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 MARCH 31, 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 April 30, 2002 was 12,582,597.

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 March 31, 2002	2001
Net sales	$ 88,224	86,905
Costs and expenses:		
Cost of sales	59,099	59,675
Selling, general and administrative expenses	20,152	17,594
Interest expense	59	5
Other, net	613	2,643
Total costs and expenses	79,923	79,917
Earnings before income taxes	8,301	6,988
Income tax expense	3,108	2,701
Net earnings	$ 5,193	4,287
Earnings per share:		

Net earnings - Basic	$ .42	.35
-Diluted	.40	.34
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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)

	Six Months Ended March 31,	
	2002	2001
Net sales	$ 172,560	169,777
Costs and expenses:		
Cost of sales	116,556	117,302
Selling, general and administrative expenses	38,905	34,359
Interest expense	110	85
Other, net	928	4,555
Total costs and expenses	156,499	156,301
Earnings before income taxes	16,061	13,476
Income tax expense	6,096	5,211
Net earnings	$ 9,965	8,265
Earnings per share:		
Net earnings - Basic	$ .80	.67
-Diluted	.77	.65

See accompanying notes to consolidated financial statements.

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

	March 31, 2002 (Unaudited)	September 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,591	14,506
Accounts receivable, less allowance for doubtful accounts of $881 and $1,122, respectively	63,898	61,351
Costs and estimated earnings on long-term contracts, less progress billings of $3,718 and $21,913, respectively	4,082	6,637
Inventories	50,032	48,167
Current portion of deferred tax assets	14,590	15,278
Other current assets	6,828	5,491
Total current assets	152,021	151,430
Property, plant and equipment, at cost	113,351	107,940
Less accumulated depreciation and amortization	47,336	42,902
Net property, plant and equipment	66,015	65,038
Goodwill, less accumulated amortization of $12,674	101,612	102,163
Deferred tax assets	36,029	38,573
Other assets	27,772	18,373
	$383,449	375,577
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ 50	122
Accounts payable	34,157	35,180
Advance payments on long-term contracts, less costs incurred of $2,290 and $809, respectively	1,967	1,534
Accrued expenses and other current liabilities	25,342	27,233
Total current liabilities	61,516	64,069
Other liabilities	16,185	15,890
Long-term debt	8,145	8,338
Total liabilities	85,846	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 12,529,681 and 13,409,934 shares, respectively	135	134
Additional paid-in capital	208,090	206,282
Retained earnings since elimination of deficit at September 30, 1993	109,614	99,649
Accumulated other comprehensive loss	(7,546)	(6,518)
	310,293	299,547
Less treasury stock, at cost: 1,002,546 and 985,469 common shares, respectively	(12,690)	(12,267)
Total shareholders' equity	297,603	287,280
	$383,449	375,577

See accompanying notes to consolidated financial statements.

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

	Six Months Ended March 31, 2002	Six Months Ended March 31, 2001
Cash flows from operating activities:		
Net earnings	$ 9,965	8,265
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	6,089	7,756
Changes in operating working capital	(4,987)	(4,276)
Change in long-term portion of deferred tax assets	2,544	2,881
Other	772	(918)
Net cash provided by operating activities	14,383	13,708
Cash flows from investing activities:		
Capital expenditures	(6,140)	(4,492)
Acquisition of technology rights	(9,546)	-
Net cash used by investing activities	(15,686)	(4,492)
Cash flows from financing activities:		
Net decrease in short-term borrowings	(12)	(4,000)
Proceeds from long-term debt	45	108
Principal payments on long-term debt	(299)	(100)
Purchases of common stock into treasury	(456)	(266)
Other	110	37
Net cash used by financing activities	(612)	(4,221)
Net (decrease) increase in cash and cash equivalents	(1,915)	4,995
Cash and cash equivalents, beginning of period	14,506	5,620
Cash and cash equivalents, end of period	$ 12,591	10,615

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 six month periods ended March 31, 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 six month periods ended March 31, 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 six month periods ended March 31, 2002. (Dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2001	Six Months Ended March 31, 2001
Reported net earnings	$4,287	$8,265
Add back: Goodwill amortization, net of tax	523	1,056
Adjusted net earnings	$4,810	$9,321
Earnings per share - Basic:		
As Reported	$ .35	$ .67
Goodwill amortization	.04	.09
Adjusted	$ .39	$ .76
Earnings per share - Diluted:		
As Reported	$ .34	$ .65
Goodwill amortization	.04	.08
Adjusted	$ .38	$ .73

