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, 2000

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 ELECTRONICS CORPORATION

(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 (Address of principal executive offices)	63124-2090 (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 common stock outstanding at April 30, 2000 was 12,306,793.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Net sales	$ 70,062	96,214
Costs and expenses:		
Cost of sales	48,486	71,178
Selling, general and administrative expenses	14,686	18,593
Interest (income) expense	(157)	1,704
Other, net	1,449	1,580
Total costs and expenses	64,464	93,055

Earnings before income taxes	5,598	3,159
Income tax expense	2,081	1,112
Net earnings	3,517	2,047
Earnings per share: - Basic	$ .29	.17
- Diluted	.28	.16

See accompanying notes to consolidated financial statements.

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except per share amounts)

	Six Months Ended March 31, 2000	1999
Net sales	135,927	184,407
Costs and expenses:		
Cost of sales	94,723	136,477
Selling, general and administrative expenses	28,438	35,814
Interest (income) expense	(308)	3,436
Other, net	3,040	3,190
Gain on sale of property	(2,239)	-
Total costs and expenses	123,654	178,917
Earnings before income taxes	12,273	5,490
Income tax expense	3,700	1,928
Net earnings before accounting change	8,573	3,562
Cumulative effect of accounting change, net of tax	-	(25,009)
Net earnings (loss)	8,573	(21,447)
Earnings (loss) per share:		
Earnings before accounting change: - Basic	$ .70	.29
- Diluted	.68	.28
Net earnings (loss) - Basic	$ .70	(1.74)
- Diluted	.68	(1.74)

See accompanying notes to consolidated financial statements

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands)

	March 31, 2000	September 30, 1999
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 11,928	87,709
Accounts receivable, less allowance for doubtful accounts of $629 and $574, respectively	43,415	38,669
Costs and estimated earnings on long-term contracts, less progress billings of $10,698 and $11,778, respectively	7,801	4,019
Inventories	41,431	39,590
Other current assets	4,560	3,559
Total current assets	109,135	173,546

Property, plant and equipment, at cost	106,719	109,763
Less accumulated depreciation and amortization	38,177	38,445
Net property, plant and equipment	68,542	71,318
Excess of cost over net assets of purchased businesses, less accumulated amortization of $7,684 and $6,631, respectively	72,537	68,950
Deferred tax assets	41,351	44,783
Other assets	21,651	19,788
	$313,216	378,385
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ -	20,598
Accounts payable	27,485	26,339
Advance payments on long-term contracts, less costs incurred of $2,256 and $479, respectively	1,916	682
Accrued expenses and other current liabilities	20,105	30,598
Total current liabilities	49,506	78,217
Other liabilities	10,127	9,583
Long-term debt	849	41,896
Total liabilities	60,482	129,696
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 13,180,504 and 12,782,663 shares, respectively	132	128
Additional paid-in capital	204,428	201,719
Retained earnings since elimination of deficit at September 30, 1993	61,296	52,723
Accumulated other comprehensive loss	(3,376)	(1,870)
	262,480	252,700
Less treasury stock, at cost; 892,425 and 404,625 common shares, respectively	(9,746)	(4,011)
Total shareholders' equity	252,734	248,689
	$313,216	378,385

See accompanying notes to consolidated financial statements.

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Six Months Ended March 31, 2000	1999
Cash flows from operating activities:		
Net earnings (loss)	$ 8,573	(21,447)
Adjustments to reconcile net earnings (loss) to net cash (used) provided by operating activities:		
Depreciation and amortization	7,046	9,022
Changes in operating working capital, net of accounting change	(17,864)	(13,107)
Effect of accounting change, net of tax	-	25,009
Other	(415)	3,649
Net cash (used) provided by operating		

activities	(2,660)	3,126
Cash flows from investing activities:		
Capital expenditures	(4,360)	(4,295)
Acquisition (divestiture) of businesses, less cash acquired	(3,900)	-
Net cash used by investing activities	(8,260)	(4,295)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(12,506)	9,000
Proceeds from long-term debt	80	96
Principal payments on long-term debt	(49,219)	(4,241)
Purchases of common stock into treasury	(5,765)	(1,562)
Other	2,549	138
Net cash (used) provided by financing activities	(64,861)	3,431
Net (decrease) increase in cash and cash equivalents	(75,781)	2,262
Cash and cash equivalents, beginning of period	87,709	4,241
Cash and cash equivalents, end of period	$ 11,928	6,503

See accompanying notes to consolidated financial statements.

ESCO ELECTRONICS CORPORATION 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 generally accepted accounting principles. 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, 1999. Certain prior year amounts have been reclassified to conform to the fiscal 2000 presentation.

