SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2002

OR

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

ESCO TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

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

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

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

The number of shares of the registrant's stock outstanding at July 31, 2002 was 12,599,233.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended June 30,	
	2002	2001
Net sales	$94,701	87,862
Costs and expenses:		
Cost of sales	63,609	59,847
Selling, general and administrative expenses	21,173	18,329
Interest expense	111	51
Other, net	622	2,273
Total costs and expenses	85,515	80,500
Earnings before income taxes	9,186	7,362
Income tax expense	3,448	2,805
Net earnings	$ 5,738	4,557

Earnings per share:

Net earnings - Basic	$	.46	.37
-Diluted		.44	.35
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See accompanying notes to consolidated financial statements.

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

	Nine Months Ended June 30,	
	2002	2001
Net sales	$ 267,261	257,639
Costs and expenses:		
Cost of sales	180,165	177,149
Selling, general and administrative expenses	60,078	52,688
Interest expense	221	136
Other, net	1,550	6,828
Total costs and expenses	242,014	236,801
Earnings before income taxes	25,247	20,838
Income tax expense	9,544	8,016
Net earnings	$ 15,703	12,822
Earnings per share:		
Net earnings - Basic	$ 1.26	1.04
-Diluted	1.21	1.00

See accompanying notes to consolidated financial statements.

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

	June 30, 2002	September 30, 2001
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,703	14,506
Accounts receivable, less allowance for doubtful accounts of $720 and $1,122, respectively	67,271	61,351
Costs and estimated earnings on long-term contracts, less progress billings of $5,813 and $21,913, respectively	5,605	6,637
Inventories	56,438	48,167
Current portion of deferred tax assets	14,502	15,278
Other current assets	7,448	5,491
Total current assets	164,967	151,430
Property, plant and equipment, at cost	117,954	107,940
Less accumulated depreciation and amortization	50,835	42,902
Net property, plant and equipment	67,119	65,038
Goodwill, less accumulated amortization of $12,674	102,834	102,163
Deferred tax assets	35,996	38,573
Other assets	27,179	18,373
	$398,095	375,577
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ 22	122
Accounts payable	35,876	35,180
Advance payments on long-term contracts, less costs incurred of $1,718 and $809, respectively	1,942	1,534
Accrued expenses and other current liabilities	30,211	27,233
Total current liabilities	68,051	64,069
Other liabilities	17,350	15,890
Long-term debt	8,088	8,338
Total liabilities	93,489	88,297
Commitments and contingencies	--	--
Shareholders' equity:		
Preferred stock, par value $.01 per share, authorized 10,000,000 shares	--	--
Common stock, par value $.01 per share, authorized 50,000,000 shares; issued 13,599,013 and 13,409,934 shares, respectively	136	134
Additional paid-in capital	207,641	206,282
Retained earnings since elimination of deficit at September 30, 1993	115,352	99,649
Accumulated other comprehensive loss	(5,848)	(6,518)
	317,281	299,547
Less treasury stock, at cost: 1,001,246 and 985,469 common shares, respectively	(12,675)	(12,267)
Total shareholders' equity	304,606	287,280
	$398,095	375,577

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended June 30,	
	2002	2001
Cash flows from operating activities:		
Net earnings	$15,703	12,822
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	9,553	11,489
Changes in operating working capital	(11,257)	(7,180)
Change in long-term portion of deferred tax assets	2,578	5,191
Other	1,712	(1,646)
Net cash provided by operating activities	18,289	20,676
Cash flows from investing activities:		
Capital expenditures	(9,217)	(7,558)
Acquisition of technology rights/business	(9,546)	(13,517)
Net cash used by investing activities	(18,763)	(21,075)
Cash flows from financing activities:		
Net (decrease) increase in short-term borrowings	(12)	143
Proceeds from long-term debt	144	5,154
Principal payments on long-term debt	(483)	(159)
Purchases of common stock into treasury	(456)	(266)
Other	478	222
Net cash (used) provided by financing activities	(329)	5,094
Net(decrease)increase in cash and cash equivalents	(803)	4,695
Cash and cash equivalents, beginning of period	14,506	5,620
Cash and cash equivalents, end of period	$13,703	10,315

See accompanying notes to consolidated financial statements.

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

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements, in the opinion of management, include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the results for the interim periods presented. The consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all the disclosures required by accounting principles generally accepted in the United States of America (GAAP). For further information refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2001. Certain prior year amounts have been reclassified to conform to the fiscal 2002 presentation.

The results for the three and nine month periods ended June 30, 2002 are not necessarily indicative of the results for the entire 2002 fiscal year.

2. GOODWILL AND OTHER INTANGIBLE ASSETS - ADOPTION OF SFAS NO. 142

Management adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142 Goodwill and Other Intangible Assets effective October 1, 2001, the beginning of the Company's fiscal year. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. In addition, to the extent an intangible asset is identified as having an indefinite useful life, the Company is required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect of a change in accounting principle. No impairment loss was recorded upon the adoption of SFAS No. 142.

The following table presents a reconciliation of net earnings for the three and nine month periods ended June 30, 2001, as restated, to reflect the removal of goodwill amortization in accordance with SFAS No. 142, to be used for comparison purposes with the three and nine month periods ended June 30, 2002. (Dollars in thousands, except per share amounts). Earnings per share of $1.15 for the nine months ended June 30, 2001 includes a cumulative $.02 per share tax impact of goodwill amortization.

	Three Months Ended June 30, 2001	Nine Months Ended June 30, 2001
Reported net earnings	$4,557	$12,822
Add back: Goodwill amortization, net of tax	637	1,896
Adjusted net earnings	$5,194	$14,718
Earnings per share - Basic:		
As Reported	$ .37	$ 1.04
Goodwill amortization	.05	.15
Adjusted	$ .42	$ 1.19
Earnings per share - Diluted:		
As Reported	$ .35	$ 1.00
Goodwill amortization	.05	.15
Adjusted	$ .40	$ 1.15

3. EARNINGS PER SHARE (EPS)

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2002	2001	2002	2001
Weighted Average Shares Outstanding - Basic	12,581	12,432	12,492	12,352
Dilutive Options and Performance Shares	513	473	537	420
Adjusted Shares-Diluted	13,094	12,905	13,029	12,772

Options to purchase approximately 34,500 shares of common stock at a price of $35.93 and options to purchase 4,500 shares of common stock at a price of $25.18 per share were outstanding during the nine month periods ended June 30, 2002 and 2001, respectively, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares. These options expire in various periods through 2012. Approximately 93,000 and 157,000 Performance Shares were outstanding but unvested at June 30, 2002 and 2001, respectively, and therefore, were not included in the respective computation of diluted EPS.

4. INVENTORIES

Inventories consist of the following (in thousands):

	June 30, 2002	September 30, 2001
Finished goods	$ 12,250	12,065
Work in process, including long- term contracts	17,968	17,089
Raw materials	26,220	19,013
Total inventories	$ 56,438	48,167

The increase in raw materials inventories at June 30, 2002 of approximately $7.2 million is mainly due to the increase in the Company's Communications segment inventories which is primarily safety stock in conjunction with the start-up of the PPL Electric Utilities Corporation (PPL) contract.

5. COMPREHENSIVE INCOME

Comprehensive income for the three-month periods ended June 30, 2002 and 2001 was $7.4 million and $4.2 million, respectively. Comprehensive income for the nine-month periods ended June 30, 2002 and 2001 was $16.4 million and $11.7 million, respectively. For the nine months ended June 30, 2002, the Company's comprehensive income was positively impacted by foreign currency translation adjustments of approximately $0.7 million, which was partially offset by an decrease in fair value of the Company's interest rate swaps designated as a cash flow hedge of $0.1 million, discussed below in Item 3, Quantitative and Qualitative Disclosures About Market Risk.