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 March 31,		Six Months Ended March 31,	
	2002	2001	2002	2001
Weighted Average Shares Outstanding - Basic	12,477	12,327	12,448	12,309
Dilutive Options and Performance Shares	586	444	545	407
Adjusted Shares- Diluted	13,063	12,771	12,993	12,716

Options to purchase approximately 40,500 shares of common stock at prices ranging between $32.54 - $35.93 and options to purchase 32,000 shares of common stock at a price of $21.44 per share were outstanding during the six month periods ended March 31, 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 118,000 and 202,000 Performance Shares were outstanding but unvested at March 31, 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):

	March 31, 2002	September 30, 2001
Finished goods	$ 11,788	12,065
Work in process, including long-term contracts	15,853	17,089
Raw materials	22,391	19,013
Total inventories	$ 50,032	48,167

5. COMPREHENSIVE INCOME

Comprehensive income for the three-month periods ended March 31, 2002 and 2001 was $5.1 million and $3.3 million, respectively. Comprehensive income for the six-month periods ended March 31, 2002 and 2001 was $8.9 million and $7.5 million, respectively. For the six months ended March 31, 2002, the Company's comprehensive income was negatively impacted by foreign currency translation adjustments of $1.6 million, which was partially offset by an increase in fair value of the Company's interest rate swaps designated as a cash flow hedge of $0.5 million, discussed below in Item 3.

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. In addition, the Company will pay future consideration of $1 million in March 2003 and $1 million in March 2004. NC SRT sales of products utilizing the technologies acquired were approximately $3 million in calendar 2001. NC SRT is included within the Company's Filtration/Fluid Flow segment.

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 March 31,		Six Months ended March 31,	
NET SALES	2002	2001	2002	2001
Filtration/Fluid Flow	$ 48.0	$ 46.9	92.4	91.1
Test	16.7	22.4	34.5	44.0
Communications	20.4	14.6	39.8	29.0
Other	3.1	3.0	5.9	5.7
Consolidated totals	$ 88.2	$ 86.9	172.6	169.8

EBIT				
Filtration/Fluid Flow	$ 3.1	$ 2.3	5.4	4.4
Test	0.9	1.6	2.3	3.7
Communications	4.9	3.4	9.2	6.9
Other	(0.5)	(0.3)	(0.7)(4)	(1.4)(5)
Consolidated totals	$ 8.4(1)	$ 7.0(2)	16.2(1)	13.6(3)

(1) The three and six-month periods ended March 31, 2002 excludes goodwill amortization in accordance with the adoption of SFAS No. 142.

(2) The three month period ended March 31, 2001 included $0.9 million of goodwill amortization.

(3) The six month period ended March 31, 2001 included $1.7 million of goodwill amortization.

(4) The amount for the six month period ended March 31, 2002 consisted of $0.6 million related to Rantec and ($1.3) million related to unallocated corporate operating charges, which includes $0.3 million of exit costs related to the Sanmar joint venture recorded in the first quarter of fiscal 2002, related to the Filtration/Fluid Flow segment.

(5) The amount for the six month period ended March 31, 2001 consisted of $0.7 million related to Rantec and ($2.1) 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; $0.6 million of costs related to the consolidation of the Stockton, CA facility into the Huntley, IL facility (Filtration/Fluid Flow segment) and $0.3 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 were $88.2 million and $86.9 million for the second quarter of fiscal 2002 and 2001, respectively. Net sales were $172.6 million and $169.8 million for the first six months of fiscal 2002 and 2001, respectively. The largest increase was in the Company's Communications segment, resulting from significantly higher shipments of Automatic Meter Reading (AMR) equipment to electric utility cooperatives (Co-ops) and PPL Electric Utilities Corporation (PPL).

FILTRATION/FLUID FLOW

Net sales were $48.0 million and $46.9 million for the second quarter of fiscal 2002 and 2001, respectively. Net sales were $92.4 million and $91.1 million for the first six months of fiscal 2002 and 2001, respectively. Sales increased slightly during the first six months of fiscal 2002 as a result of the contribution from Bea Filtri S.p.A. (Bea), acquired in June 2001, which contributed approximately $5.4 million of net sales in the first six months of fiscal 2002. This increase was partially offset by lower sales in the commercial aerospace and semiconductor markets, which continue to experience economic softness.

