; operating profits (including earnings before income taxes, depreciation and amortization); net profits; earnings per share growth; profit returns and margins; stock price; working capital; business trends; production cost; project milestones; plant and equipment performance; safety performance; environmental performance; gross margin; operating margin; net margin; expense margins; EBIT margin; EBIT growth; EBITDA margin; EBITDA growth; adjusted EBITDA; NOPAT margin; net assets; working capital; asset turnover; working capital turnover; accounts receivable turnover; accounts payable turnover; inventory turnover; inventory days outstanding; accounts receivable days outstanding; accounts payable days outstanding; debt to equity; debt to capital; current ratio; return on equity; return on assets; return on net assets; return on invested capital; return on gross assets; return on tangible assets; cash flow return on investment; cash value added; price to earnings ratio; market to book ratio; market to capital ratio; cost of capital; cost of debt; cost of equity; market risk premium; stock price appreciation; total shareholder return; economic value added; economic profit; sales growth percentage; EPS growth percentage; cash flow growth year over year; return on total capital, or any combination of the foregoing. Performance criteria may be measured solely on a corporate, subsidiary, business unit or individual basis, or a combination thereof; may be measured in absolute levels or relative to another company or companies, a peer group, an index or indices or Company or Subsidiary performance in a previous period; and may be measured annually or over a longer period of time.

B. Establishment of Performance Goals~~[for 162(m) Awards]~~. The performance goals for each ~~[162(m)]~~Award and the amount payable if those goals are met shall be established in writing for each specified period of performance by the Committee no later than 90 days after the commencement of the period of service to which the performance goals relate and while the outcome of whether or not those goals will be achieved is substantially uncertain. However, in no event will such goals be established after 25% of the period of service to which the goals relate has elapsed.

~~[Limitations on 162(m) Awards. In any Fiscal Year, no Covered Employee may receive aggregate distributions of more than \$2,500,000 from 162(m) Awards.]~~

V. DETERMINATION OF MINIMUM PAYMENT AMOUNTS.

Prior to the end of each Fiscal Year, the Committee, after consultation with the Plan Administrator and on behalf of the Board of Directors and the management of each Subsidiary, shall determine the minimum aggregate amount of Payments to be made by the Company and each Subsidiary pursuant to the Awards granted under the Plan for that Fiscal Year~~[, other than Payments to be made pursuant to 162(m) Awards which will be determined only after the end of the fiscal year]~~.

VI. DETERMINATION OF PAYMENTS.

A. Payments shall be based upon the degree to which the actual performance of the Company and/or Subsidiary exceeds, satisfies or fails to satisfy the predetermined performance criteria established by the Company for that Award. As soon as practicable after the end of each Fiscal Year, the Committee shall determine the Payment to each Participant based on attainment of the performance criteria for the Participant's Awards for such Fiscal Year. The Chief Executive Officer shall submit to the Committee a proposed Performance Compensation Payment summary for each Subsidiary and the Company which shall include (i) the actual performance of the Subsidiary and the Company during the Fiscal Year compared to the respective performance criteria previously established for the Subsidiary and the Company Participants for such Fiscal Year, and (ii) the resulting proposed Payments; provided, that the Committee may, following such submission, consider the further recommendations of the Chief Executive Officer. Final determination of the amount of each Participant's Performance Compensation Payment (if any) as well as the total Payments under the Plan for each Fiscal Year shall be the responsibility of the Committee.

B. The recommended Performance Compensation Payment to a Participant may be denied, or adjusted upward or downward by the Committee as in the Committee's discretion is prudent and advisable based upon its assessment of the Participant's performance and the Company's or Subsidiary's performance, as applicable, during the Fiscal Year; provided that ~~under no circumstances may the Committee use discretion to increase the amount payable to a Participant under a 162(m) Award; and provided further that~~ the total of all Performance Compensation Payments for the Fiscal Year ~~for other than Payments under 162(m) Awards~~ shall be no less than the minimum determined by the Committee in accordance with Section V.

VII. MANNER OF AND TIME FOR PAYMENTS.

Once the Payments have been approved by the Committee pursuant to Section VI, the Plan Administrator shall take the necessary actions to notify each Participant of the amount of his or her Performance Compensation Payment. Performance Compensation Payments will be made through payroll not later than 2½ months following the end of each Fiscal Year. The Company shall withhold from each Payment all taxes required to be withheld by any federal, state or local government and any other applicable deductions authorized by the Participant.