6. ACQUISITIONS

In March 2002, the Company acquired the exclusive rights to the patent portfolio and related intellectual property of North Carolina SRT Inc. and its affiliate (NC SRT), a manufacturer of cross-flow filtration and separation modules and equipment. The Company paid approximately $9.5 million for these filtration technology rights, including certain production assets and inventory of NC SRT. The Company will pay future

consideration of $1 million in March 2003 and $1 million in March 2004. Additionally, the Company will be obligated to pay consideration, primarily in the form of royalties, based on certain future product sales and the grant of sublicenses generated as a result of the acquired rights in the patent portfolio of NC SRT. NC SRT sales of products utilizing the technologies acquired were approximately $3 million in calendar 2001. The intellectual property rights and related assets of NC SRT are included within the Company's Filtration/Fluid Flow segment. The intellectual property is being amortized over a period of fifteen years consistent with the duration of the licensed technology.

7. BUSINESS SEGMENT INFORMATION

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

Management evaluates and measures the performance of its operating segments based on "Net Sales and EBIT", which are detailed in the table below. EBIT is defined as Earnings Before Interest and Taxes.

($ in millions)	Three Months ended June 30,		Nine Months ended June 30,	
NET SALES	2002	2001	2002	2001
Filtration/Fluid Flow	$ 50.4	$ 47.5	142.8	138.6
Test	16.8	22.1	51.3	66.1
Communications	25.0	15.8	64.8	44.8
Other	2.5	2.5	8.4	8.1
Consolidated totals	$ 94.7	$ 87.9	267.3	257.6
EBIT				
Filtration/Fluid Flow	$ 4.3	$ 3.6	9.7	8.0
Test	0.9	1.8	3.2	5.5
Communications	5.1	3.1	14.3	10.0
Other	(1.0)	(1.1)	(1.7)(4)	(2.5)(5)
Consolidated totals	$ 9.3 (1)	$ 7.4 (2)	25.5 (1)	21.0 (3)

(1) The three and nine-month periods ended June 30, 2002 exclude goodwill amortization in accordance with the adoption of SFAS No. 142.

(2) The three month period ended June 30, 2001 included $0.9 million of goodwill amortization.

(3) The nine month period ended June 30, 2001 included $2.6 million of goodwill amortization.

(4) The amount for the nine month period ended June 30, 2002 consisted of $0.6 million related to Rantec and ($2.3) million related to unallocated corporate operating charges, which includes $0.3 million of exit costs related to the Company's joint venture in India, which was recorded in the first quarter of fiscal 2002, related to the Filtration/Fluid Flow segment.

(5) The amount for the nine month period ended June 30, 2001 consisted of $0.9 million related to Rantec and ($3.4) million related to unallocated corporate operating charges, which includes $0.3 million of charges related to personnel termination costs in Brazil (Filtration/Fluid Flow segment); $0.4 million of corporate litigation costs related to the Filtration/Fluid Flow segment; and $0.3 million of residual costs to consolidate PTI's filtration business into new facilities in Oxnard, CA.

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

RESULTS OF OPERATIONS

NET SALES

Net sales increased $6.8 million, or 7.8%, to $94.7 million for the third quarter of fiscal 2002 from $87.9 million for the third quarter of fiscal 2001. Net sales increased $9.7 million, or 3.7%, to $267.3 million for the first nine months of fiscal 2002 from $257.6 million for the first nine months of fiscal 2001. The largest increase was in the Company's Communications segment, resulting from significantly higher shipments of Automatic Meter Reading (AMR) equipment. The majority of this increase was related to PPL and various electric utility cooperatives (Co-ops).

FILTRATION/FLUID FLOW

Net sales were $50.4 million and $47.5 million for the third quarter of fiscal 2002 and 2001, respectively. Net sales were $142.8 million and $138.6 million for the first nine months of fiscal 2002 and 2001, respectively. Net sales during the first nine months of fiscal 2002 increased primarily as a result of the contribution from Bea Filtri S.p.A. (Bea), acquired in June 2001, which accounted for approximately $7.8 million of the increase in net sales.

TEST

Net sales were $16.8 million and $22.1 million for the third quarter of fiscal 2002 and 2001, respectively. For the first nine months of fiscal 2002, net sales were $51.3 million compared to $66.1 million in the prior year period. The net sales decrease in the first nine months of fiscal 2002 as compared to the prior year period is primarily due to the continued softness in the overall electronics and telecommunications markets and the prior year completion of the General Motors test chamber complex, which accounted for approximately $4 million of the decrease to net sales.

COMMUNICATIONS

For the third quarter of fiscal 2002, net sales of $25.0 million were $9.2 million, or 58.2%, higher than the $15.8 million of net sales recorded in the third quarter of fiscal 2001. Net sales of $64.8 million in the first nine months of fiscal 2002 were $20.0 million, or 44.6%, higher than the $44.8 million recorded in the first nine months of fiscal 2001. The increases are the result of significantly higher shipments of AMR equipment to PPL and various Co-ops.

OTHER

Net sales were $2.5 million in both the third quarter of fiscal 2002 and fiscal 2001. In the first nine months of fiscal 2002, net sales were $8.4 million compared to $8.1 million in the prior year period. The Other segment represents the net sales of Rantec Power Systems (Rantec).

ORDERS AND BACKLOG

Firm order backlog was $304.7 million at June 30, 2002, compared with $180.1 million at September 30, 2001. Orders totaling $391.8 million were received in the first nine months of fiscal 2002, which includes a backlog adjustment of $3.9 million related to the Filtration/Fluid Flow segment. Approximately $153.2 million of new orders in the first nine months of fiscal 2002 related to Filtration/Fluid Flow products, $49.7 million related to Test products, and $181.2 million related to Communications products. In February 2002, the Company received a $112 million contract from PPL Electric Utilities Corporation, a subsidiary of PPL Corporation, for an AMR system in Pennsylvania. The project is currently scheduled for completion in November 2004.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the third quarter of fiscal 2002 were $21.2 million, or 22.4% of net sales, compared with $18.3 million, or 20.9% of net sales for the prior year period. For the first nine months of fiscal 2002, SG&A expenses were $60.1 million, or 22.5% of net sales, compared with $52.7 million, or 20.5% of net sales for the prior year period. The increase in SG&A spending in the first nine months of fiscal 2002 is due to the Bea acquisition, which added approximately $2.6 million of SG&A expenses in the first nine months of fiscal 2002. In addition, the Company is making significant investments in research and development, engineering, and marketing within the Communications and Filtration/Fluid Flow segments related to new product development and market expansion initiatives.

OTHER COSTS AND EXPENSES, NET

Other costs and expenses, net, were $0.6 million for the quarter ended June 30, 2002 compared to $2.3 million for the prior year quarter. The third quarter of fiscal 2002 excludes goodwill amortization in accordance with the adoption of SFAS No. 142, while the third quarter of fiscal 2001 included goodwill amortization of $0.9 million. Other costs and expenses, net, were $1.6 million for the first nine months of fiscal 2002 compared to $6.8 million for the prior year period. The first nine months of fiscal 2002 excludes goodwill amortization, and the first nine months of fiscal 2001 included goodwill amortization of $2.6 million.