TEST
Net sales were $16.7 million and $22.4 million for the second quarter of fiscal 2002 and 2001, respectively. For the first six months of fiscal 2002, net sales were $34.5 million compared to $44.0 million in the prior year period. The sales decrease in the first six months of fiscal 2002 as compared to the prior year period is primarily due to the prior year completion of the General Motors test chamber complex, which contributed $3.3 million of the decrease to net sales, and continued softness in the overall electronics and telecommunications markets.

COMMUNICATIONS
For the second quarter of fiscal 2002, net sales of $20.4 million were $5.8 million, or 39.7%, higher than the $14.6 million of net sales recorded in the second quarter of fiscal 2001. Net sales of $39.8 million in the first six months of fiscal 2002 were $10.8 million, or 37.3%, higher than the $29.0 million recorded in the first six months of fiscal 2001. The increases are the result of significantly higher shipments of AMR equipment to Co-ops and PPL.

OTHER
Net sales were $3.1 million in the second quarter of fiscal 2002 and $3.0 million in the second quarter of fiscal 2001. In the first six months of fiscal 2002, net sales were $5.9 million compared to $5.7 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 $315.6 million at March 31, 2002, compared with $180.1 million at September 30, 2001. Orders totaling $308.1 million were received in the first six months of fiscal 2002. Approximately $102.1 million of new orders in the first six months of fiscal 2002 related to Filtration/Fluid Flow products, $35.5 million related to Test products, and $165.2 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 second quarter of fiscal 2002 were $20.2 million, or 22.8% of net sales, compared with $17.6 million, or 20.2% of net sales for the prior year period. For the first six months of fiscal 2002, SG&A expenses were $38.9 million, or 22.5% of net sales, compared with $34.4 million, or 20.2% of net sales for the prior year period. The increase in SG&A spending in the first six months of fiscal 2002 is mainly due to the Bea acquisition, which added approximately $1.8 million of SG&A expenses in the first six months of fiscal 2002, and additional investments in research and development, engineering, and marketing within the Communications and Filtration/Fluid Flow segments.

OTHER COSTS AND EXPENSES, NET
Other costs and expenses, net, were $0.6 million for the quarter ended March 31, 2002 compared to $2.6 million for the prior year quarter. The second quarter of fiscal 2002 excludes goodwill amortization in accordance with the adoption of SFAS No. 142, while the second quarter of fiscal 2001 included goodwill amortization of $0.9 million. Other costs and expenses, net, were $0.9 million for the first six months of fiscal 2002 compared to $4.6 million for the prior year period. The first six months of fiscal 2002 excludes goodwill amortization, and the first six months of fiscal 2001 included goodwill amortization of $1.7 million.

Principal components of other costs and expenses, net for the first six months of fiscal 2002 include $0.6 million of amortization of identifiable intangible assets, primarily patents, and $0.3 million of exit costs related to the Sanmar joint venture (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 the amount for the first six months of fiscal 2001 include $1.7 million of goodwill amortization, $0.7 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 $0.3 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 $1.4 million to $8.4 million (9.5% of net sales) for the second quarter of fiscal 2002 from $7.0 million (8.0% of net sales) for the second quarter of

fiscal 2001. The prior year quarter included goodwill amortization of approximately $0.9 million. Excluding the amortization of goodwill from the second quarter of fiscal 2001's results, EBIT would have been $7.9 million (9.0% of net sales).

For the first six months of fiscal 2002, EBIT increased $2.6 million to $16.2 million (9.4% of net sales) from $13.6 million (8.0% of net sales) for the first six months of fiscal 2001. The prior year period included goodwill amortization of approximately $1.7 million. Excluding the amortization of goodwill from the first six months of fiscal 2001's results, EBIT would have been $15.3 million (9.0% of net sales).

