

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K  
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 4, 2010

ESCO TECHNOLOGIES INC.  
(Exact Name of Registrant as Specified in Charter)

Missouri  
(State or Other  
Jurisdiction of Incorporation)

1-10596  
(Commission  
File Number)

43-1554045  
(I.R.S. Employer  
Identification No.)

9900A Clayton Road, St. Louis, Missouri  
(Address of Principal Executive Offices)

63124-1186  
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2 (b) under the Exchange Act (17 CFR 240.14d-2 (b))
  - Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.113d-4 (c))
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ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS;  
COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

Amendments to Incentive Compensation Plans

On February 4, 2010, the Human Resources and Compensation Committee (the “Committee”) of the Registrant’s Board of Directors adopted resolutions related to amending the Registrant’s 1999 Stock Option Plan (the “1999 Plan”), 2001 Stock Incentive Plan (the “2001 Plan”) and 2004 Incentive Compensation Plan (the “2004 Plan”). The resolutions provided that the investment purpose restriction contained in each such Plan shall not apply to an option as long as there is an effective registration statement on file with the Securities and Exchange Commission covering the stock subject to the option, which currently is the case. Each Plan was amended to remove the restriction that stock issued pursuant to an option granted thereunder must be held for investment purposes only and not with a view to resale or distribution. These resolutions and the amendments to the 1999 Plan, 2001 Plan and 2004 Plan are furnished herewith as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively.

Amendment to 2001 Stock Incentive Plan

On February 4, 2010, the Committee amended the 2001 Plan to: (i) authorize the Committee to delegate to employees of the Registrant its authority to extend an option beyond termination of employment, provided that the relevant optionees are not reporting persons under Section 16 of the Securities Exchange Act of 1934 or “covered employees”, as defined in section 162(m) of the Internal Revenue Code, and (ii) clarify that the maximum period of time in which an option could be exercised following termination of employment is limited to a period shorter than 10 years from the date of the option grant if a shorter option term is specified in the option grant. This amendment is furnished herewith as Exhibit 10.5.

Compensation Recovery Policy

On February 4, 2010, the Committee adopted the Compensation Recovery Policy (the “Policy”) which provides for the recovery of equity, at-risk and other compensation from, and to cease payments under the employment agreement of, any officer or executive in the event of any such officer’s or executive’s intentional misconduct that results in, or substantially contributes to, the need to restate the Registrant’s financial statements, or in the event that any such officer or executive engages in activities that compete with, or are otherwise harmful to, the Registrant or its affiliated companies. Recoverable compensation will include equity or at-risk income exercised, earned or distributed (as applicable) during the period(s) that required restatement or during the period(s) in which the executive or officer engaged in competitive or otherwise harmful conduct (not to exceed 3 years), up to the amount (adjusted for interest) which the executive or officer obtained as a result of such conduct. The amount of recoverable compensation may also include fines, penalties and other expenses incurred by the Registrant as a result of such wrongful conduct under the Policy, including expenses incurred to recoup compensation under the Policy. This Policy is furnished herewith as Exhibit 10.6.

Pursuant to the Policy, the Committee, on February 4, 2010, took the following actions:

1. Approved a form of Notice of Award for Performance-Accelerated Restricted Stock under the 2001 Stock Incentive Plan. This document includes provisions consistent with the elements of the Policy as described above. It provides that, in the event of the employee’s breach of the non-compete provision or intentional misconduct resulting in the need to restate Registrant’s financial statements, Registrant shall have the right to recover compensation and expenses in accordance with the provisions of the Policy as described above. This form of Notice of Award is furnished herewith as Exhibit 10.7.
2. Approved a form of Exhibits (“Non-Compete”, “Compensation Recovery Policy” and “Clawback”) to Incentive Stock Option Agreements and Non-qualified Stock Option Agreements under the 2001 Stock Incentive Plan and the 2004 Incentive Compensation Plan. These documents include provisions consistent with the elements of the Policy as described above. They provide that, in the event of the employee’s breach of the non-compete provision or intentional misconduct resulting in the need to restate Registrant’s financial statements, Registrant shall have the right to recover compensation and expenses in accordance with the provisions of the Policy as described above. These documents are furnished herewith as Exhibit 10.8.
3. Approved the Seventh Amendment to the Performance Compensation Plan and the Third Amendment to the Incentive Compensation Plan for Executive Officers. These documents include provisions consistent with the elements of the Policy as described above. They provide that, in the event of the employee’s breach of the non-compete provision or intentional misconduct resulting in the need to restate Registrant’s financial statements, Registrant shall have the right to recover compensation and expenses in accordance with the provisions of the Policy as described above. These documents are furnished herewith as Exhibits 10.9 and 10.10, respectively.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description of Exhibit
10.1	Resolutions Adopted by the Human Resources and Compensation Committee of the Board of Directors
10.2	Fifth Amendment to 1999 Stock Option Plan
10.3	Fifth Amendment to 2001 Stock Incentive Plan
10.4	Fourth Amendment to 2004 Incentive Compensation Plan
10.5	Sixth Amendment to 2001 Stock Incentive Plan
10.6	Compensation Recovery Policy
10.7	Form of Notice of Award—Performance-Accelerated Restricted Stock under 2001 Stock Incentive Plan
10.8	Form of Exhibits (“Non-Compete”, “Compensation Recovery Policy” and “Clawback”) to Incentive Stock Option Agreements and Non-qualified Stock Option Agreements under 2001 Stock Incentive Plan and 2004 Incentive