Principal components of other costs and expenses, net, for the first nine months of fiscal 2002 include $1.1 million of amortization of identifiable intangible assets, primarily patents and licenses, and $0.3 million of exit costs related to the Company's joint venture in India (Filtration/Fluid Flow segment) which was terminated in the first quarter of fiscal 2002, offset by a $0.4 million gain from insurance proceeds related to a former subsidiary. Principal components of other costs and expenses, net, for the first nine months of fiscal 2001 include $2.6 million of goodwill amortization, $1.1 million of amortization of identifiable intangible assets, $0.3 million of charges related to personnel termination costs in Brazil (Filtration/Fluid Flow segment), $0.4 million of corporate litigation costs related to the Filtration/Fluid Flow segment, $0.6 million of costs related to the consolidation of the Stockton, CA facility into the Huntley, IL facility (Filtration/Fluid Flow segment), and $0.5 million of residual costs to consolidate PTI's filtration business into new facilities in Oxnard, CA.

EBIT

Management evaluates the performance of its operating segments based on EBIT, which the Company defines as Earnings Before Interest and Taxes. EBIT increased $1.9 million to $9.3 million (9.8% of net sales) for the third quarter of fiscal 2002 from $7.4 million (8.4% of net sales) for the third quarter of fiscal 2001. The prior year quarter included goodwill amortization of approximately $0.9 million. Excluding the amortization of goodwill from the third quarter of fiscal 2001's results, EBIT would have been $8.3 million (9.4% of net sales).

For the first nine months of fiscal 2002, EBIT increased $4.5 million to $25.5 million (9.5% of net sales) from $21.0 million (8.1% of net sales) for the first nine months of fiscal 2001. The prior year period included goodwill amortization of approximately $2.6 million. Excluding the amortization of goodwill from the first nine months of fiscal 2001's results, EBIT would have been $23.6 million (9.1% of net sales).

FILTRATION/FLUID FLOW

EBIT was $4.3 million and $3.6 million in the third quarter of fiscal 2002 and 2001, respectively, and $9.7 million and $8.0 million in the first nine months of fiscal 2002 and 2001, respectively. The prior year third quarter and first nine months ended June 30, 2001 included goodwill amortization of $0.5 million and $1.5 million, respectively. Excluding the goodwill amortization, EBIT for the third quarter and the first nine months of fiscal 2001 would have been $4.1 million and $9.5 million, respectively. The first nine months of the current year was impacted by softness in the commercial aerospace and semiconductor markets, and investments in new product development and market expansion initiatives, primarily in microfiltration.

TEST

EBIT was $0.9 million and $1.8 million in the third quarter of fiscal 2002 and 2001, respectively, and $3.2 million and $5.5 million in the first nine months of fiscal 2002 and 2001, respectively. The prior year third quarter and nine months ended June 30, 2001 included goodwill amortization of $0.4 million and $1.1 million, respectively. Excluding the goodwill amortization, EBIT for the third quarter and first nine months of fiscal 2001 would have been $2.2 million and $6.6 million, respectively. The decline in EBIT in the first nine months of fiscal 2002 as compared to the prior year period is mainly due to lower sales as a result of the continued softness in the electronics and telecommunications markets and the completion of the General Motors test chamber complex in fiscal 2001.

COMMUNICATIONS

Third quarter EBIT of $5.1 million in fiscal 2002 was $2.0 million, or 64.5%, higher than the $3.1 million of EBIT in the third quarter of fiscal 2001. For the first nine months of fiscal 2002, EBIT increased $4.3 million, or 43.2%, to $14.3 million from $10.0 million in fiscal 2001. The increase in EBIT is the result of significantly higher shipments of AMR equipment.

In May 2002, in cooperation with the Public Service Commission of Wisconsin and the Wisconsin Department of Agriculture, Trade and Consumer Protection, the Wisconsin Public Service Corporation (WPSC) began voluntarily conducting tests involving the Company's AMR equipment (the Two-Way Automatic Communications System) (TWACS and the system's impact on stray voltage on dairy farms. The final test results are currently expected in October 2002.

The Company's subsidiary, Comtrak Technologies, L.L.C.'s (Comtrak) one-year development funding agreement with ADT Security Services, Inc. (ADT) for its Securvision product expired at the end of the second quarter of fiscal 2002. Under the terms of this agreement, ADT had been providing Comtrak with $0.3 million per quarter. The Company does not anticipate that this agreement will be renewed.

OTHER

EBIT was ($1.0) million and ($1.7) million for the three and nine-month periods ended June 30, 2002, respectively, compared to ($1.1) million and ($2.5) million for the respective prior year periods. The amount for the third quarter ended June 30, 2002 consisted of $0.1 million related to Rantec and ($1.1) million related to unallocated corporate operating charges. EBIT for the first nine months of fiscal 2002 consisted of $0.6 million related to Rantec and ($2.3) million related to unallocated corporate operating charges, which includes $0.3 million of exit costs related to the Company's joint venture in India (Filtration/Fluid Flow segment) which was terminated in the first quarter of fiscal 2002. The amount for the first nine months of fiscal 2001 consisted of $0.9 million related to Rantec and ($3.4) million related to unallocated corporate operating charges, which includes $0.3 million of charges related to personnel termination costs in Brazil (Filtration/Fluid Flow segment), $0.4 million of corporate litigation costs related to the Filtration/Fluid Flow segment, and $0.3 million of residual costs to consolidate PTI's filtration

business into new facilities in Oxnard, CA.

INTEREST EXPENSE (INCOME)

Interest expense, net, was approximately $0.1 million and $0.2 million for the three and nine-month periods ended June 30, 2002, respectively, compared with the prior year three and nine-months periods ended June 30, 2001 of $0.1 million each.

INCOME TAX EXPENSE

The third quarter fiscal 2002 effective income tax rate was 37.5% compared to 38.1% in the third quarter of fiscal 2001. The decrease in the effective income tax rate in the third quarter of fiscal 2002 compared to the prior year period is primarily due to the favorable earnings impact of the foreign operations. The effective income tax rate in the first nine months of fiscal 2002 was 37.8% compared to 38.5% in the prior year period. Management estimates the annual effective tax rate for fiscal 2002 to be approximately 38.0%.

FINANCIAL CONDITION

Working capital increased to $96.9 million at June 30, 2002 from $87.4 million at September 30, 2001. During the first nine months of fiscal 2002, accounts receivable increased by $5.9 million due to the increase in sales, mainly within the Company's Communications segment; inventories increased by $8.3 million to support near term demand; partially offset by a decrease in costs and estimated earnings on long-term contracts of $1.0 million due to the completion of the General Motors test chamber complex. In addition, accounts payable and accrued expenses increased by $3.7 million primarily due to the purchases of inventories and the timing of payments. Net cash provided by operating activities was $18.3 million in the first nine months of fiscal 2002 compared to net cash provided by operating activities of $20.7 million in the same period of fiscal 2001. The decrease in net cash provided by operating activities in the first nine months of fiscal 2002 as compared to prior year was the result of increased working capital requirements mentioned above.

Capital expenditures were $9.2 million in the first nine months of fiscal 2002 compared with $7.6 million in the comparable period of fiscal 2001. Major expenditures in the current period included manufacturing automation equipment used in the Filtration / Fluid Flow businesses.