The results for the three and six month periods ended March 31, 2000 are not necessarily indicative of the results for the entire 2000 fiscal year.

On September 30, 1999, the Company sold its last major defense business, Systems & Electronics Inc. (SEI) for $85 million in cash, less working capital adjustments. The prior year amounts include the operating results of SEI for the entire year. The Company has provided a reconciliation of reported earnings to "adjusted" earnings within "Item 2. Management's Discussion and Analysis (MD&A)" noted below.

2. Earnings (Loss) Per Share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share 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 net earnings per share for the first six months of fiscal 2000, for both basic and diluted earnings per share, is calculated using the weighted average number of common shares outstanding during the period. The number of shares used in the calculation of earnings (loss) per share for each period presented is as follows (in thousands):

	Three Months Ended March 31,	Six Months Ended March 31,

	2000	1999	2000	1999
Weighted Average Shares Outstanding - Basic	12,275	12,274	12,312	12,294
Dilutive Options and Performance Shares	324	300	317	294
Adjusted Shares- Diluted	12,599	12,574	12,629	12,588

Options to purchase approximately 125,000 shares of common stock at prices ranging from $12.91-$19.22 per share and options to purchase 691,000 shares of common stock at approximately $10.00 - $19.22 were outstanding during the six month periods ended March 31, 2000 and 1999, respectively, but were not included in the respective computations of diluted EPS because the options' exercise price was greater than the average market price of the common shares. These options expire in various periods through 2010. Approximately 20,000 and 166,000 performance shares were outstanding but unearned at March 31, 2000, and 1999, respectively, and therefore, were not included in the respective computations of diluted EPS. The unearned performance shares expire in 2001.

3. Inventories

Inventories consist of the following (dollars in thousands):

	March 31, 2000	September 30, 1999
Finished goods	$ 11,444	11,387
Work in process, including long-term contracts	15,234	14,517
Raw materials	14,753	13,686
Total inventories	$ 41,431	39,590

4. Change in Accounting Principle

During the first quarter of fiscal 1999, the Company adopted the provisions of Statement of Position (SOP) 98-5,"Reporting on the Costs of Start-up Activities". This SOP provides guidance on accounting for start-up activities, including precontract costs and organization costs. The adoption of SOP 98-5 resulted in a non-cash, after-tax charge of approximately $25 million, which was recognized as a cumulative effect of an accounting change in the prior year first quarter ended December 31, 1998.

5. Comprehensive Income (Loss)

Comprehensive income for the three-month periods ended March 31, 2000 and 1999 was $2.6 million and $1.0 million, respectively. Comprehensive income (loss) for the six-month periods ended March 31, 2000 and 1999 was $7.1 million and ($22.5) million, respectively. The Company's comprehensive income and loss is impacted only by foreign currency translation adjustments. During the second quarter of fiscal 2000, the foreign currency adjustments were primarily impacted by the fluctuations in certain European currencies.

6. Business Segment information

The Company is organized based on the products and services that it offers. Beginning with the first quarter of fiscal 2000, the operating results of Comtrak Technologies, L.L.C (Comtrak) are included within the Company's Communications segment. This change from September 30, 1999 is the result of the consolidation of Distribution Control Systems, Inc. (DCSI) and Comtrak under common management, and the move of Comtrak operations into the DCSI operating facility. This consolidation occurred in the quarter ended December 31, 1999.

($ in millions)	Three Months ended March 31,	
Net Sales	2000	1999

Filtration/Fluid Flow	$45.9	40.8
Test	10.3	10.1
Communications	10.7	5.4
Other	3.2	3.7
Divested Business	-	36.2
Consolidated totals	$70.1	96.2
Operating Profit (Loss)		
Filtration/Fluid Flow	$ 4.6	3.4
Test	1.2	1.2
Communications	2.1	.3
Other	(1.0)	(.6)
Divested Business	-	2.1
Consolidated totals	$ 6.9	6.4

($ in millions)	Six Months ended March 31,	
Net Sales	2000	1999
Filtration/Fluid Flow	$89.0	80.8
Test	19.0	17.2
Communications	21.2	10.2
Other	6.7	7.5
Divested Business	-	68.7
Consolidated totals	$135.9	184.4
Operating Profit (Loss)		
Filtration/Fluid Flow	$ 8.0	6.8
Test	1.9	1.7
Communications	4.4	.6
Other	(1.5)	(.7)
Divested Business	-	3.7
Consolidated totals	$ 12.8	12.1

7. Acquisitions / Divestitures

During February 2000, the Company completed the sale of its microwave antenna product line, which had historically operated as part of Rantec Microwave & Electronics, Inc. The operating results for this business, prior to the divestiture, have been included within the Company's Other segment. The Company sold the contract order backlog and operating assets of the microwave antenna product line for $2.1 million in cash, plus contingent consideration based on future operating results over the next two years. The Company retained the land and buildings related to this business.