VIII. DESIGNATION OF BENEFICIARY.

Each Participant shall have the right to designate a beneficiary, and to change such beneficiary from time to time, by filing a request in writing with the Plan Administrator. If a Participant dies after the end of the Fiscal Year but prior to receiving the Payment due for such Fiscal Year, the Payment will be paid to the Participant's designated beneficiary at the time such amount would have been paid to the Participant, subject to Section VII. In the event the Participant has not designated a beneficiary, or in the event a beneficiary predeceases the Participant, the amount otherwise payable to such beneficiary shall be paid to the person in, or divided equally among the persons in, the first of the following classes of successive preference beneficiaries in which there shall be any person surviving such Participant:

- (1) The Participant's spouse;
- (2) The Participant's children; or
- (3) The Participant's executors or administrators;

provided that any amount payable to a minor may instead be paid to such adult or adults as, in the sole opinion of the Plan Administrator, are primarily responsible for the custody and support of such minor.

IX. ADMINISTRATION OF THE PLAN.

The Committee has the sole responsibility for overall administration and control of the Plan, including the selection of Participants, the amounts of Awards, the selection and approval of performance criteria, the determination of the minimum total Payments under the Plan for each Fiscal Year, the satisfaction of performance criteria, and the final determination of Payments to each Participant. The Plan Administrator shall be responsible for implementing the actions required under the Plan.

X. VESTING.

A Participant must be in the employ of the Company or a Subsidiary on the date a Performance Compensation Payment of an Award is made pursuant to Section VII in order to be eligible for Payment pursuant to the Award. Notwithstanding the foregoing, however, in the event that, either before or after the end of the Fiscal Year, a Participant's employment is terminated by reason of the Participant's death or disability, by the Company without cause, or by the Participant due to retirement on or after the age of 60, the Committee shall have the sole discretion as to whether the Participant shall be entitled to any Payment, and if so, the amount of such Payment, and any such amount shall be paid at the time determined pursuant to Section VII.

XI. AMENDMENT OR TERMINATION.

The Committee may amend or terminate the Plan at any time, but no amendment may impair any of the rights or obligations under any Award theretofore granted to a Participant under the Plan without such Participant's consent; provided, however, that notwithstanding the foregoing the Committee may amend the Plan or any Awards in such manner as it deems necessary to comply with the requirements of any applicable law, rule or regulation.

XII. MISCELLANEOUS.

A. All Payments under the Plan shall be made from the general assets of the Company or Subsidiary, as the case may be. To the extent any person acquires a right to receive a Payment under the Plan, such right shall be no greater than that of an unsecured general creditor of the Company or Subsidiary.

B. Nothing contained in the Plan and no action taken pursuant thereto shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or a Subsidiary and any other person.

C. Except as provided in Section XIII, no amount payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, either voluntary or involuntary, and any attempt to so alienate, anticipate, sell, transfer, assign, pledge, encumber or charge the same shall be null and void. No such amount shall be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are or may be payable.

D. Nothing contained in the Plan is intended or shall be construed to confer upon any Participant the right to continue in the employ of the Company or a Subsidiary or to limit the right of a Participant's employer to discharge the Participant at any time, with or without cause.

E. The Plan 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.

XIII. COVENANTS.

A. For purposes of this Plan, "Misconduct" means any of the following actions engaged in by a Participant ~~[(i)]~~ during the period commencing upon receipt of any Performance Compensation Payment and ending two (2) years after such receipt ~~[or (ii) at any time during the term of the Participant's employment by the Company or a Subsidiary]:~~

- (1) 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 (i) competitive with the business of the Company or any Subsidiary, as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which the Participant was engaged in the course of his/her employment with the Company and or any Subsidiary (provided that nothing herein shall prohibit Participant from being a 2% or less shareholder of a publicly traded corporation);
- (2) 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 Subsidiary ~~[for employment with any competitor of the Company or any Subsidiary]~~, or
- (3) Inducing or attempting to induce, or assisting anyone else to induce or attempt to induce, any customer of the Company or any Subsidiary, to discontinue its business with the Company or ~~any~~ such Subsidiary;
- (4) Engaging in the unauthorized use or disclosure of confidential information or trade secrets of the Company or any Subsidiary resulting in harm to the Company or any Subsidiary; or
- (5) Engaging in intentional misconduct resulting in a financial restatement and/or an increase in the Participant's incentive or equity compensation.