10.9  
10.10

Compensation Plan  
Seventh Amendment to Performance Compensation Plan  
Third Amendment to Incentive Compensation Plan for Executive Officers

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ESCO TECHNOLOGIES INC.

Dated: February 10, 2010

By: /s/ T.B. Martin  
T.B. Martin  
Assistant Secretary

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EXHIBIT INDEX

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**RESOLUTIONS ADOPTED BY THE  
HUMAN RESOURCES AND COMPENSATION COMMITTEE OF THE  
BOARD OF DIRECTORS OF ESCO TECHNOLOGIES INC.**

The following Resolutions were adopted by the Human Resources and Compensation Committee of the Board of Directors of ESCO Technologies Inc.:

**WHEREAS**, ESCO Technologies Inc. (the “Company”) adopted the ESCO Technologies Inc. 2004 Incentive Compensation Plan (the “2004 Plan”), the ESCO Technologies Inc. 2001 Stock Incentive Plan (the “2001 Plan”) and the ESCO Technologies Inc. 1999 Stock Option Plan (the “1999 Plan”) (each a “Plan” and collectively the “Plans”); and

**WHEREAS**, the Human Resources and Compensation Committee of the Board of Directors of the Company (the “Committee”) has been appointed to administer the Plans; and

**WHEREAS**, Section 7(j) of the 2004 Plan and the 2001 Plan and Section 13 of the 1999 Plan contain a provision that options will be granted only on the condition that all purchases of stock thereunder shall be for investment purposes and not with a view to resale or distribution (the “Investment Purpose Restriction”), except that the Committee may make such provision for the release of the Investment Purpose Restriction upon registration with the Securities and Exchange Commission (the “SEC”) of the stock subject to the options; and

**WHEREAS**, there are currently effective registration statements on file with the SEC covering the stock subject to options granted under each of the Plans:

**NOW, THEREFORE, BE IT**

**RESOLVED**, that as long as there is an effective registration statement on file with the SEC covering the stock subject to an option granted under a Plan, the Investment Purpose Restriction shall not apply to such option; and **BE IT FURTHER**

**RESOLVED**, that the proper officers of the Company be, and they hereby are, authorized and directed to take such further action as may be necessary of desirable to carry out the intent of the foregoing.

**IN WITNESS WHEREOF**, the foregoing Resolutions were adopted by the Committee on the 4<sup>th</sup> day of February, 2010.

**FIFTH AMENDMENT TO THE  
ESCO TECHNOLOGIES INC. 1999 STOCK OPTION PLAN**

WHEREAS, ESCO Technologies Inc. ("ESCO") previously adopted the ESCO Technologies Inc. 1999 Stock Option Plan ("Plan"); and

WHEREAS, ESCO reserved the right to amend the Plan pursuant to Section 16 thereof; and

WHEREAS, effective February 4, 2010, ESCO desires to amend the Plan to remove the restriction that stock issued pursuant to an option granted thereunder must be held for investment purposes only;

NOW, THEREFORE, effective February 4, 2010, Section 13 of the Plan is deleted in its entirety.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 4th day of February, 2010.

**FIFTH AMENDMENT TO THE  
ESCO TECHNOLOGIES INC. 2001 STOCK INCENTIVE PLAN**

WHEREAS, ESCO Technologies Inc. ("ESCO") previously adopted the ESCO Technologies Inc. 2001 Stock Incentive Plan ("Plan"); and

WHEREAS, ESCO reserved the right to amend the Plan pursuant to Section 13 thereof; and

WHEREAS, effective February 4, 2010, ESCO desires to amend the Plan to remove the restriction that stock issued pursuant to an option granted thereunder must be held for investment purposes only;

NOW, THEREFORE, effective February 4, 2010, Section 7(j) of the Plan is deleted in its entirety.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 4th day of February, 2010.



**FOURTH AMENDMENT TO THE  
ESCO TECHNOLOGIES INC. 2004 INCENTIVE COMPENSATION PLAN**

WHEREAS, ESCO Technologies Inc. (“ESCO”) previously adopted the ESCO Technologies Inc. 2004 Incentive Compensation Plan (“Plan”); and

WHEREAS, ESCO reserved the right to amend the Plan pursuant to Section 15 thereof; and

WHEREAS, effective February 4, 2010, ESCO desires to amend the Plan to remove the restriction that stock issued pursuant to an option granted thereunder must be held for investment purposes only;

NOW, THEREFORE, effective February 4, 2010, Section 7(j) of the Plan is deleted in its entirety and Sections 7(k) and 7(l) are renumbered accordingly.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 4th day of February, 2010.