On March 31, 2000, the Company acquired the Eaton space products business (Eaton), for approximately $6 million in cash and accounted for the transaction as a purchase. Eaton manufactures specialty valves and other fluid flow components for satellite launch vehicles and aircraft applications. With annual sales of approximately $7 million, this newly acquired product line will be integrated into the existing VACCO operations which is included in the Company's Filtration / Fluid Flow segment. Eaton's assets and liabilities are included in the Company's consolidated balance sheet at March 31, 2000.

8. Subsequent Events

Effective April 9, 2000, the Company acquired all of the outstanding common stock of The Curran Company (doing business as Lindgren RF Enclosures) and Lindgren, Inc. (doing business as Lindgren-Rayproof) (collectively "Lindgren") for approximately $25 million in cash and accounted for the transaction as a purchase. Lindgren has annual sales in excess of $40 million and is a leading supplier of radio frequency (RF) shielding products and components used by manufacturers of medical equipment, communications systems and electronic products. Lindgren is headquartered near Chicago, IL and operates facilities in Wisconsin, Florida, the United Kingdom and Singapore. The operating results for Lindgren will be included within the Company's Test segment.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Reconciliation of Adjusted Net Earnings - 1999

The following table is not intended to present prior year net earnings as defined within generally accepted accounting principles (GAAP), and is presented for informational purposes only. The table is comparable to the full year table presented in the 1999 Annual Report to Shareholders (page 11).

The table provides a reconciliation between the 1999 reported financials and what Management believes the 1999 operating results may have been after removing certain nonrecurring items and assuming that all of the actions taken during 1999 to reposition the business were complete at the beginning of the period. Management believes the estimated 1999 adjusted operating results provide a meaningful presentation for purposes of analyzing ESCO's ongoing financial performance.

Three Months Ended March 31, 1999

($ in millions, rounded)	Reported	(a) Elimination of SEI	(b) Adjusting Items	Adjusted
Net sales	$96.2	36.2	-	$60.0
Cost of sales	71.2	28.4	(.2)	42.6
SG&A expenses	18.6	5.7	.1	13.0
Interest expense (income)	1.7	.1	(2.0)	(.4)
Other, net	1.6	.1	-	1.5
Total costs and expenses	93.1	34.3	(2.1)	56.7
Earnings before tax	3.1	1.9	2.1	3.3
Income tax expense	1.1	-	.1	1.2
Net earnings	2.0	1.9	2.0	2.1

Six Months Ended March 31, 1999

($ in millions, rounded)	Reported	(a) Elimination of SEI	(b) Adjusting Items	Adjusted
Net sales	$184.4	68.7	-	$115.7
Cost of sales	136.5	54.1	(.4)	82.0
SG&A expenses	35.8	10.9	.3	25.2
Interest expense (income)	3.5	.3	(3.8)	(.6)
Other, net	3.2	.2	-	3.0
Total costs and expenses	179.0	65.5	(3.9)	109.6
Earnings before tax	5.4	3.2	3.9	6.1
Income tax expense	1.9	-	.3	2.2
Net earnings before accounting change	3.5	3.2	3.6	3.9
Cumulative effect of accounting change, net of tax	(25.0)	-	25.0	-
Net earnings (loss)	$(21.5)	3.2	28.6	$3.9

(a) Represents the operations of SEI, which were included in the ESCO consolidated 1999 GAAP reported results of operations for the first three and six months of fiscal 1999, respectively.

(b) Represents the adjusting items as explained in detail in the

1999 Annual Report to Shareholders (page 11), including: the operating results of Rantec's microwave business which has been sold; the adjustment to the corporate office operating expenses resulting from the 1999 actions; the estimated net interest impact of the SEI transaction proceeds; and any related tax adjustment.

Results of Operations

Net Sales

Net sales of $70.1 million for the second quarter of fiscal 2000 decreased $26.1 million from reported net sales of $96.2 million for the second quarter of fiscal 1999 due to the divestiture of SEI. The prior year amount included SEI sales of $36.2 million. Excluding SEI from the prior year amounts, second quarter sales increased $10.1 million, or 16.8% over 1999 "adjusted" sales of $60.0 million.