At June 30, 2002, accounts receivable includes approximately $0.9 million of costs incurred to replace certain filtration elements resulting from the receipt of nonconforming material obtained from a supplier. The supplier has acknowledged responsibility for this matter and these costs are to be reimbursed by the supplier. Other current assets include approximately $0.7 million of capitalized legal costs that have been incurred in the defense of certain revenue generating patents used in the Company's Filtration/Fluid Flow business. The recovery of the legal costs in the above-mentioned matter, while probable, may be subject to litigation or further negotiations. Other current assets also include approximately $1.1 million of legal costs incurred to defend a customer claim related to the Company's Test business. The costs associated with the Test business matter are covered by and will be reimbursed through insurance.

Effective April 5, 2002, the Company amended its existing $75 million revolving credit facility changing the scheduled reductions and extending the $25 million increase option through April 11, 2004. The amendment calls for $5 million reductions to the credit facility on each April 11th beginning in 2002 through 2004 with the balance due upon maturity and expiration, April 11, 2005. Cash flow from operations and borrowings under the Company's bank credit facility are expected to provide adequate resources to meet the Company's capital requirements and operational needs for the foreseeable future.

In March 2002, the Company paid cash of approximately $9.5 million to acquire the exclusive rights to the patent portfolio and related intellectual property of North Carolina SRT Inc. and its affiliate (NC SRT), including certain production assets and inventory.

The Company has a $31.5 million obligation under a synthetic lease facility arranged by Bank of America. For GAAP purposes, this is accounted for as an operating lease. This obligation is secured by leases of three manufacturing locations, two of which are located in Oxnard, CA and the other in Cedar Park, TX, as well as a $10.6 million letter of credit issued under the Company's $75 million credit facility. The leases expire on December 29, 2005 at which time the Company will be required to extend the leases on terms to be negotiated, purchase the properties for $31.5 million, or refinance the obligation. The Financial Accounting Standards Board (FASB) has issued an exposure draft on the accounting treatment related to synthetic lease arrangements. If this exposure draft is adopted as written, the Company would record the net assets and obligations under the synthetic lease facility as property, plant and equipment and long-term obligations.

On February 8, 2001, the Company approved a stock repurchase program. Under this program, the Company is authorized to purchase up to 1.3 million shares of its common stock in the open market, subject to market conditions and other factors, through September 30, 2003. The Company repurchased 20,000 shares during the first nine months of fiscal 2002.

The Company continues to explore consolidation opportunities within its existing businesses that could improve future operating earnings and enhance the Company's competitive position. The Company will also continue to look for acquisitions that offer complementary products and/or new technologies.

RECENT DEVELOPMENT

On August 5, 2002, the Company entered into a Management Transition Agreement with Dennis J. Moore, the Company's Chairman and Chief Executive Officer, which provided for Mr. Moore to receive certain compensation in conjunction with his planned retirement which will occur during April of 2003. The significant costs associated with Mr. Moore's announced retirement as described in the Management Transition Agreement are quantified below. The Management Transition Agreement and certain of the related agreements are included as Exhibits to this quarterly report on Form 10-Q.

	(in millions)
New Restricted Shares	$ 1.2 (1)
Previously Awarded Restricted Shares and Performance Shares for which vesting will be accelerated	$1.0 (1) (2)
Consulting Agreement	$0.3 (3)
Total	$ 2.5

(1) The costs of these arrangements will be recognized over the eight month transition period, from August 2002 through March 2003.

(2) These items were subject to remeasurement based on FASB Interpretation (FIN) No. 44, "Accounting for Certain Transactions Involving Stock Compensation (an Interpretation of APB Opinion No. 25)". The remeasurement was based on the closing stock price on August 5, 2002, the date the vesting of the shares were accelerated.

(3) The cost of the consulting agreement will be recognized over the twelve month period from April 2003 through April 2004, consistent with the period of service.

CRITICAL ACCOUNTING POLICIES

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

The following discussion of critical accounting policies is intended to bring to the attention of readers those accounting policies which management believes are critical to the Consolidated Financial Statements and other financial disclosure. It is not intended to be a comprehensive list of all significant accounting policies that are more fully described in Note 1 of the Notes to the Consolidated Financial Statements included in our 2001 Annual Report on Form 10-K.

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

Revenue Recognition

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

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

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

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

Goodwill and Other Long-Lived Assets
The Company adopted the provisions of SFAS No. 142 effective October 1, 2001. Goodwill and other long-lived assets with indefinite useful lives are reviewed by management for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If indicators of impairment are present, the determination of the amount of impairment is based on management's judgment as to the future operating cash flows to be generated from these assets throughout their estimated useful lives. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121 and subsequently, SFAS No. 144 after its adoption.

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

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations", effective for fiscal years beginning after June 15, 2002. SFAS No. 143 addresses financial accounting requirements for retirement obligations associated with tangible long-lived assets.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", that replaces SFAS No. 121,"Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". The provisions of SFAS No. 144 are effective for fiscal years beginning after December 15, 2001 and, generally, are to be applied prospectively.

Management does not believe the implementation of Statements No. 143 and 144 will have a material effect on the Company's financial statements.

FORWARD LOOKING STATEMENTS

Statements in this report that are not strictly historical are "forward looking" statements within the meaning of the safe harbor provisions of the federal securities laws. Forward looking statements include those relating to the estimates made in connection with the Company's accounting policies and the Company's capital requirements and operational needs for the foreseeable future. Investors are cautioned that such statements are only predictions, and speak only as of the date of this report. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment including, but not limited to: further weakening of economic conditions in served markets; changes in customer demands or customer insolvencies; electricity shortages; competition; intellectual property rights; consolidation of internal operations; integration of recently acquired businesses; delivery delays or defaults by customers; performance issues with key suppliers and subcontractors; collective bargaining labor disputes; and the Company's successful execution of internal operating plans.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign currency exchange rates. The Company has interest rate exposure relating to floating rate lease obligations and, accordingly, the Company has entered into interest rate swaps covering approximately $32 million to mitigate this exposure. These interest rate swaps relate to operating lease obligations under its synthetic lease facility, and have been arranged by Bank of America. The interest rate swaps effectively fix the interest rates on the underlying lease obligations at a weighted average rate of 6.47%. These lease obligations and their related interest rate swaps expire on December 29, 2005. In addition, the Company has interest rate exposure of approximately $4 million relating to floating rate obligations denominated in EURO dollars. Therefore, the Company has entered into an interest rate swap of approximately $4 million to mitigate this exposure which effectively fixed the interest rate on these floating rate obligations at 4.89%. These EURO dollar obligations consist of borrowings under the Company's $75 million credit facility and mature on April 11, 2005 along with the related interest rate swap. These swaps are accounted for as cash flow hedges under the provisions of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS 138". For the nine months ended June 30, 2002, accumulated other comprehensive loss included an after tax decrease in fair value of approximately $0.1 million related to the interest rate swaps. The Company is subject to foreign currency exchange rate risk inherent in its sales commitments, anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. dollar. The currency most significant to the Company's operations is the Euro. The Company hedges certain foreign currency commitments by purchasing foreign currency forward contracts.