FILTRATION/FLUID FLOW
EBIT was $3.1 million and $2.3 million in the second quarter of fiscal 2002 and 2001, respectively, and $5.4 million and $4.4 million in the first six months of fiscal 2002 and 2001, respectively. The prior year second quarter and six months ended March 31, 2001 included goodwill amortization of $0.5 million and $1.0 million, respectively. Excluding the goodwill amortization, EBIT for the second quarter and six months of fiscal 2001 would have been $2.8 million and $5.4 million, respectively. The current year continues to be impacted by the softening of 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 $1.6 million in the second quarter of fiscal 2002 and 2001, respectively, and $2.3 million and $3.7 million in the first six months of fiscal 2002 and 2001, respectively. The prior year second quarter and six months ended March 31, 2001 included goodwill amortization of $0.4 million and $0.7 million, respectively. Excluding the goodwill amortization, EBIT for the second quarter and six months of fiscal 2001 would have been $2.0 million and $4.4 million, respectively. The decline in EBIT in the first six months of fiscal 2002 as compared to the prior year period is mainly due to the completion of the General Motors test chamber complex in fiscal 2001 and the continued softness in the electronics and telecommunications markets.

COMMUNICATIONS
Second quarter EBIT of $4.9 million in fiscal 2002 was $1.5 million, or 44.1%, higher than the $3.4 million of EBIT in the second quarter of fiscal 2001. For the first six months of fiscal 2002, EBIT increased $2.3 million, or 33.3%, to $9.2 million from $6.9 million in fiscal 2001. The increase in EBIT is the result of significantly higher shipments of AMR equipment.

OTHER
EBIT was ($0.5) million and ($0.7) million for the three and six-month periods ended March 31, 2002, respectively, compared to ($0.3) million and ($1.4) million for the respective prior year periods. The amount for the second quarter ended March 31, 2002 consisted of $0.3 million related to Rantec and ($0.8) million related to unallocated corporate operating charges. EBIT for the first six months of fiscal 2002 consisted of $0.6 million related to Rantec and ($1.3) million related to unallocated corporate operating charges, which includes $0.3 million of exit costs related to the Sanmar joint venture (Filtration/Fluid Flow segment) which was terminated in the first quarter of fiscal 2002. The amount for the first six months of fiscal 2001 consisted of $0.7 million related to Rantec and ($2.1) 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, $0.6 million of costs related to the consolidation of the Stockton, CA facility into the Huntley, IL facility (Filtration/Fluid Flow segment) and $0.3 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 for both the three and six-month periods ended March 31, 2002, consistent with the
prior year three and six-months periods ended March 31, 2001, respectively.

INCOME TAX EXPENSE
The second quarter fiscal 2002 effective income tax rate was 37.4% compared to 38.7% in the second quarter of fiscal 2001. The decrease in the effective income tax rate in the second 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 six months of fiscal 2002 was 38.0% compared to 38.7% in the prior year period. Management estimates the annual effective tax rate for fiscal 2002 to be approximately 38.5%.

FINANCIAL CONDITION
Working capital increased to $90.5 million at March 31, 2002 from $87.4 million at September 30, 2001. During the first six months of fiscal 2002, accounts receivable increased by $2.5 million due to the increase in sales; inventories increased by $1.9 million to support near term demand; offset by a decrease in costs and estimated earnings on long-term contracts of $2.6 million due to the

completion of the General Motors test chamber complex. In addition, accounts payable and accrued expenses decreased by $2.9 million primarily due to the timing of payments.

Net cash provided by operating activities was $14.4 million in the first six months of fiscal 2002 compared to net cash provided by operating activities of $13.7 million in the same period of fiscal 2001.

Cash flow from operations and borrowings under the bank credit facility are expected to provide adequate resources to meet the Company's capital requirements and operational needs for the foreseeable future.

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.

Capital expenditures were $6.1 million in the first six months of fiscal 2002 compared with $4.5 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.

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).

Other current assets include approximately $0.6 million of capitalized legal costs at March 31, 2002. These costs have been incurred in the defense of certain patents used in the Company's Filtration/Fluid Flow business and their recovery while probable, is subject to litigation or further negotiations.

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 six months of fiscal 2002.

The Company continues to explore consolidation opportunities within its existing businesses which 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.

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's 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 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. SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet been incurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction.