Net sales decreased $48.5 million to $135.9 million for the first six months of fiscal 2000 from reported net sales of $184.4 million for the first six months of fiscal 1999 due to the divestiture of SEI. The prior year amount included SEI sales of $68.7 million. Excluding SEI from the prior year amounts, sales for the first six months of fiscal 2000 increased $20.2 million, or 17.5% over 1999 "adjusted" sales of $115.7 million.

Filtration/Fluid Flow

Net sales of $45.9 million in the second quarter of fiscal 2000 were 12.5% higher than prior year sales of $40.8 million. Net sales increased $8.2 million, or 10% to $89.0 million in the first six months of fiscal 2000 from prior year sales of $80.8 million. The increase was mainly due to new product introductions and increases in microfiltration sales. Increased shipments of disposable water filter cartridges and automotive transmission sump filters and fuel filters also contributed to the sales growth.

Test

Net sales were $10.3 million and $10.1 million for the second quarter of fiscal 2000 and 1999, respectively. Net sales of $19.0 million for the first six months increased $1.8 million or 10.5% in fiscal 2000 over the prior period net sales of $17.2 million. The increase in both periods is primarily due to additional revenue related to the General Motors contract to design and build an electromagnetic compatibility (EMC) test complex.

Communications

For the second quarter of fiscal 2000, net sales were $10.7 million and were 98.1% higher than the $5.4 million of sales recorded in the second quarter of fiscal 1999. Net sales of $21.2 million for the first six months of fiscal 2000 were 107.8% higher than the $10.2 million of sales recorded in the prior year period. The significant increase in both periods is the result of significantly higher shipments to the Puerto Rico Electric Power Authority (PREPA) and Wisconsin Public Service Corporation (WPS) to provide Automatic Meter Reading (AMR) systems.

Other

Sales were $3.2 million in the second quarter of fiscal 2000 and $3.7 million in fiscal 1999. In the first six months of fiscal 2000, sales were $6.7 million compared to $7.5 million in the prior year period. The decreases are due to the sale of the Rantec microwave antenna business, which occurred in February 2000.

Orders and Backlog

Firm order backlog was $150.4 million at March 31, 2000, compared with $142.9 million at September 30, 1999. Orders totaling $149.8 million were received in the first six months of fiscal 2000, with the majority of the orders relating to Filtration/Fluid Flow products. The sale of the Rantec microwave business resulted in a decrease to backlog of $6.3 million. The backlog related to the Eaton acquisition has not been included as of March 31, 2000.

Gross Profit

The gross profit margin increased to 30.8% in the second quarter of fiscal 2000 from 26.0% in the second quarter of fiscal 1999 as reported. The "adjusted" gross margin for the second quarter of fiscal 1999 was 28.9%. The gross profit margin was 30.3% in the first six months of fiscal 2000 and 26.0% in the first six months of fiscal 1999 as reported. The fiscal 1999 "adjusted" gross margin was 29.1%.

The gross margin increased in both periods compared to the reported 1999 results primarily due to the lower margins in 1999 related to the former defense subsidiary, SEI. Gross profit margin increased in both periods compared to "adjusted" 1999 due to operational improvements in all three primary operating segments and changes in sales mix.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the second quarter of fiscal 2000 were $14.7 million, or 21.0% of net sales, compared with $18.6 million, or 19.3% of net sales for the prior year period. "Adjusted" SG&A expense was $13.0 million, or 21.7% of net sales for the same period a year ago. The percentage decrease from "adjusted" 1999 is the result of favorable sales leverage achieved on the higher sales volume.

For the first six months of fiscal 2000, SG&A expenses were $28.4 million, or 20.9% of net sales, compared with $35.8 million, or 19.4% of net sales for the prior year period. "Adjusted" SG&A expense was $25.2 million, or 21.8% of net sales for the same period a year ago. The decrease as a percent of sales from "adjusted" 1999 is due to the favorable sales leverage achieved on the higher sales volume.

Operating Profit

Operating profit increased to $6.9 million (9.8% of sales) for the second quarter of fiscal 2000 from reported operating profit of $6.4 million (6.7% of sales) for the second quarter of fiscal 1999. The prior year operating profit amount included $2.1 million related to SEI. Current year operating profit increased $2.5 million, or 56.8% over prior year "adjusted" operating profit of $4.4 million.

Operating profit of $12.8 million (9.4% of sales) for the first six months of fiscal 2000 increased from reported operating profit of $12.1 million (6.6% of sales) for the first six months of fiscal 1999. The prior year operating profit amount included $3.7 million related to SEI. Current year operating profit increased $4.3 million, or 50.6% over prior year "adjusted" operating profit of $8.5 million.