PART II OTHER INFORMATION

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

a) Exhibits

Exhibit Number		
3(a)	Restated Articles of Incorporation	Incorporated by reference to Form 10-K for the fiscal year ended September 30, 1999 at Exhibit 3(a)
3(b)	Amended Certificate of Designation Preferences and Rights of Series A Participating Cumulative Preferred Stock of the Registrant	Incorporated by reference to Form 10-Q for the fiscal quarter ended March 31, 2000 at Exhibit 4(e)

Exhibit	Description	Reference
3(c)	Articles of Merger effective July 10, 2000	Incorporated by reference to Form 10-Q for the fiscal quarter ended June 30, 2000 at Exhibit 3(c)
3(d)	Bylaws, as amended	Incorporated by reference to Form 10-Q for the fiscal quarter ended June 30, 2000 at Exhibit 3(d)
4(a)	Specimen Common Stock Certificate	Incorporated by reference to Form 10-Q for the fiscal quarter ended June 30, 2000 at Exhibit 4(a)
4(b)	Specimen Rights Certificate	Incorporated by reference to Exhibit B to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated February 3, 2000
4(c)	Rights Agreement dated as of September 24, 1990 (as amended and Restated as of February 3, 2000) between the Registrant and Registrar and Transfer Company, as successor Rights Agent	Incorporated by reference to Current Report on Form 8-K dated February 3, 2000, at Exhibit 4.1
4(d)	Amended and Restated Credit Agreement dated as of February 28, 2001 among the Registrant, Bank of America, N.A., as agent, and the lenders listed therein	Incorporated by reference to Form 10-Q for the fiscal quarter ended March 31, 2001 at Exhibit 4(d)
4(e)	Amendment No. 1 dated as of April 5, 2002 to Credit Agreement listed as Exhibit 4(d) above.	
10(a)	Management Transition Agreement dated August 5, 2002 between the Registrant and Dennis J. Moore	
10(b)	Amendment to 1994 Stock Option Plan effective July 18, 2002	
10(c)	Nonqualified Stock Option Agreement dated July 18, 2002 between Registrant and Dennis J. Moore	
10(d)	Notice of Award - Stock Award to Dennis J. Moore dated July 18, 2002	

b) Reports on Form 8-K.

During the quarter ended June 30, 2002, the Company filed the following Current Reports on Form 8-K:

The Company filed a Current Report on Form 8-K, dated June 5, 2002, which reported in "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits" and "Item 9. Regulation FD Disclosure" that the Company would post on its website certain materials for a Company presentation including a summary statement of strategy, five-year financial objectives and overview of the Company's three primary segments, and would issue a related 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 thereunto duly authorized.

ESCO TECHNOLOGIES INC.

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

Dated: August 7, 2002

Exhibit 4(e)

AMENDMENT NO. 1
TO
AMENDED AND RESTATED CREDIT AGREEMENT

This Amendment No.1 to Amended and Restated Credit Agreement (this "Amendment") is entered into as of April 5, 2002, by and among ESCO Technologies Inc., a Missouri corporation ("Company"), each financial institution signatory hereto as a Lender (collectively the "Lenders" and individually each a "Lender"), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender, Offshore Currency Fronting Lender and Issuing Lender ("Bank of America").

RECITALS

A. Company, Bank of America and the Lenders are party to that certain Amended and Restated Credit Agreement dated as of February 28, 2001 (the "Credit Agreement"). Unless otherwise specified herein, capitalized terms used in this Amendment shall have the meanings ascribed thereto in the Credit Agreement.

B. Company, Bank of America and the undersigned Lenders wish to amend the Credit Agreement on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

1. Amendments to Credit Agreement.

(a) The definition of "Letter of Credit Sublimit" appearing in Section 1.01 of the Credit Agreement is hereby amended by inserting the amount "$25,000,000" in replacement for the amount "$15,000,000" appearing therein.

(b) Section 2.08(a) of the Credit Agreement is hereby amended by deleting the following sentence appearing therein:

"Any such reduction or termination shall be accompanied by payment of all accrued and unpaid participation fees under Section 2.10(d) with respect to the portion of the Fronted Offshore Currency Commitment being reduced or terminated."

(c) Section 2.08(c) of the Credit Agreement is hereby amended and restated in its entirety as follows:

" (c) Scheduled Commitment Reductions. In addition to any reductions pursuant to Section 2.08(b), the combined Commitments will be permanently reduced by $5,000,000 (as such amount may be reduced by any reduction in the applicable year pursuant to Section 2.08(a)) on each of April 11, 2002, April 11, 2003 and April 11, 2004. To the extent applicable, Company shall make the prepayments required by Section 2.07(c) on such dates."

(d) Section 2.14(a) of the Credit Agreement is hereby amended by inserting the date "April 11, 2004" in replacement for the date "April 11, 2002" appearing therein.

2. Representations and Warranties of Company. Company represents and warrants that:

(a) The execution, delivery and performance by Company of this Amendment have been duly authorized by all necessary corporate action and this Amendment is a legal, valid and binding obligation of Company enforceable against Company in accordance with its terms, except as the enforcement hereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally;

(b) Each of the representations and warranties contained in Section 5 of the Credit Agreement is true and correct in all material respects on and as of the date hereof as if made on the date hereof; and

(c) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

3. Effective Date. This Amendment shall become effective upon:

(a) The execution and delivery hereof by Company, Bank of America and the Lenders; and

(b) Company's payment to Administrative Agent, for the respective

accounts of the Lenders pro rata according to their respective Pro Rata Shares, an amendment fee in an amount equal to four (4) Basis Points on the combined Commitments. Such amendment fee is for the Lenders amending the Credit Agreement as contemplated hereby, and is fully earned on the date paid. The amendment fee paid to the Lenders is solely for their own account and is nonrefundable.

4. Reference to and Effect Upon the Credit Agreement.

(a) Except as specifically amended hereby, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed; and

(b) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any Loan Document. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of similar import shall mean and be a reference to the Credit Agreement as amended hereby.

5. Costs and Expenses. Company hereby affirms its obligation under Section 10.03 of the Credit Agreement to reimburse the Administrative Agent for all costs and expenses paid or incurred by the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Amendment, including but not limited to the attorneys' fees and time charges of attorneys for the Administrative Agent with respect thereto.

6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAW OF THE STATE OF MISSOURI (WITHOUT REGARD TO CONFLICTS OF LAW PROVISIONS THEREOF); PROVIDED THAT COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument.

[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

ESCO TECHNOLOGIES INC.
By: Name: Title:

BANK OF AMERICA, N.A., as Administrative Agent
By: Name: Title:

BANK OF AMERICA, N.A., as Lender, Issuing Lender, Swing Line Lender and Offshore Currency Fronting Lender
By: Name: Title:

BANK ONE, NA (Main Office Chicago), as a Lender
By: Name: Title:

THE NORTHERN TRUST COMPANY, as a Lender
By: Name: Title:

LASALLE BANK NATIONAL ASSOCIATION, as a Lender
By: Name: Title:

COMMERCE BANK, N.A., as a Lender

By: Name: Title:

Exhibit 10 (a)

MANAGEMENT TRANSITION AGREEMENT

THIS MANAGEMENT TRANSITION AGREEMENT (this "Agreement"), is made as of the 5th day of August, 2002, between ESCO Technologies Inc., a Missouri corporation (the "Company" or "ESCO"), and Dennis J. Moore (the "Executive").