Management does not believe the implementation of Statements No. 143 and 144 will have a material adverse 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 six months ended March 31, 2002, accumulated other comprehensive loss included an after tax increase in fair value of approximately $0.5 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of the Company's shareholders was held on Tuesday, February 5, 2002, to vote on the election of three directors. The voting for directors was as follows:

	For	Withheld	Broker Non-Votes
W. S. Antle III	10,459,481	108,397	0
L. W. Solley	10,457,504	110,374	0
J. D. Woods	10,088,386	479,492	0

The terms of J. M. McConnell, D. C. Trauscht, J. M. Stolze, and D. J. Moore continued after the meeting.

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)
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)
10	Severance Plan adopted as of August 10, 1995 (as restated February 5, 2002)	

b) Reports on Form 8-K.

During the quarter ended March 31, 2002, the Company filed the following Current Reports on Form 8-K:

The Company filed a Current Report on Form 8-K, dated February 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 issue a press release announcing its first quarter fiscal 2002 results, present certain related financial information at the Company's Annual Meeting of Stockholders and include such information on the Company's website.

The Company filed a Current Report on Form 8-K, dated February 6, 2002, which reported in "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits" and "Item 9. Regulation FD Disclosure" additional information to supplement the information reported in the Company's Current Report on Form 8-K, dated February 5, 2002.

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: May 14, 2002

EXHIBIT 10

SEVERANCE PLAN

Initially adopted as of August 10, 1995
Restated February, 2002

This Executive Severance Plan ("Plan") was originally adopted as of the 10th day of August, 1995 by ESCO ELECTRONICS CORPORATION, a Missouri Corporation, now ESCO TECHNOLOGIES INC. (the "Company"). The Plan is hereby restated on February 5, 2002. The participants designated to be subject to this Plan (each an "Executive" and collectively the "Executives") shall be determined by the Chief Executive Officer of the Company ("CEO"), except that the Human Resources and Ethics Committee ("HREC") of the Board of Directors of the Company ("Board") shall make any decision concerning the CEO. The Executives designated and the Applicable Multipliers determined with respect to such Executives pursuant to Section 4(a)(i)(D), are set forth in Appendix A. Appendix A may be changed from time to time as determined by the CEO or HREC.

1. Certain Definitions. For purposes of this Plan the following words shall have the following meanings:

(a) "Change of Control" shall mean:

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

(ii) When 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 the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

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

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Effective Date" shall mean the first date on which a Change of Control occurs. Anything in this Plan to the contrary notwithstanding, if an Officer's employment with the Company is terminated or if the Plan is amended, changed or modified and if such termination of employment or amendment, change or modification to the Plan (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control, or (ii) otherwise arose in connection with, or in anticipation of, a Change of Control, then for all purposes of this Plan the "Effective Date" shall mean the date immediately prior to the date of such termination of employment, or amendment, change or modification to the Plan as the case may be.

(d) "Employment Period" shall mean the period commencing on the Effective Date and ending on the third anniversary of such date.

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

2. Terms of Employment.

(a) Location and Duties.

(i) The Company shall keep each Officer in its employ for the Employment Period. During the Employment Period, each Officer's services shall be required to be performed at the location where the Officer was employed immediately preceding the Effective Date, or at any office or location less than 50 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which an Officer is entitled, each Officer will be expected to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Officer, to use the Officer's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Plan for an Officer to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Officer's assigned responsibilities. To the extent that any such activities have been conducted by an Officer prior the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not hereafter be deemed to interfere with the performance of the Officer's responsibilities to the Company.

(b) Compensation.

During the Employment Period, unless his employment is earlier terminated pursuant to Section 3, each Officer shall receive:

(i) Base Salary. A minimum base salary ("Base Salary"), which shall be paid at a monthly rate, in an amount not less than the annualized monthly base salary rate paid or payable to the Officer during the month immediately preceding the month in which the Effective Date occurs, including any base salary which was earned but payment of which was deferred and any base salary which was paid or payable to the Officer by the Company and its affiliated companies. As used in this Plan, the term "affiliated companies" shall include any company directly or indirectly controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. A minimum annual bonus ("Annual Bonus") in cash, payable in accordance with past practices of the Company, calculated by multiplying the Base Salary defined in Section 2(b)(i) times the Average Annual Bonus Percentage. The "Average Annual Bonus Percentage" is the average of the percentages of the Officer's base salary earned in a Fiscal Year represented by his annual bonus earned in respect of that Fiscal Year from the Company or its affiliated companies for each of the five Fiscal Years most recently ended, after disregarding the highest and lowest of such percentages.