Filtration/Fluid Flow

Operating profit increased $1.2 million or 35.3% to $4.6 million (10.0% of sales) in second quarter of fiscal 2000 over the $3.4 million (8.3% of sales) of operating profit in fiscal 1999. Operating profit of $8.0 million increased 17.6% in the first six months of fiscal 2000 over the $6.8 million of operating profit in fiscal 1999. The improved operating profit in the second quarter is mainly due to increasing new product sales and productivity gains.

Test

Second quarter operating profit was $1.2 million in both periods presented. Operating profit was $1.9 million in the first six months of fiscal 2000 compared to $1.7 million in the prior year period. Operating profit increased in the current year-to-date period primarily due to additional revenue related to the General Motors contract.

Communications

Second quarter operating profit of $2.1 million in fiscal 2000 was $1.8 million (600%) higher than the $.3 million of operating profit in the second quarter of fiscal 1999. For the first six months of fiscal 2000, operating profit increased $3.8 million (633%)to $4.4 million from $.6 million in fiscal 1999. The large increase is the result of significantly higher shipments to PREPA and WPS as described above.

Other

Operating loss was ($1.0) million and ($1.5) million for the three and six-month periods ended March 31, 2000, respectively, compared to ($.6) million and (.7) million for the respective prior year periods. The increase in the current period operating loss primarily related to the operations of the Rantec microwave antenna business that was sold in February 2000.

Interest (Income) Expense

Interest income was $.2 million and $.3 million for the three and six-month periods ended March 31, 2000, respectively, compared to interest expense of $1.7 million and $3.4 million for the three and six-month periods ended March 31, 1999, respectively. The fluctuation in interest is due to the decrease in debt during the first six months of fiscal 2000. All outstanding debt, excluding approximately $.9 million of foreign debt, was repaid in October 1999 with the proceeds from the sale of SEI.

Other Costs and Expenses, Net

Other costs and expenses, net, were $1.4 million and $3.0 million for the three and six-month periods ended March 31, 2000, respectively, compared to $1.6 million and $3.2 million for the three and six-month periods ended March 31, 1999, respectively. The amount for the first six months of fiscal 2000 included amortization expense of $1.7 million related to goodwill and patents. The balance relates to miscellaneous costs.

Gain on the Sale of Property

In the first quarter of fiscal 2000, the Company recorded a gain on the sale of the Riverhead, New York property, used by the Company's former Hazeltine subsidiary. The property was sold for $2.6 million, consisting of $.5 million in cash and a $2.1 million interest-bearing, 18-month note receivable.

Income Tax Expense

The second quarter fiscal 2000 effective income tax rate was 37.2% compared to 35.2% in the second quarter of fiscal 1999. The effective income tax rate in the first six months of fiscal 2000 was 30.1% compared to 35.1% in the prior year period. The tax rate for the first six months of fiscal 2000 was favorably impacted by the $2.2 million gain on the sale of property, in which the Company recognized zero tax expense. Management estimates the annual effective tax rate for fiscal 2000 to be approximately 35%.

Financial Condition

Working capital decreased to $59.6 million at March 31, 2000 from $95.3 million at September 30, 1999. The decrease is primarily due to the use of cash to repay all of the debt outstanding at September 30, 1999, except for the $0.8 million of foreign debt outstanding at March 31, 2000. During the first six months of fiscal 2000, accounts receivable increased by $4.7 million as a result of the sales growth of the business. Costs and estimated earnings on long-term contracts and inventories increased in the aggregate by $5.6 million primarily due to the General Motors contract to design and build an EMC test complex and safety stock related to the West Coast plant consolidation. Accounts payable and accrued expenses decreased by $9.3 million mainly due to the timing of payments related to the September 30, 1999 divestiture of SEI.

Net cash used by operating activities was $2.7 million in the first six months of fiscal 2000 compared to net cash provided by operating activities of $3.1 million in the same period of fiscal 1999. The cash used by operating activities in fiscal 2000 was primarily a result of divestiture related (SEI) payments and the above mentioned inventory requirements.

On April 11, 2000, the Company entered into a new $75 million reducing revolving credit facility replacing its previous $40 million credit facility. The revolving credit facility is available for direct borrowings and/or the issuance of letters of credit. The maturity of the new bank credit facility is April 11, 2005. The new credit facility is provided by a group of five banks, led by Bank of America.

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.

During the first six months of fiscal 2000, the Company repurchased approximately 500,000 shares of ESCO common stock as part of its ongoing open market repurchase program. Since announcing the program in fiscal 1999, the Company has repurchased approximately 700,000 shares of the 1.3 million shares authorized under the current program.