WITNESSETH THAT:

WHEREAS, the Executive, who will reach 65 years of age in 2003, has informed the Company that he desires to retire from the positions of Chairman and Chief Executive of the Company prior to the end of the Company's 2003 fiscal year;

WHEREAS, the Company desires to recognize the Executive's long service on behalf of the Company and the important contributions that the Executive has made to the Company, during his employment with the Company;

WHEREAS, the Company desires to retain the goodwill and management experience of the Executive following Executive's retirement, in order to ensure the smooth and successful transition of the Company's leadership to a new Chief Executive Officer;

WHEREAS, the Company has on July 18, 2002 awarded the Executive 60,000 stock options and 40,000 restricted shares; and

WHEREAS, in order to retain Executive's goodwill and recognize the Executive's contributions to the Company, the Company and the Executive desire to enter into this Management Transition Agreement, in order to memorialize the agreement of the Company and the Executive relating to the Executive's retirement and the transition of the Company's management authority to a new Chief Executive Officer.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties hereto agree as follows:

1. Employment Agreement. The terms of that certain Employment Agreement dated as of November 1, 1999 between the Company and the Executive (the "Employment Agreement"), shall remain in full force and effect until September 30, 2002; provided that the Company and the Executive hereby agree that the Company shall not be in breach of the terms of the Employment Agreement nor shall the Executive have "Good Reason" to terminate such Employment Agreement should the Company reduce, change or in any way modify the duties to be performed by the Executive pursuant to the terms of the Employment Agreement. The Executive and the Company hereby agree that the Employment Agreement shall terminate on September 30, 2002, shall be considered null and void without liability to either party and that Executive shall not be entitled to any benefits, owed any additional compensation or severance or have any rights or obligations under the Employment Agreement upon said termination; provided, that this does not supersede the Executive's right to receive any benefit earned prior to the Executive's retirement, or any provision of this Agreement expressly providing a benefit to the Executive.

2. Transition Period.

2.1 Retirement. The Executive shall retire from the Company as an employee and resign as a Director on a date to be determined by the Human Resources and Ethics Committee of the Board of Directors (the "Committee"), provided that the Committee shall not select a date for the Exeuctive's retirement before February 5, 2003 or after April 30, 2003 (the date of the Executive's retirement shall be referred to herein as the "Retirement Date" and the period between October 1, 2002 until the Retirement Date shall be referred to as the "Transition Period").

2.2 Duties. As of October 1, 2002 Executive shall resign as Chief Executive Officer and during the Transition Period, the Executive shall serve as the Company's Chairman, or in such other capacities as may be determined from time to time in the sole discretion of the Human Resources and Ethics Committee of the Board of Directors (the "Committee").

2.3. Compensation. During the Transition Period, the Executive shall be entitled to receive a pro rata salary at an annual rate of Four Hundred Eighty Five Thousand Dollars ($485,000.00), payable pursuant to the terms of the Company's normal payroll practices.

2.4 Bonus. On the Retirement Date, Executive shall receive from the Company an annual bonus at the Executive's current centerpoint of $325,000.00 (at the 1.0 level) multiplied by the number of calendar days comprising the Transition Period divided by 365.

2.5 Long Term Incentive Compensation. All performance shares, stock options or restricted stock awards previously granted to the Executive pursuant to the Company's incentive compensation plans shall fully vest and be distributed in accordance with the terms of such applicable plans, except that any performance share and restricted stock awards which have a vesting date following the Retirement Date shall fully vest and be distributed, and any stock options which have a vesting date following the Retirement Date shall be eligible for exercise in accordance with applicable plan terms, as of April 1, 2003. All such performance share, stock option and restricted stock awards shall be deemed amended by the Committee and the Executive by this Agreement.

2.6 Directors and Officers Liability Coverage. The Company agrees to provide the Executive with Directors and Officers liability coverage during the Transition Period, and for at least five years thereafter, for covered actions through the date of the end of the Transition Period, subject to the insurance carrier's approval and the terms of such coverage.

3. Consulting Agreement. On or before the Retirement Date, the Executive and the Company will enter into a Consulting Agreement, providing for the service of the Executive as an independent contractor to the Company for a one year term following the Retirement Date for a fee of $300,000 payable bi-weekly pursuant to the Company's payroll practices (the "Consulting Fee"). The Consulting Agreement shall contain such reasonable and customary provisions deemed acceptable by the Company in its discretion, including without limitation, a non-disclosure and confidentiality covenant, a non-disparagement covenant, a release of the Company and its affiliates, including the specified terms contained in Section 4, and a worldwide covenant restricting the Executive, for a period of three (3) years following the end of the term of the Consulting Agreement, from competing with the Company, soliciting the business of the Company, or soliciting the employees of the Company.

4. Release of Company.

4.1 General Release for Additional Consideration. In consideration of the mutual promises and covenants contained herein (which Executive specifically acknowledges include consideration to which he would not have been entitled in the absence of this Agreement), the Executive agrees to and does hereby release, acquit, and forever discharge the Company its subsidiaries and affiliates and their past, present, and future shareholders, officers, directors, agents, employees, representatives, attorneys, successors and assigns, from any and all liabilities, claims, grievances, demands, charges, actions, causes of action and damages of every nature and description, known or unknown, accrued or not yet fully in being, which may have arisen on account of anything occurring, in whole or in part, prior to the date of this Agreement. This release is specifically understood to apply to, but is not limited to, any and all claims made, to be made, or which might have been made as a consequence of Executive's employment with ESCO or his relationship with any executive officer of ESCO, or arising out of his retirement, and the termination of his employment relationship with ESCO. This release also specifically includes, but is not limited to, any and all claims for salary, vacation pay, bonuses, commissions, stock options, compensation, benefits and damages (actual, compensatory, emotional and punitive) of any kind, sex discrimination, sexual harassment, retaliation, discriminatory treatment, alleged violations of any employee policy, employee manual or alleged contract of employment, defamation, fraud, assault, conspiracy, age discrimination and any and all other claims arising under any federal, state (Missouri, or any other), or local law, whether such claims arise at common law (whether sounding in tort or contract) or by constitution, statute or ordinance, including, by way of illustration only, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000e-2000e-17; the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. 621-634; the Americans with Disabilities Act, as amended 42 U.S.C. 12101 et seq.; the Equal Pay Act of 1963, as amended, 29 U.S.C. 206 et seq.; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. 1001-1461; the Missouri Human Rights Act, Mo. Rev. Stat. 213.010-213.137, R.S.Mo. (Supp. 1995) and the Missouri Service Letter Statute, as amended, 290.140, R.S.Mo. (1986). Executive also agrees not to institute any claim for damages of any kind, by charge

or otherwise, or to authorize any other party, governmental or otherwise, to institute any claim through administrative or legal proceedings against ESCO for any such damages. The liabilities, claims, grievances, demands, charges, actions, causes of action and damages released and discharged by this Section include all those, known or unknown, accrued or not yet fully in being, which exist in whole or in part as of the date this Agreement is signed.

Nothing in this Section or this Agreement shall release Executive's right to any benefit he may be or become entitled to by virtue of his employment by ESCO prior to his retirement as provided herein or any compensation or benefit expressly provided in this Agreement; or to obtain any COBRA or retiree health benefits he may timely elect to receive after his retirement

4.2 Knowing and Voluntary. Executive specifically acknowledges that the waiver of all of his claims is knowing and voluntary and that this waiver is a part of this Agreement which has been written in a manner calculated to be, and which is, understood by him and he intends to be bound by this entire Agreement. He specifically acknowledges waiving and releasing any claims under the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. 621-634, in addition to all other claims as provided in this Section of this Agreement.

4.3 Time to Consider. Executive agrees that in deciding to execute this Agreement: (a) that he relied entirely on his own judgment and that of any legal counsel or advisor he may have employed (and not on ESCO) in assessing the extent and merit of any claims, the likelihood, if any, of prevailing on those claims, the amount of damages, if any, which he would receive in the event any such claims were successfully established and the tax treatment of the amount paid hereunder; (b) that no facts, evidence, event or transaction currently unknown to him, but which may hereinafter become known to him, shall affect in any way or manner the final unconditional nature of this Agreement; (c) that his execution of this Agreement is a completely voluntary act on his part; (d) that he understands the terms of this Agreement; (e) that he has been advised by ESCO to consult with his legal counsel and has been provided with adequate time to do so, at his own expense, prior to executing this Agreement; (f) that he has been advised that this offer remains open for a period of twenty-one (21) days from the date he receives a copy of this Agreement so that he may fully consider this Agreement prior to executing it; and (g) that if he does not execute and return this Agreement to ESCO within such period, ESCO will consider his non-action a refusal to agree to the terms of this Agreement, and the offer and terms extended by this Agreement are revoked effective as of that date and time.