(iii) Benefits. All pension, welfare and other employee benefits, fringe benefits and perquisites in amounts and on terms not less favorable than those to which the Officer was entitled on the Effective Date, subject only to benefits reductions within the scope of Section 3(c)(i).

3. Termination of Employment.

(a) Death or Disability. An Officer's employment shall terminate automatically upon the Officer's death during the Employment Period. If the Company determines in good faith and as set forth below that the Disability of the Officer has occurred or is continuing during the Employment Period, it may give to the Officer written notice of its intention to terminate the Officer's employment. In such event, the Officer's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Officer (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Officer shall not have returned to full-time performance of the Officer's duties. For purposes of this Plan, "Disability" shall mean the absence of the Officer from the Officer's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Officer or the Officer's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company may terminate an Officer's employment during the Employment Period for Cause. For the sole and exclusive purposes of this Plan, "Cause" shall mean:

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

(ii) The willful engaging by the Officer in (A) illegal conduct (other than minor traffic offenses), or (B) conduct which is in breach of the Officer's fiduciary duty to the Company and which is demonstrably injurious to the Company, its reputation or its business prospects. For purposes of this provision, no act or failure to act,

on the part of the Officer, shall be considered "willful" unless it is done, or omitted to be done, by the Officer in bad faith or without reasonable belief that the Officer's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board (or upon the instructions of the CEO in the case of another Officer) or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Officer in good faith and in the best interests of the Company. The cessation of employment of the Officer shall not be deemed to be for Cause unless and until there shall have been delivered to the Officer a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Officer and the Officer is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good-faith opinion of the Board, the Officer is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. An Officer may voluntarily terminate his employment for Good Reason. For the sole and exclusive purposes of this Plan, "Good Reason" shall mean:

(i) any failure by the Company to comply with any of the provisions of this Plan, other than an isolated failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Officer and other than a failure to comply with Section 2(b)(iii) solely by reason of a reduction in benefits that applies to all salaried employees who are exempt from the wage and hour provisions of the Fair Labor Standards Act;

(ii) the Company's requiring the Officer to be based at any office or location other than as provided in Section 2(a)(i);

(iii) the occurrence on or after the Effective Date of (A) any change in the Officer's status, title, position or responsibilities (including reporting responsibilities) which, in

the Officer's reasonable judgement, represents a reduction in his status, title, position or responsibilities as in effect immediately prior thereto, (B) the assignment to the Officer of any duties or responsibilities which, in the Officer's reasonable judgement, are inconsistent with such status, title, position or responsibilities, or (C) any removal of the Officer from or failure to reappoint or re-elect the Officer to any of such positions, except in connection with the termination of his employment by reason of the Officer's death or Disability, for Cause, or by the Officer without Good Reason;

(iv) any purported termination by the Company of the Officer's employment otherwise than as expressly permitted by this Plan; or

(v) any failure by the Company to comply with and satisfy Section 9(c).

(d) Notice of Termination. Any termination of employment hereunder shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 10(c). For purposes of this Plan, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Plan relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Officer's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 90 days after the giving of such notice). Any failure by an Officer or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right to the Officer or the Company, respectively, hereunder or preclude the Officer or the Company, respectively, from asserting such fact or circumstance in enforcing the Officer's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Officer's employment is terminated by the Company for Cause, or by the Officer for Good Reason, the date of receipt of the Notice of Termination

or any later date specified therein, as the case may be, (ii) if the Officer's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date 90 days after the date on which the Company notifies the Officer of such termination and (iii) if the Officer's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Officer or the Disability Effective Date, as the case may be.

4. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Officer's employment other than for Cause or Disability or the Officer shall terminate employment for Good Reason:

(i) The Company shall pay to the Officer in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(A) To the extent not theretofore paid, the Officer's current base salary; plus

(B) All previously deferred base salary, bonuses and other compensation (together with any accrued interest thereon)not yet paid by the Company; plus

(C) A bonus equal to the base salary earned from the beginning of the Fiscal Year in which the termination occurred to the Date of Termination multiplied by the Average Annual Bonus Percentage defined in Section 2(b)(ii); plus

(D) The product of (1)a multiplier which shall be equal to "Three" (the "Applicable Multiplier"), and (2)Final Compensation. "Final Compensation" is the sum of (x)the Base Salary defined in Section 2(b)(i), plus (y) the Average Annual Bonus Percentage defined in Section 2(b)(ii) multiplied by such base salary; plus

(E) Vacation pay equal to Final Compensation per day multiplied by the number of days of earned vacation not taken as of the Date of Termination; plus

(F) The lump sum actuarial equivalent of a supplemental retirement benefit equal to the difference between a) the amounts which would have been payable under any tax-qualified defined benefit retirementplan (and any non-qualified supplement to such plan) of the Company or a subsidiary applicable to the Officer (collectively, the "Retirement Plan") if the Officer had remained employed by the Company at the Final Compensation level for a number of years after the Date of Termination equal to the Applicable Multiplier (or until reaching 67 years of age, if earlier) and (b) the amounts actually payable under the Retirement Plan.

(ii) The Company shall continue to provide to the Officer, or reimburse the Officer for the cost of, all medical, hospitalization, disability, dental, life insurance, club membership and automobile benefits in amounts and on terms not less favorable than those to which the Officer was entitled on the Date of Termination, for a number of years after the Date of Termination equal to the Applicable Multiplier, and shall pay or provide any other amounts or benefits required by law to be paid or provided to the Officer or which the Officer is entitled to receive under any plan, program, policy, practice, contract or agreement of the Company or any of its affiliated companies. (iii) If the aggregate amounts under (i) above are not paid to the Officer when due, interest thereon shall accrue and be paid to the Officer at the rate of the lesser of (A) 15% per annum, compounded monthly or (B) the maximum rate allowed by law.

(iv) As a condition of receiving payments and benefits under this Section 4(a), the Officer must provide the Company with a release, satisfactory to the Company in its sole discretion, of all claims, charges and causes of action the Officer may have arising out of or relating in any way to the Officer's employment by the Company and its affiliated companies and the termination of such employment, including, but not limited to, ADEA waivers.

(b) Termination in Other Cases. If an Officer's employment is terminated during the Employment Period by reason of the Officer's death or Disability, for Cause, or as a result of the

Officer's termination thereof without Good Reason, this Plan shall terminate with respect to the Officer without further obligations to the Officer or the Officer's legal representative under this Plan.

5. Non-exclusivity of Rights. Nothing shall herein limit or otherwise affect such rights as an Officer may have under any other contract or agreement with the Company or any of its affiliated companies or by law. Amounts which are vested benefits or which any Officer is otherwise entitled to receive under any other plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with its terms, unless explicitly modified by this Plan.

6. No Obligation to Mitigate. The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against any Officer. Except as otherwise provided in this Section 6, in no event shall any Officer be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Officer under any of the provisions of this Plan and such amounts shall not be reduced whether or not the Officer obtains other employment. Notwithstanding the foregoing, if the Officer obtains other employment, the Company's obligation to provide medical, hospitalization, disability, dental or life insurance benefits under Section 4(a)(ii) shall be reduced to the extent such benefits are provided to the Officer as a result of such other employment.

7. Legal Expenses. The Company and its affiliated companies shall pay promptly upon submission of appropriate invoices, to the full extent permitted by law, all reasonable attorneys' fees and related expenses which any Officer reasonably deems necessary to incur in connection with any dispute with respect to the validity or enforceability of, or liability under, any provision of this Plan (including without limitation any dispute as to the amount of any payment pursuant to this Plan); provided, however, that if the Company is advised by independent counsel that it will probably prevail if the dispute is litigated on a motion for summary judgment, the Company may refrain from such payments so long as the Company actively pursues a decision on such motion,

and if such motion is granted and becomes a final, non-appealable order, the Company shall have no obligation under this Section 7 with respect to the Officer's attorneys' fees and related expenses in connection with such dispute. However, if such motion for summary judgment is denied and if such denial becomes a final, non-appealable order, the Company shall pay such attorneys' fees and related expenses, or, if the Officer had already paid such attorneys' fees and related expenses, the Company shall reimburse the Officer for such payment, together with interest, from the date of such payment to the date of reimbursement, at the rate of the lesser of (A) 15% per annum, compounded monthly or (B) the maximum rate allowed by law.