Capital expenditures were $4.4 million in the first six months of fiscal 2000 compared with $4.3 million in the comparable period of fiscal 1999. Major expenditures in the current period included manufacturing equipment used in the filtration / fluid flow business.

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. Investors are cautioned that such statements are only predictions, and speak only as of the date of this report. Actual results may differ materially due to risks and uncertainties, which are described in the Company's Form 10-K for fiscal year 1999 and on page 41 of the 1999 Annual Report to Shareholders.

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. Based on the current debt structure, the exposure to interest rate risk is not material. The Company is subject to foreign currency exchange rate risk relating to receipts from customers and payments to suppliers in foreign currencies. The Company hedges 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)	By laws, as amended	Incorporated by reference to Form 10-K for the fiscal year ended September 30, 1991 at Exhibit 3(b)
4(a)	Specimen Common Stock Certificate	
4(b)	Specimen Right 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 ChaseMellon Shareholder Services, L.L.C., as Rights Agent	Incorporated by reference to Current Report on Form 8-K dated February 3, 2000 at at Exhibit 4.1
4(d)	Fifth Amendment, dated as of January 7, 2000, to the Credit Agreement dated as of September 23, 1990, as most recently amended and restated as of February 7, 1997 and as subsequently amended, among the Registrant, Defense Holding Corp., the Banks listed therein and Morgan Guaranty Trust Company	

of New York, as agent.

4(e) Amended Certificate of
Designation, Preferences and
Rights of Series A
Participating Cumulative
Preferred Stock of the
Registrant

b) Reports on Form 8-K.

The Company filed a Current Report on Form 8-K, dated February 3, 2000, during the quarter ended March 31, 2000 which reported the restatement and amendment of the Company's shareholder rights plan under "Item 5. Other Events" and "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits".

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 ELECTRONICS CORPORATION
/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 12, 2000

5
1,000

6-MOS
SEP-30-2000
MAR-31-2000
11,928
0
44,044
629
41,431
109,135
106,719
38,177
313,216
49,506
0
0
0
132
252,602
313,216
135,927
135,927
94,723
123,161
801
0
(308)
12,273
3,700
8,573
0
0
0
8,573
.70
.68

THIS NUMBER DOES NOT INCLUDE $7.8 MILLION OF COSTS AND ESTIMATED EARNINGS ON LONG-TERM CONTRACTS.

EXHIBIT 4(a)

COMMON STOCK $.01 PAR VALUE

NUMBER (INCORPORATED UNDER THE LAWS OF THE STATE OF MISSOURI) SHARES

THIS CERTIFICATE IS TRANSFERABLE IN NEW YORK, N.Y. AND RIDGEFIELD PARK, N.J.

CUSIP 269030 10 2
see reverse for
certain definitions

ESCO ELECTRONICS CORPORATION

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

ESCO ELECTRONICS CORPORATION, INCLUDING RELATED RIGHTS (THE "RIGHTS") TO PURCHASE PREFERRED STOCK ISSUED PURSUANT TO THE RIGHTS AGREEMENT (DEFINED ON THE REVERSE), TRANSFERRABLE IN PERSON OR BY DULY AUTHORIZED ATTORNEY UPON SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED. THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY ARE ISSUED AND SHALL BE HELD SUBJECT TO ALL OF THE PROVISIONS OF THE ARTICLES OF INCORPORATION AND BY-LAWS OF THE COMPANY, AS AMENDED, TO ALL OF WHICH THE HOLDER BY ACCEPTANCE HEREOF, ASSENTS. THIS CERTIFICATE IS NOT VALID UNTIL COUNTERSIGNED AND REGISTERED BY THE TRANSFER AGENT AND REGISTRAR.

IN WITNESS WHEREOF, THE COMPANY HAS CAUSED THIS CERTIFICATE TO BE SIGNED IN FACSIMILE BY ITS DULY AUTHORIZED OFFICERS AND A FACSIMILE SEAL OF THE COMPANY TO BE HEREUNTO AFFIXED.