B. In the event of Misconduct described in clause XIII(A)(5), the Company or any Subsidiary shall be entitled, in addition to any other legal or equitable remedies it may have, to recover from the Participant (i) any Performance Compensation Payments made to the Participant during ~~any~~ the period for which restatement of the Company's financials is required (but not to exceed three years), or (ii) any Performance Compensation Payments made to the Participant during the three year period preceding the date on which a restatement is required to the extent such Performance Compensation Payments are in excess of what would have been paid to the Participant if calculated under the restated financials, or (iii) if no financial restatement is required, any Performance Compensation Payments made during the three year period preceding the date on which the Participant receives increased incentive or equity compensation as a result of such Misconduct to the extent such increased incentive or equity compensation exceeds the amount the Participant would have received in the absence of such Misconduct.

C. In the case of Misconduct or threatened Misconduct described in clauses XIII(A)(1) through XIII(A)(4), ~~for in the case of intentional Misconduct described in clause XIII(A)(5) where the Misconduct results in an increase in the Participant's Payment or other incentive or equity compensation,~~ the Company or any Subsidiary shall be entitled, in addition to any other legal or equitable remedies it may have:

- (1) To temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach, the Participant hereby expressly acknowledging that the harm which might result as a result of any noncompliance by the Participant would be largely irreparable and agreeing that if there is a question as to the enforceability of any of the provisions of this Award the Participant will abide by the Award until after the question has been resolved by a final judgment of a court of competent jurisdiction; and/or
- (2) To cancel this Award; and/or
- (3) To recover from the Participant any Performance Compensation Payments made to the Participant under this Award during ~~the three year period preceding and during any period between such Misconduct and the Company's discovery thereof~~ any period(s) that the Participant was engaged in such Misconduct (but not to exceed three years).

D. Subject to the limitations described herein, the Committee shall have sole discretion in determining the amount that shall be recovered from the Participant under subsection XIII(C), provided that to the extent Performance Compensation Payments have been recovered by the Company under the Company's Dodd-Frank Act Recovery Policy such amounts shall not also be recoverable pursuant to this Section XIII.



For more information contact:

Kate Lowrey
Director, Investor Relations
ESCO Technologies Inc.
(314) 213-7277

ESCO ANNOUNCES FISCAL 2019 RESULTS

- GAAP EPS \$3.10 (Includes Doble Building Gain, net of Defined Charges) -
- Adjusted EPS \$3.13 (Tops Guidance and Consensus / 13 Percent above 2018) –

ST. LOUIS, November 19, 2019 – ESCO Technologies Inc. (NYSE: ESE) (ESCO, or the Company) today reported its operating results for the fourth quarter (Q4 2019) and fiscal year ended September 30, 2019 (2019).

On November 18, 2019, the Company announced the divestiture of its Technical Packaging segment under a separate release, where it expects to receive \$187 million in gross cash proceeds and finalize the transaction as soon as customary regulatory items are completed.

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 – Full Year

2019 GAAP EPS of \$3.10 per share included \$0.19 per share from a gain on the sale of Doble’s headquarters building in Watertown, Massachusetts, offset by \$0.22 per share of charges related to cost reduction actions taken in Technical Packaging and at Doble, costs incurred to move the aircraft / aerospace business from VACCO to PTI, and one-time purchase accounting charges related to the July 2019 acquisition of Globe Composite Solutions, LLC (Globe). The \$0.03 per share of net discrete items was excluded when determining 2019 Adjusted EPS of \$3.13 per share. 2019 GAAP net earnings were \$81 million.

2018 GAAP EPS of \$3.54 per share reflected the favorable net impact of the December 2017 “Tax Cuts and Jobs Act” (U.S. Tax Reform) which resulted in a tax benefit of \$0.94 per share, partially offset by \$0.17 per share of cost reduction / restructuring and move costs. The net effect of excluding the \$0.77 per share of discrete items resulted in 2018 Adjusted EPS of \$2.77 per share. 2018 GAAP net earnings were \$92 million.