4.4 Revocation and Effective Date. The parties agree that this Agreement shall not become effective or enforceable until the 8th day after two (2) copies of this Agreement, signed by Executive, are delivered to ESCO's Vice President Human Resources at 8888 Ladue Road, Suite 200, St. Louis, Missouri, 63124 ("Effective Date"). During any time prior to the delivery of these copies to ESCO's Vice President Human Resources and during the seven (7) day period prior to the Effective Date, Executive may revoke, in writing, this Agreement by delivering a copy of a notice of his intention to revoke it to ESCO's Vice President Human Resources at the address indicated above. If Executive does not deliver to ESCO's Vice President--Human Resources notice of his intention to revoke this Agreement in writing within such seven (7) day period prior to the Effective Date as set forth in this Section, the Agreement will become effective, binding, enforceable and irrevocable.

5. Miscellaneous.

5.1 Death or Disability. The Company shall not be obligated to pay Executive any salary or bonus after his death or continuous absence from work due to disability for a period of ninety (90) days. All long-term compensation will be governed in accordance with the terms of the applicable plan(s).

5.2 Incidental Benefits. Incidental benefits customarily paid to or on behalf of senior executives of the Company or appropriate for a departing Chairman and Chief Executive Officer with many years of successful service to the Company may be paid during the Transition Period and on the Retirement Date in the discretion of the Committee or the new Chief Executive Officer of the Company, such incidental benefits not to exceed in the aggregate Seventy-Five Thousand Dollars ($75,000.00).

5.3 Successors and Assigns. This Agreement shall inure to the benefit of the parties hereto and their respective successors, assigns, heirs, and legal representatives, including any entity with which the Company may merge or consolidate or to which all or substantially all of its assets may be transferred. The duties and covenants of the Executive under this Agreement, being personal, may not be delegated or assigned.

5.4 Amendment. This Agreement may not be amended except by a written agreement executed by the Executive and another executive officer of the Company.

5.5 Entire Agreement. This Agreement is a complete and total integration of the understanding of the parties and supersedes all prior or contemporaneous negotiations, commitments, agreements, writings and discussions with respect to the Executive's transition from employment with the Company, retirement, or engagement as a consultant, and Executive expressly acknowledges the termination of the Employment Agreement pursuant to the terms of this Agreement. This Agreement does not terminate or supersede any agreement between the Executive and the Company relating to the Executive's conduct, behavior, incentive compensation or fringe benefits, except as expressly modified by the provisions contained herein.

5.6 Governing Law. This Agreement shall be construed and interpreted in accordance with the internal substantive laws of the State of Missouri, without regard to conflicts of law provisions, and except to the extent governed by federal law.

5.7 Arbitration. Any controversy or claim arising out of or relating to this Agreement or any other agreement contemplated hereunder, or the interpretation or breach hereof or thereof, shall be submitted to binding arbitration conducted in the City or County of St.Louis, Missouri, in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association, unless otherwise agreed. The parties shall select one arbitrator familiar with a background in arbitrating employment disputes. If the parties are unable to agree on the selection of an arbitrator to resolve the dispute within fifteen (15) days of either party giving the other party notice of its intent to invoke this Section, then either party may make a request of the American Arbitration Association for a list of qualified potential arbitrators from which the parties shall select an arbitrator in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. If no arbitrator is thus selected within fifteen (15) days after such list is submitted to the parties, either party may request the American Arbitration Association to select an arbitrator. Subject to the following sentence, all expenses and fees of the arbitrator and any other expenses of the arbitration will be borne equally by parties unless the arbitrator in the award assesses such expenses against one of the parties or allocates such expenses other than equally between the parties. Each party will bear its own attorneys' fees and expenses, unless the arbitrator finds that the claim or defense of any party was frivolous or lacked a reasonable basis in fact or law, in which case the arbitrator may assess against such party all or any part of the attorneys' fees and expenses of the other party. The determination of such arbitrator shall be final and binding upon the parties and judgment may be entered thereupon in any court having jurisdiction thereof. The provisions of this Section 5.7 shall not apply to the enforcement of any covenants relating to non-competition, non-solicitation, confidentiality or disparagement contained in this Agreement or any related agreement. Further, the provisions of this Section 5.7 shall not limit the rights of the Company to obtain injunctive relief enjoining the Executive from taking actions or threatening to take an action in violation of the terms of this Agreement or any related agreement.

IN WITNESS WHEREOF, the foregoing Agreement has been executed effective as of August 5, 2002.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

ESCO TECHNOLOGIES, INC.

Dennis J. Moore
Date: 8/5/02

By: Deborah J. Hanlon
Title: VP Human Resources

Exhibit 10(b)

AMENDMENT TO THE ESCO ELECTRONICS CORPORATION 1994 STOCK OPTION PLAN

WHEREAS, ESCO Technologies Inc. (formerly ESCO Electronics Corporation)("Company") adopted the ESCO Electronics Corporation 1994 Stock Option Plan ("Plan"); and

WHEREAS, the Company retained the right to amend the Plan pursuant to Section 16 thereof; and

WHEREAS, the Company desires to amend the Plan:

NOW, THEREFORE, effective as of July 18, 2002 the Plan is amended as follows:

1. The first sentence of Section 9 is deleted and replaced with the following:

The holder of any Stock Option issued hereunder must exercise the Stock Option prior to his termination of employment, except that if the employment of an optionee terminates with the consent and approval of his employer, the Committee may, in its absolute discretion, permit the optionee to exercise his Stock Option, to the extent that he was entitled to exercise it at the date of such termination of employment, at any time within three (3) months after such termination, but not after ten (10) years from the date of the granting thereof. Provided, that the Committee may, in its absolute discretion, direct that the option agreement specifically permit the holder of any Stock Option who terminates employment on account of retirement on or after age 60, to exercise his Stock Option, to the extent that he was entitled to exercise it at the date of such retirement, at any time within five (5) years after such retirement, but not after ten (10) years from the date of the granting thereof.

2. The last sentence of Paragraph 8 is deleted and replaced with the following:

Upon exercise of an option the Committee shall withhold a sufficient number of shares to satisfy the Company's withholding obligations for any taxes incurred as a result of such exercise; provided, that in lieu of all or part of such withholding, the optionee may pay an equivalent amount of cash to the Company.

IN WITNESS WHEREOF, the foregoing amendment was adopted on the 18th day of July, 2002.