DATED:

/S/ALYSON S. BARCLAY
SECRETARY

/S/D. J. MOORE
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

ESCO ELECTRONICS CORPORATION
SEAL
1990
MISSOURI

countersigned and
registered:
CHASEMELLON SHAREHOLDER
SERVICES, L.L.C.
Transfer Agent and
Registrar
By

Authorized signature

(reverse side)

ESCO ELECTRONICS CORPORATION

The Rights Agreement

This certificate also evidences certain Rights arising with respect to the Common Stock as set forth in an Amended and Restated Rights Agreement, as it may from time to time be supplemented or amended (the "Rights Agreement"), between ESCO Electronics Corporation ("the Company") and the Rights Agent (as defined in the Rights Agreement), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. The Company will mail to the holder of this certificate a copy of the Rights Agreement without charge promptly after receipt of a written request therefor. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be evidenced by separate certificates and no longer be evidenced by this certificate. As set forth in the Rights Agreement, Rights issued to, or held by, any Person who is, was or becomes an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement), whether currently held by or on behalf of such Person or by any subsequent holder, may become null and void.

EXHIBIT 4(d)

FIFTH AMENDMENT dated as of January 7, 2000, to the Credit Agreement dated as of September 23, 1990, as amended and restated as of February 7, 1997, and as subsequently amended (the "Credit Agreement"), among ESCO ELECTRONIC CORPORATION, a Missouri corporation ("Parent"), DEFENSE HOLDING CORP., formerly Emerson Defense Holding Corp., a Delaware corporation (the "Borrower"), the financial institutions party thereto as lenders (the "Banks") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Agent. Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower has requested that the Required Banks agree to amend certain provisions of the Credit Agreement as provided herein. The Required Banks are willing, on the terms, subject to the conditions and to the extent set forth below, to amend such provisions of the Credit Agreement.

In consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto hereby agree, on the terms and subject to the conditions set forth herein, as follows:

SECTION 1. Amendment.

(a) Section 5.12 of the Credit Agreement is hereby amended by replacing the amount "$5,000,000" in clause (iii) of paragraph (b) thereof with the amount "$10,000,000".

(b) Section 5.13(a)(iv) of the Credit Agreement is hereby amended to add the following clause (D) at the end of such section:

and (D) the Lindgren RF Enclosures and Lindgren-Rayproof acquisition (for total consideration not to exceed $30,000,000), the Holaday Industries, Inc. acquisition (for total consideration not to exceed $6,000,000) and the Multiple Eaton Corporation product lines acquisition (for total consideration not to $12,000,000) may be consummated.

(c) Section 5.13(b) of the Credit Agreement is hereby amended by replacing the amount "$10,000,000" in clause (1)(iv) thereof with the amount "$15,000,000".

(d) Section 5.13(b) of the Credit Agreement is hereby amended to add the following clause (5) at the end of such Section:

or (5) the sale of all the assets of Rantec Microwave, the sale of the Riverhead, New York building and property, and the sale of the Winter Springs, Florida property.

(e) Section 5.16(f) of the Credit Agreement is hereby amended to add the following clause (vii) at the end of such Section:

and (vii) clauses (iii) and (v) of this paragraph shall not apply to the Lindgren RF Enclosures and Lindgren-Rayproof acquisition (for total consideration not to exceed $30,000,000), the Holaday Industries, Inc. acquisition (for total consideration not to exceed $6,000,000) and the Multiple Eaton Corporation product lines acquisition (for total consideration not to exceed $12,000,000).

SECTION 2. Representations and Warranties. Each of ESCO and the Borrower represents and warrants to the Agent and each of the other Banks that:

(a) After giving effect to this Amendment, the representations and warranties set forth in Article IV of the Credit Agreement are true and correct in all material respects with the same effects as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date.

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

SECTION 3. Conditions to Effectiveness. This Amendment shall become effective as of the date first above written when the Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of ESCO, the Borrower and the Required Banks.

SECTION 4. Credit Agreement. Except as specifically amended and waived hereby, the Credit Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to the Credit Agreement shall mean the Credit Agreement as amended hereby. This Amendment shall constitute a Loan Document for all purposes under the Credit Agreement

SECTION 5. Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. Delivery of an executed signature page of this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 7. Expenses. The Borrower agrees to reimburse the Agent for its out-of-pocket expenses in connection with this Amendment, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written

ESCO ELECTRONICS CORPORATION,
by___________________________
Name:
Title:

DEFENSE HOLDING CORP.,
by_______________________
Name:
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, individually and as Agent,
by_______________________________
Name:
Title:

BANK OF AMERICA, N.A.,
by_______________________________
Name:
Title:

FLEET CAPITAL CORP.,
by_______________________________
Name:
Title:

THE BANK OF NOVA SCOTIA,
by_______________________________
Name:
Title:

FIRST UNION NATIONAL BANK,
by_______________________________
Name:
Title:

NATIONAL CITY BANK,
by_______________________________
Name:
Title:

EXHIBIT 4(e)