2019 Adjusted EPS topped Management expectations and increased 13 percent over 2018 Adjusted EPS.

2019 Adjusted EBITDA was \$151 million, an increase of 9 percent over 2018 Adjusted EBITDA of \$139 million, led by Filtration and Test which increased 18 percent and 8 percent, respectively.

Earnings Summary – Q4

Q4 2019 GAAP EPS was \$0.95 per share and Q4 2019 Adjusted EPS was \$1.09 per share, excluding the \$0.14 per share of one-time purchase accounting charges related to the Globe acquisition and the Q4 portion of the cost reduction actions described above.

Q4 2018 GAAP EPS was \$1.09 per share and Q4 2018 Adjusted EPS was \$1.22 per share, excluding \$0.13 per share of charges related to the prior year's cost reduction actions, and the true-up of income tax expense resulting from the implementation of U.S. Tax Reform.

Q4 2019 Adjusted EBITDA was \$51 million compared to \$52 million in Q4 2018.

Operating Highlights

- Net sales increased \$41 million (5.4 percent) to \$813 million in 2019 compared to \$772 million in 2018.
 - On a segment basis, 2019 Filtration sales increased 14 percent from 2018 (10.5 percent excluding Globe). Aerospace sales (PTI, Crissair, and Mayday) increased \$32 million (19 percent) in 2019 driven by higher OEM build rates and strong after-market demand, partially offset by lower navy sales at VACCO due to revenue recognition timing on several large programs. Test sales increased \$6 million (3 percent) in 2019 resulting from strong orders throughout 2019 and the completion of several large projects. USG sales from Doble increased \$8 million (6 percent), while NRG's sales to renewable energy customers decreased nearly \$10 million, resulting in a net decrease in USG sales. Technical Packaging sales decreased nominally resulting from solid growth in domestic medical / pharm sales, offset by delayed new product introductions in Europe.
 - SG&A expenses increased in 2019 as a result of higher spending on R&D / new product development, additional sales commissions, normal cost of living adjustments, and the addition of Globe. Both periods' SG&A spending represents approximately 21 percent of net sales.
 - Entered orders were \$905 million in 2019 (book-to-bill of 1.11x) and were \$279 million during Q4 2019 (book-to-bill of 1.18x) which resulted in an ending backlog of \$475 million at September 30, 2019, an increase of \$92 million, or 24 percent, from September 30, 2018.
 - The effective income tax rate (GAAP and Adjusted) was 21 percent in 2019 and was favorably impacted by certain tax strategies implemented during 2019.
 - 2019 net cash provided by operating activities was \$105 million resulting in \$224 million of net debt outstanding (total borrowings, less cash on hand) at September 30, 2019 with a 1.68x leverage ratio. Q4 2019 net cash provided by operating activities was \$68 million resulting from strong earnings and favorable working capital management.
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Chairman's Commentary – 2019

Vic Richey, Chairman and Chief Executive Officer, commented, "I'm pleased with how we ended the year as our results once again came in above expectations and we delivered 13 percent Adjusted EPS growth over prior year. We had solid operational performance across the Company as we exceeded our sales, Adjusted EBIT, and Adjusted EPS commitments set at the beginning of the year. Our Filtration business was the clear winner in 2019 as the segment, when excluding Globe, exceeded profit expectations by 9 percent, with Test and Doble also beating profit expectations and delivering strong results.

"We improved our 2019 Adjusted EBITDA by 9 percent and increased our margins from 2018, while generating record cash flow from operations. Our entered orders were another bright spot as we booked over \$900 million of new business during the year and grew our backlog by 24 percent, which sets us up nicely for growth in 2020.

"The Globe acquisition announced in early July is off to a great start as they performed better than we projected. I'm very happy with the early stages of the integration, and I'm looking forward to Globe's continuing growth as part of ESCO. The strong leadership team, dedicated employees, and great products are an excellent addition to our portfolio and enable us to create additional avenues for meaningful sales growth across our shared customer base.

"On the M&A front we continue to evaluate a robust pipeline of opportunities and continue to work these aggressively, and I remain hopeful that we will be able to add to our portfolio. Consistent with our history, we will remain prudent and committed to our disciplined approach of balancing ROIC and protecting our balance sheet.