8. Provisions Relating to Taxation of Payments.

(a) Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of any Officer (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1988 (the "Code") (or any other provision of the Code relating to excise taxes or "excess parachute payments") or any interest or penalty is imposed on an Officer with respect to such excise tax, the Officer shall not be entitled to receive any additional payment in any amount to compensate for such tax, interest or penalty.

(b) For purposes of this section, (i) "Payment" shall mean any payment or distribution in the nature of compensation to or for the benefit of an Officer, whether paid or payable pursuant to this Plan or otherwise; (ii) "Net After Tax Receipt" shall mean the Present Value of a Payment net of all taxes imposed on the Officer with respect thereto under Section 1 and 4999 of the Code, determined by applying the highest marginal rate under Section 1 of the Code which applied to the Officer's taxable income for the immediately preceding taxable year; (iii) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code; and (iv) "Reduced Amount" shall mean the largest aggregate amount of Payments which (a) is less than the sum of all Payments and (b) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which relate to or would result if Payments were made without regard to this Section 8.

(c) Anything in this Plan to the contrary notwithstanding, in the event a certified public accounting firm designated by the Company (the "Accounting Firm") shall determine that receipt of all Payments would subject the Officer to tax under Section 4999 of the Code, it shall determine whether some amount of Payments would meet the definition of a "Reduced Amount." If the Accounting Firm determines that there is a Reduced Amount, the Payments under this Plan shall be reduced so that the aggregate Payments shall equal such Reduced Amount.

(d) While it is the intention of the Company that the amount of Payments to the Officer shall result in the maximum aggregate Net After Tax Receipts to each Officer, as a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Officer pursuant to this Plan which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Officer pursuant to this Plan could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based either upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Officer which the Accounting Firm believes has high probability of success or controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Officer shall be treated for all purposes as a loan ab initio to the Officer which the Officer shall repay to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by the Officer to the Company if and to the extent such deemed loan and payment would not either reduce the amount on which the Officer is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Officer together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

9. Successors.

(a) This Plan shall inure to the benefit of and be enforceable by the Officer and the Officer's legal representative.

(b) This Plan shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, sale of assets or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Plan, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Plan by operation of law, or otherwise.

10. Miscellaneous.

(a) This Plan shall be governed by and construed in accordance with the laws of the State of Missouri, without reference to principles of conflict of laws. The captions of this Plan are not part of the provisions hereof and shall have no force or effect.

(b) This Plan may be amended, changed or modified by the Company prior to the Effective Date in any manner (including adding or deleting Officers or changing Applicable Multipliers) by written notice to all affected Officers given in accordance with subparagraph (c) below; provided, however, that unless the first anniversary of the giving of such notice occurs prior to the Effective Date, no such amendment, change or modification adverse to the rights of any Officer hereunder shall become effective. This Plan is intended to benefit and create a binding contractual relationship between each Officer and the Company, and to be enforceable by any Officer, with respect to such Officer, according to its terms.

(c) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Officer:

At the current home address of the Officer identified in the personnel records of the Company.

If to the Company: General

Counsel (Chief Executive Officer, if from the General Counsel)
ESCO Technologies Inc.
8888 Ladue Road - Suite 200
St. Louis, MO 63124

Notices and communications shall be effective at the time they are given in the foregoing manner.

(d) The Company shall withhold from any amounts payable under this Plan such Federal, state, local or foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

(e) An Officer's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Plan or the failure to assert any right the Officer or the Company may have hereunder, including, without limitation, the right of an Officer to terminate employment for Good Reason of this Plan, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan.

(f) Except as may otherwise be provided under any other written agreement between an Officer and the Company, the employment of the Officers by the Company is "at will" and, prior to the Effective Date, any Officer's employment may be terminated by either the Officer or the Company, in which case such Officer shall have no further rights under this Plan.

IN WITNESS WHEREOF, the foregoing Plan was adopted as of the 10th day of August, 1995, and restated on February 5, 2002. ESCO TECHNOLOGIES INC.

By: ______________________

[SEAL]

ATTEST: _____________________

APPENDIX A

Name	Multiplier
D. J. Moore	3x
V. Richey	2x
C. Kretschmer	2x
A. Barclay	2x