Exhibit 10(c)

NONQUALIFIED STOCK OPTION AGREEMENT
UNDER
ESCO ELECTRONICS CORPORATION
1994 STOCK OPTION PLAN

THIS AGREEMENT, made this 18th day of July, 2002, by and between ESCO Technologies Inc. (formerly ESCO Electronics Corporation), a Missouri corporation (hereinafter called the "Company"), and Dennis J. Moore (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the ESCO Electronics Corporation 1994 Stock Option Plan (the "Plan") pursuant to which options to purchase shares of the Common Stock of the Company may be granted to certain key management employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now a key management employee of the Company; and

WHEREAS, the Company desires to grant to Optionee the option to purchase certain shares of its stock under the terms of the Plan;

NOW, THEREFORE, in consideration of the premises, and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions of the Plan, which terms are incorporated herein by reference. The Committee referred to in Paragraph 4 of the Plan ("Committee") has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on July 18, 2002 ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of sixty thousand (60,000) shares of the Common Stock of the Company, of the par value of $0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of $31.3350 per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased prior to February 1, 2003; that at any time during the term of this option on or after February 1, 2003, Optionee may purchase 100% of the number of shares to which this option relates. Notwithstanding the foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates effective as of the later of (i) the date of the Change of Control, or (ii) six (6) months after the Date of Grant. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. The purchase price of the shares subject to the option may be paid for (i)in cash, (ii) by tender of shares of Common Stock already owned by Optionee, or (iii) by a combination of methods of payment specified in clauses (i) and (ii), all in accordance with Paragraph 6 of the Plan. For the purposes of this Agreement, a Change of Control means:

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

b. Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A

promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

3. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock of the Company by reason of stock dividends, recapitalizations, mergers, consolidations, split-ups, combinations or exchanges of shares and the like, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original Agreement, as the Committee, in its sole discretion, shall determine.

4. Investment Purpose. Optionee represents that, in the event of the exercise by him of the option hereby granted, or any part thereof, he intends to purchase the shares acquired on such exercise for investment and not with a view to resale or other distribution; except that the Company, at its election, may waive or release this condition in the event the shares acquired on exercise of the option are registered under the Securities Act of 1933, or upon the happening of any other contingency which the Company shall determine warrants the waiver or release of this condition. Optionee agrees that the certificates evidencing the shares acquired by him on exercise of all or any part of this option, may bear a restrictive legend, if appropriate, indicating that the shares have not been registered under said Act and are subject to restrictions on the transfer thereof, which legend may be in the following form (or such other form as the Company shall determine to be proper), to-wit:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, but have been issued or transferred to the registered owner pursuant to the exemption afforded by Section 4(2) of said Act. No transfer or assignment of these shares by the registered owner shall be valid or effective, and the issuer of these shares shall not be required to give any effect to any transfer or attempted transfer of these shares, including without limitation, a transfer by operation of law, unless (a) the issuer shall have received an opinion of its counsel that the shares may be transferred without requirement of registration under said Act, or (b) there shall have been delivered to the issuer a 'no-action' letter from the staff of the Securities and Exchange Commission, or (c) the shares are registered under said Act."

5. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except by will or the laws of descent and distribution, and any attempted assignment, transfer, mortgage, pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by him.

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan. Provided, that if Optionee's employment is terminated on account of retirement on or after age 60, Optionee may exercise this option, to the extent that he was entitled to exercise it at the date of such retirement, at any time within five (5) years after such retirement, but not after ten (10) years from the Date of the Grant. Provided, further, that if Optionee's employment is terminated for cause (as hereinafter defined) this option shall terminate and be of no further force or effect. For purposes of this Agreement, the term "cause" shall mean:

(i) Optionee's willful and continued failure to substantially perform his duties with the Company or one of its subsidiaries (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for such performance is delivered to him by the Board of Directors of the Company which specifically identifies the manner in which such Board believes that he has not substantially performed his duties; or

(ii) Optionee's willful engaging in (A) illegal conduct (other than minor traffic offenses), or (B) conduct which is in breach of his fiduciary duty to the Company or one of its subsidiaries and which is demonstrably injurious to the Company or one of its subsidiaries, any of their

reputations, or any of their business prospects. For purposes of this subparagraph (ii) and subparagraph (i) above, no act or failure to act on Optionee's part shall be considered "willful" unless it is done, or omitted to be done, by him in bad faith or without reasonable belief that his action or omission was in the best interests of the Company or one of its subsidiaries. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Optionee in good faith and in the best interests of the Company or one of its subsidiaries;

The cessation of Optionee's employment shall not be deemed to be for "cause" unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than three-fourths of the entire membership of such Board of Directors of the Company (but excluding Optionee so long as he is a member of such Board) at a meeting of such Board called and held for such purpose (after reasonable notice is provided to Optionee and he is given an opportunity, together with counsel, to be heard before such Board), finding that, in the good-faith opinion of such Board, Optionee is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

7. Death of Optionee. In the event of the death of Optionee during the term of this Agreement and while he is employed by the Company (or a subsidiary), or within three (3) months after the termination of his employment (or one (l) year in the case of the termination of employment of an Optionee who is disabled as provided in the Plan), this option may be exercised, to the extent that he was entitled to exercise it at the date of his death, by a legatee or legatees of Optionee under his last will, or by his personal representatives or distributes, at any time within a period of one (1) year after his death, but not after ten (10) years from the date hereof, and only if and to the extent that he was entitled to exercise the option at the date of his death.

8. Shares Issued on Exercise of Option. It is the intention of the Company that on any exercise of this option it will transfer to Optionee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

10. Option Not an Incentive Stock Option. This option shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

11. Governing Law. This Agreement shall be construed and administered in accordance wit the laws of the State of Missouri, without regard to the principles of conflicts of law which might otherwise apply.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its Vice President and to be attested by its Secretary under the seal of the Company, pursuant to due authorization, and Optionee has signed this Agreement to evidence his acceptance of the option herein granted and of the terms hereof, all as of the date hereof.

ESCO TECHNOLOGIES INC.

By

Vice President

ATTEST:

Secretary

Dennis J. Moore, Optionee

Exhibit 10(d)

NOTICE OF AWARD

To: Dennis J. Moore

From: Human Resources and Ethics Committee of the Board of Directors of ESCO Technologies Inc. ("Committee")

Subject: Award of Restricted Shares

1. Award. The Committee has awarded to you 40,000 Shares of Company Stock (as hereinafter defined) under the ESCO Technologies Inc. 2001 Stock Incentive Plan ("Plan"), subject to the terms hereinafter set forth. For the purposes of this Award, "Company Stock" means common stock of the Company held in its Treasury.

2. Terms. The following are the terms of the Award:

(a) During the period commencing on July 18, 2002 and ending on April 1, 2003 (the "Restriction Period") you must remain employed by the Company. If during the Restriction Period you terminate employment for any reason other than retirement, death or disability, you will forfeit the shares of Company Stock awarded hereunder. If, during the Restriction Period, you terminate employment on account of death or disability (as determined by the Board), you (or your estate) shall become fully vested in the shares of Company Stock awarded hereunder and the employment requirement of this subparagraph (a) shall cease to apply.

(b) During the Restriction Period, the certificates representing the shares of Company Stock awarded hereunder shall be held by an escrow agent selected by the Company. At the end of the Restriction Period (or upon your earlier termination of employment on account of death or disability as determined under subparagraph (a), above, or upon a Change of Control under the circumstances described in subparagraph (c), below) the escrow agent shall deliver such certificates to you (or to your estate). During the Restriction Period you will be entitled to all dividends paid on the shares of Company Stock awarded hereunder and you will be entitled to instruct the escrow agent how to vote such shares.

(c) If there is a Change of Control (as defined in the Plan) and you are employed by the Company on the date of the Change of Control, you will become fully vested in the shares of Company Stock awarded hereunder and the employment requirement of subparagraph (b) shall cease to apply.

3. Amendment. This Award may be amended by written consent between the Company and you.

Executed this day of , 2002

ESCO TECHNOLOGIES INC.

By:

ATTEST:

Secretary

AGREED TO AND ACCEPTED:

Dennis J. Moore