"The Doble headquarters relocation from Watertown to Marlborough is nearly complete and we expect to be moved in and fully operational in the next few weeks. The Doble team is looking forward to having all of its Boston area staff co-located in a single, customer-friendly facility as this will further enhance our operational efficiency and effectiveness, while lowering our facility operating costs.

"I'm pleased with the way we wrapped up 2019, and we plan to build on the successes we achieved this year and expect to continue benefitting from our disciplined operating culture heading into 2020. 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 January 17, 2020 to stockholders of record on January 2, 2020.

Board of Directors

Effective November 13, 2019, the Company added an additional independent director, Gloria L. Valdez to the Company's Board of Directors.

Ms. Valdez retired in 2018 after 32 years of civilian service with the Department of the Navy and the Department of Homeland Security. Prior to her retirement she served as Deputy Assistant Secretary of the Navy for Ships within the Office of the Assistant Secretary of the Navy for Research, Development and Acquisition. In this capacity, Ms. Valdez was responsible for executive oversight of all naval shipbuilding programs, major ship conversions, and the maintenance, modernization and disposal of in-service ships.

Ms. Valdez holds a Master of Science degree in Management from Florida Institute of Technology as well as a Bachelor of Science in Mechanical Engineering from the University of New Mexico, and was selected to serve on the Company's Board due to her extensive management experience in the navy and defense markets, which will allow her to assist the board in guiding strategy from the highest level.

Adding a new director further enhances Corporate Governance, facilitates board refreshment, and adds new and relevant experience supplementing existing independent director oversight.

Business Outlook – 2020 Adjusted Basis

Given the pending sale of the Technical Packaging business, beginning with the Q1 2020 results of operations, the segment's operating results, balance sheet and cash flows will be reported as Discontinued Operations, and therefore, will be excluded from the Business Outlook comparisons to 2019 described below.

The Discontinued Operations impact, as well as the expected after-tax gain on the sale of Technical Packaging will be excluded from the calculation of Adjusted EBIT, Adjusted EBITDA and Adjusted EPS in the reporting of the 2020 and 2019 results.

The net proceeds from the sale will be used to pay down debt, thereby significantly increasing liquidity and enhancing the Company's ability to complete future acquisitions.

Additionally, later in 2020, Management plans to use a portion of the net proceeds to fully fund, terminate, and annuitize the defined benefit pension plan currently maintained by the Company. Annuitizing this non-strategic liability through an insurance company will eliminate both equity market risk and interest rate volatility, thereby reducing our costs and eliminating future cash payments. The defined benefit plan was frozen in 2003 and no additional benefits have been accrued since that date. The accounting impact of terminating and annuitizing the pension will also be excluded from the calculation of Adjusted EBITDA and Adjusted EPS.

Management continues to see meaningful net sales, Adjusted EBIT, and Adjusted EBITDA growth across each of the Company's business segments and anticipates growth rates in 2020 and beyond that will generally exceed the broader industrial market. The growth described below is expected to be enhanced by additional M&A contributions throughout the year.

Management's expectations for growth in 2020 compared to 2019, excluding the results of Technical Packaging in both periods, are as follows:

- Net sales from continuing operations are expected to increase 9 to 10 percent on a consolidated basis, with Filtration growing 13.5 to 14.5 percent, USG growing 7 to 8 percent and Test growing 4 to 5 percent;
- Adjusted EBIT is expected to increase approximately 11 to 12 percent with Adjusted EBIT margins at 14 to 15 percent of sales;
- Adjusted EBITDA is expected to increase approximately 12 to 13 percent with Adjusted EBITDA margins increasing nearly a full point;
- Interest expense is expected to be lower than 2019, and will be impacted by the timing (date) of closing and the amount of the final after-tax cash proceeds received on the sale of Technical Packaging;
- Non-cash depreciation and amortization of intangible assets is expected to increase approximately \$5 million, or \$0.15 per share after-tax, related to previous acquisitions and capital spending;
- Income tax expense is expected to increase in 2020 as Management is projecting a 23 to 24 percent effective tax rate calculated on higher pretax earnings, compared to the 20.3 percent effective tax rate used in calculating 2019 Adjusted EPS (excluding Technical Packaging). The higher effective tax rate negatively impacts 2020 Adjusted EPS by approximately (\$0.10) per share;
- In summary, and excluding Technical Packaging, Management projects 2020 Adjusted EPS to be in the range of \$3.20 to \$3.30 per share (compared to 2019 Adjusted EPS of \$2.95 per share, excluding the 2019 results of Technical Packaging). This increase reflects meaningful sales, Adjusted EBITDA and Adjusted EPS growth, partially offset by the additional depreciation and amortization charges and incremental tax expense as noted above.