AMENDED
CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF
SERIES A PARTICIPATING CUMULATIVE PREFERRED STOCK
OF
ESCO Electronics Corporation

Pursuant to Section 351 of the
Revised Statutes of Missouri

We, D.J. Moore, President, and A. S. Barclay, Secretary, of ESCO Electronics Corporation, a corporation organized and existing under the laws of the General Business and Corporations Law of Missouri (the "GBCL"), in accordance with the provisions thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Restated Articles of Incorporation of the Company, as amended, the said Board of Directors on September 23, 1990, adopted a resolution (the "1990 Resolution") creating a series of One Hundred Twenty Thousand (120,000) shares of Preferred Stock designated as Series A Participating Cumulative Preferred Stock, a copy of which 1990 Resolution was set forth on a certificate of designation that was executed by the Company's President, acknowledged and filed with the Missouri Secretary of State (the "Certificate of Designation");

That no shares of such Series A Participating Cumulative Preferred Stock are issued and outstanding; and

That pursuant to the authority conferred upon the Board of Directors by the Restated Articles of Incorporation of the Company, as amended, and Section 351.180.7 of the General and Business Corporation Law of Missouri, which provides, in pertinent part, that the Board of Directors may amend the Certificate of Designation and the series of preferred stock set forth thereon, so long as no shares of Series A Participating Cumulative Preferred Stock are issued and outstanding, the said Board of Directors on February 3, 2000, adopted the following resolution deleting the Certificate of Designation in its entirety and amending the terms, preferences and rights thereof to creating and designate a series of Five Hundred Thousand (500,000) shares of Preferred Stock, par value $0.01 per share:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Company in accordance with the provisions of its Restated Articles of Incorporation, as amended, the designation and amount and the powers, preferences and relative, participating, optional or other special rights of the Series A Participating Cumulative Preferred Stock as set forth on the Certificate of Designation be, and such terms hereby are, deleted in their entirety, and a series of Preferred Stock of the Company is hereby created, and the designation and amount thereof and the powers, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are amended in their entirety as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock," par value $0.01 per share (the "Series A Preferred Stock"), and the number of shares constituting the Series A Preferred Stock shall be 500,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Company.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of preferred stock of the Company ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of shares of common stock, par value $0.01 per share of the Company (the "Common Stock"), and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on any regular quarterly dividend payment date as shall be established by the Board of Directors (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Company shall at any time after February 3, 2000 (the "Rights Amendment Date") declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Company shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may, in accordance with applicable law, fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than such number of days prior to the date fixed for the payment thereof as may be allowed by applicable law.

Section 3. Voting Rights.

The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Company. In the event the Company shall at any time after the Rights Amendment Date declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the Company's Restated Articles of Incorporation or by law, the holders of shares of Series A Preferred Stock, the holders of shares of Common Stock, and the holders of shares of any other capital stock of the Company having general voting rights, shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(C) Except as otherwise set forth herein or in the Company's Restated Articles of Incorporation, and except as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Company shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) except as permitted in Section 4(A)(iv) below, redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; and

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares.

Any shares of Series A Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. The Company shall cause all such shares upon their cancellation to be authorized but unissued shares of Preferred Stock which may be reissued as part of a new series of Preferred Stock, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock of the Company ranking prior and superior to the Series A Preferred Stock with respect to liquidation, upon any liquidation (voluntary or otherwise), dissolution or winding up of the Company, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Preferred Stock, unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock dividends, and subdivisions, combinations and consolidations with respect to the Common Stock) (such number in clause (ii) being referred to as the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred Stock and Common Stock, respectively, holders of Series A Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Series A Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Company shall at any time after the Rights Amendment Date declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc.

In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company shall at any time after the Rights Amendment Date declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event.

Section 8. Redemption.

The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Ranking.

The Series A Preferred Stock shall rank junior to all other series of the Company's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Fractional Shares.

Series A Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm and acknowledge the foregoing as true under the penalties of perjury this 14th day of February, 2000.

/s/ D. J. Moore
D. J. Moore, President

Attest:

/s/ Alyson S. Barclay
A. S. Barclay, Secretary

STATE OF MISSOURI)
) SS.
COUNTY OF ST. LOUIS)

On this 14th day of February, 2000, before me, Norma J. Reger, a Notary Public in the State of Missouri, personally appeared D. J. Moore, President of ESCO Electronics Corporation, known to me to be the person who executed the foregoing Certificate of Designation and acknowledged to me that he executed the same pursuant to the authority given by the Board of Directors of such corporation as his free and voluntary act, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

/s/ Norma J. Reger
Notary Public

My Commission expires:
06/24/00