On a quarterly basis and consistent with prior years, Management expects 2020 revenues and Adjusted EPS to be more back half weighted resulting in the second half of the year being stronger than the first half.

Management expects Q1 2020 Adjusted EPS to be in the range of \$0.35 to \$0.40 per share. The timing of quarterly sales and earnings throughout the year, coupled with the discrete charges incurred within the respective quarters will impact quarterly comparability.

Conference Call

The Company will host a conference call today, November 19, at 4:00 p.m. Central Time, to discuss the Company's 2019 results and the packaging segment divestiture. 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 2935058).

Forward-Looking Statements

Statements in this press release regarding the timing and amounts of the Company's expected quarterly, 2020 full year and beyond results, revenue and sales growth, sales, EPS, Adjusted EPS, EPS growth, cash, EBIT, Adjusted EBIT, Adjusted EBIT margins, Adjusted EBITDA margins, Adjusted EBITDA, interest expense, income tax expense, effective tax rate, non-cash depreciation and amortization of intangible assets, liquidity, actions in regard to the Company's frozen defined benefit plan, the realization of operational efficiencies, the Company's competitiveness, the Company's ability to increase operating margins, realize financial goals and increase shareholder value, the success of acquisition efforts, the sale of and expected proceeds from the pending divestiture and use of those proceeds, 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: to the failure to obtain regulatory approval of the Company's sale of the Technical Packaging business, contractual disputes with the buyer of the Company's Technical Packaging business; 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, taxation requirements, and new or modified tariffs; 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 \$0.03 per share in 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 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, navy, space and process markets worldwide, as well as composite-based products and solutions for navy, defense and industrial customers; 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 September 30, 2019	Three Months Ended September 30, 2018
Net Sales	\$ 236,658	231,086
Cost and Expenses:		
Cost of sales	145,495	143,486
Selling, general and administrative expenses	46,043	39,618
Amortization of intangible assets	5,523	4,713
Interest expense	2,608	2,284
Other expenses (income), net	4,277	2,663
Total costs and expenses	<u>203,946</u>	<u>192,764</u>
Earnings before income taxes	32,712	38,322
Income taxes	<u>7,854</u>	<u>9,870</u>
Net earnings	<u>\$ 24,858</u>	<u>28,452</u>
Diluted EPS - GAAP	<u>\$ 0.95</u>	<u>1.09</u>
Diluted EPS - As Adjusted	<u>\$ 1.09⁽¹⁾</u>	<u>1.22⁽²⁾</u>
Diluted average common shares O/S:	<u>26,146</u>	<u>26,103</u>

- (1) Q4 2019 Adjusted EPS excluded \$0.14 per share net impact of purchase accounting charges related to the Globe acquisition and restructuring charges incurred primarily at Plastique, Doble and PTI/VACCO during the fourth quarter of 2019.
- (2) Q4 2018 Adjusted EPS excluded \$0.13 per share of after-tax charges incurred related to the Q4 2018 restructuring actions and the true-up of tax expense recorded resulting from the implementation of U.S. Tax Reform.

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

	Year Ended September 30, 2019	Year Ended September 30, 2018
Net Sales	\$ 812,970	771,582
Cost and Expenses:		
Cost of sales	508,521	490,397
Selling, general and administrative expenses	172,109	162,431
Amortization of intangible assets	19,488	18,328
Interest expense	8,396	8,748
Other expenses (income), net	2,240	3,655
Total costs and expenses	<u>710,754</u>	<u>683,559</u>
Earnings before income taxes	102,216	88,023
Income taxes	<u>21,177</u>	<u>(4,113)</u>
Net earnings	<u>\$ 81,039</u>	<u>92,136</u>
Diluted EPS - GAAP	<u>\$ 3.10</u>	<u>3.54</u>
Diluted EPS - As Adjusted	<u>\$ 3.13⁽¹⁾</u>	<u>2.77⁽²⁾</u>
Diluted average common shares O/S:	<u>26,097</u>	<u>26,058</u>

- (1) 2019 Adjusted EPS excluded \$0.03 per share net impact mainly from the purchase accounting charges related to the Globe acquisition and restructuring charges primarily at Plastique, PTI/VACCO & Doble partially offset by the gain on the sale of the Doble Watertown property.
- (2) 2018 Adjusted EPS excluded \$0.17 per share of after-tax charges incurred related to the 2018 restructuring actions, and excluded a \$0.94 net tax benefit recorded resulting from the implementation of U.S. Tax Reform.

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

	GAAP		As Adjusted	
	Q4 2019	Q4 2018	Q4 2019	Q4 2018
Net Sales				
Filtration	\$ 96,966	91,274	96,966	91,274
USG	54,276	56,013	54,276	56,013
Test	61,935	59,523	61,935	59,523
Technical Packaging	23,481	24,276	23,481	24,276
Totals	<u>\$ 236,658</u>	<u>231,086</u>	<u>236,658</u>	<u>231,086</u>
EBIT				
Filtration	\$ 23,050	23,615	23,459	23,961
USG	11,708	15,364	12,715	16,399
Test	10,849	10,029	10,849	10,029
Technical Packaging	2,532	2,721	2,635	2,721
Corporate	(12,819)	(11,123)	(9,659)	(10,252)
Consolidated EBIT	<u>35,320</u>	<u>40,606</u>	<u>39,999</u>	<u>42,858</u>
Less: Interest expense	(2,608)	(2,284)	(2,608)	(2,284)
Less: Income tax expense	(7,854)	(9,870)	(8,941)	(8,582)
Net earnings	<u>\$ 24,858</u>	<u>28,452</u>	<u>28,450</u>	<u>31,992</u>

Note 1: Adjusted net earnings were \$28.5 million in Q4 2019 which excluded the \$0.14 per share net impact of the purchase accounting charges related to the Globe acquisition and the restructuring charges incurred at Doble, Plastique, PTI and VACCO during Q4 2019.

Note 2: Adjusted net earnings were \$32.0 million in Q4 2018 which excluded the \$0.13 per share of after-tax charges incurred related to the Q4 2018 restructuring actions, and the true-up of tax expense recorded resulting from the implementation of U.S. Tax Reform.

EBITDA Reconciliation to Net earnings:

	Q4 2019	Q4 2018	Adjusted Q4 2019	Adjusted Q4 2018
Consolidated EBITDA	\$ 46,607	50,011	51,286	52,263
Less: Depr & Amort	(11,287)	(9,405)	(11,287)	(9,405)
Consolidated EBIT	<u>35,320</u>	<u>40,606</u>	<u>39,999</u>	<u>42,858</u>
Less: Interest expense	(2,608)	(2,284)	(2,608)	(2,284)
Less: Income tax expense	(7,854)	(9,870)	(8,941)	(8,582)
Net earnings	<u>\$ 24,858</u>	<u>28,452</u>	<u>28,450</u>	<u>31,992</u>

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

	GAAP		As Adjusted	
	FY 2019	FY 2018	FY 2019	FY 2018
Net Sales				
Filtration	\$ 325,735	286,805	325,735	286,805
USG	211,915	213,953	211,915	213,953
Test	188,394	182,892	188,394	182,892
Technical Packaging	86,926	87,932	86,926	87,932
Totals	<u>\$ 812,970</u>	<u>771,582</u>	<u>812,970</u>	<u>771,582</u>
EBIT				
Filtration	\$ 70,142	58,670	71,316	59,464
USG	52,169	43,169	46,282	46,121
Test	25,640	23,826	25,640	23,826
Technical Packaging	5,865	8,075	7,299	8,075
Corporate	<u>(43,204)</u>	<u>(36,969)</u>	<u>(39,375)</u>	<u>(35,875)</u>
Consolidated EBIT	110,612	96,771	111,162	101,611
Less: Interest expense	(8,396)	(8,748)	(8,396)	(8,748)
Less: Income tax	(21,177)	4,113	(20,965)	(20,665)
Net earnings	<u>\$ 81,039</u>	<u>92,136</u>	<u>81,801</u>	<u>72,198</u>

Note 1: Adjusted net earnings were \$81.8 million in 2019 which excluded the \$0.03 per share net impact of the purchase accounting charges related to the Globe acquisition and the restructuring charges incurred at Doble, Plastique, PTI and VACCO during 2019, partially offset by the gain on the sale of the Doble Watertown property.

Note 2: Adjusted net earnings were \$72.2 million in 2018 which excluded \$0.17 per share of after-tax charges incurred related to the 2018 restructuring actions, and excluded a \$0.94 net tax benefit recorded resulting from the implementation of U.S. Tax Reform.

EBITDA Reconciliation to Net earnings:

	FY 2019	FY 2018	Adjusted FY 2019	Adjusted FY 2018
Consolidated EBITDA	\$ 150,662	134,526	151,212	139,366
Less: Depr & Amort	(40,050)	(37,755)	(40,050)	(37,755)
Consolidated EBIT	110,612	96,771	111,162	101,611
Less: Interest expense	(8,396)	(8,748)	(8,396)	(8,748)
(Less) Plus: Income tax	(21,177)	4,113	(20,965)	(20,665)
Net earnings	<u>\$ 81,039</u>	<u>92,136</u>	<u>81,801</u>	<u>72,198</u>

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

	September 30, 2019	September 30, 2018
Assets		
Cash and cash equivalents	\$ 61,808	30,477
Accounts receivable, net	174,427	163,740
Contract assets	115,310	53,034
Inventories	128,825	135,416
Other current assets	14,824	13,356
Total current assets	495,194	396,023
Property, plant and equipment, net	161,470	134,954
Intangible assets, net	393,047	345,353
Goodwill	409,215	381,652
Other assets	7,794	7,140
	<u>\$ 1,466,720</u>	<u>1,265,122</u>
Liabilities and Shareholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 21,261	20,000
Accounts payable	71,370	63,033
Contract liabilities	81,177	49,035
Other current liabilities	77,827	68,462
Total current liabilities	251,635	200,530
Deferred tax liabilities	64,855	64,794
Other liabilities	59,008	40,388
Long-term debt	265,000	200,000
Shareholders' equity	826,222	759,410
	<u>\$ 1,466,720</u>	<u>1,265,122</u>

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

	Year Ended September 30, 2019
Cash flows from operating activities:	
Net earnings	\$ 81,039
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	40,050
Stock compensation expense	5,353
Changes in assets and liabilities	(9,944)
Change in PP&E from gain on building sale	(8,922)
Pension contributions	(2,500)
Effect of deferred taxes	61
Net cash provided by operating activities	105,137
Cash flows from investing activities:	
Acquisition of businesses, net of cash acquired	(96,777)
Capital expenditures	(37,183)
Additions to capitalized software	(8,386)
Proceeds from sale of building and land	17,201
Net cash used by investing activities	(125,145)
Cash flows from financing activities:	
Proceeds from long-term debt and short-term borrowings	131,261
Principal payments on long-term debt	(65,000)
Dividends paid	(8,302)
Debt issuance costs	(1,071)
Other	(3,371)
Net cash provided by financing activities	53,517
Effect of exchange rate changes on cash and cash equivalents	(2,178)
Net increase in cash and cash equivalents	31,331
Cash and cash equivalents, beginning of period	30,477
Cash and cash equivalents, end of period	\$ 61,808

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

Backlog And Entered Orders - Q4 FY 2019	Filtration	USG	Test	Technical Packaging	Total
Beginning Backlog - 7/1/19	\$ 231,150	41,529	143,035	16,737	432,451
Entered Orders	154,256	54,461	52,477	18,146	279,340
Sales	(96,966)	(54,276)	(61,935)	(23,481)	(236,658)
Ending Backlog - 9/30/19	<u>\$ 288,440</u>	<u>41,714</u>	<u>133,577</u>	<u>11,402</u>	<u>475,133</u>

Backlog And Entered Orders - YTD Q4 FY 2019	Filtration	USG	Test	Technical Packaging	Total
Beginning Backlog - 10/1/18	\$ 204,227	40,727	122,350	15,467	382,771
Entered Orders	409,948	212,902	199,621	82,861	905,332
Sales	(325,735)	(211,915)	(188,394)	(86,926)	(812,970)
Ending Backlog - 9/30/19	<u>\$ 288,440</u>	<u>41,714</u>	<u>133,577</u>	<u>11,402</u>	<u>475,133</u>