**SIXTH AMENDMENT TO THE ESCO TECHNOLOGIES INC.  
2001 STOCK INCENTIVE PLAN**

WHEREAS, ESCO Technologies Inc. ("Company") previously adopted the ESCO Technologies Inc. 2001 Stock Incentive Plan ("Plan") for the benefit of eligible employees; and

WHEREAS, the Company retained the right to amend the Plan pursuant to Section 13 thereof; and

WHEREAS, effective February 4, 2010, the Company desires to amend the Plan;

NOW THEREFORE, effective February 4, 2010, Section 7(f) of the Plan is deleted in its entirety and replaced with the following:

(f) Termination of Employment. The holder of any Stock Option issued hereunder must exercise the Stock Option prior to his termination of employment, except that if the employment of an optionee terminates with the consent and approval of his employer, the Committee or its designee may, in its absolute discretion, permit the optionee to exercise his Stock Option, to the extent that he was entitled to exercise it at the date of such termination of employment, at any time within three (3) months after such termination (one (1) year in the case of termination of employment on account of retirement on or after age 60 ("Retirement")), but not after ten (10) years, or such shorter option term as specified by the award notice, from the date of the granting thereof. The Committee may delegate its authority to extend a Stock Option beyond termination of employment hereunder to such employee or employees as it deems appropriate, so long as the optionees whose options have been extended by such employee or employees are not reporting persons under Section 16 of the Securities Exchange Act of 1934 or covered employees (as defined in section 162(m) of the Internal Revenue Code). If the optionee terminates employment on account of disability he may exercise such Stock Option to the extent he was entitled to exercise it at the date of such termination at any time within one (1) year of the termination of his employment but not after ten (10) years or such shorter period as specified by the Stock Option agreement, from the date of the granting thereof. For this purpose a person shall be deemed to be disabled if he is permanently and totally disabled within the meaning of Section 422(c)(6) of the Code, which, as of the date hereof, shall mean that he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. A person shall be considered disabled only if he furnishes such proof of disability as the Committee may require. Stock Options granted under the Plan shall not be affected by any change of employment so long as the holder continues to be an employee of the Company or a subsidiary thereof. The Stock Option agreements may contain such provisions as the Committee shall approve with reference to the effect of approved leaves of absence. Nothing in the Plan or in any Stock Option granted pursuant to the Plan shall confer on any individual any right to continue in the employ of the Company or any subsidiary or interfere in any way with the right of the Company or any subsidiary thereof to terminate his employment at any time.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 4th day of February, 2010 by the Human Resources and Ethics Committee of the Board of Directors of ESCO Technologies Inc.

## Compensation Recovery Policy

The Human Resources and Compensation Committee has adopted a Compensation Recovery Policy for executive and senior officers. Under this Policy, the Company, to the extent permitted by governing law, may recover equity or other at-risk income that was based on achievement of quantitative performance targets, or cease payments under an employment agreement, if an executive or other senior officer engaged in intentional misconduct resulting in a financial restatement or in any increase in his or her incentive or equity income. Equity or other at-risk income includes, without limitation, income related to the annual Performance Compensation and Incentive Compensation Plans, Stock Option Awards, Restricted Stock Awards, Performance-Accelerated Restricted Stock Awards, and employment agreements, where applicable. The Company will also, pursuant to the terms of the plans, notice of awards, or other agreements, recover any equity or at-risk income received by an executive or officer should such individual engage in activity that competes with, or is otherwise harmful to the Company or its affiliated companies.

The Committee will have sole discretion in determining (i) whether the executive's or officer's conduct has or has not met any particular standard of conduct under the law or this Compensation Recovery Policy, and (ii) the amount of compensation that may be recovered from the executive or officer. Recoverable compensation will include equity or at-risk income exercised, earned or distributed (as applicable) during the period(s) that required restatement or during the period(s) in which the executive or officer engaged in competitive or otherwise harmful conduct (not to exceed 3 years), up to the amount (adjusted for interest) which the executive or officer obtained as a result of such conduct. The amount of Recoverable Compensation may also include fines, penalties, and other expenses incurred by the Company as a result of such wrongful conduct under the Policy, including expenses incurred to recoup compensation under this Policy. In making the above determinations, the Committee shall conduct a hearing at which the executive or officer will have the opportunity to defend his actions and otherwise explain his conduct. The Committee shall carefully consider the statements of the executive or officer at such a hearing prior to making its determination.

Recovery under this Policy shall not preclude the Company from seeking relief under any other agreement, policy or law. The attached matrix entitled "CLAWBACK" shall be construed as part of this Compensation Recovery Policy

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**CLAWBACK**

	Employee Group				Clawback Provision and Timeframe*	Comments
	Exec Officer	Corp Officer	Pres/GM	CFO		
Stock Options	X	X	X	X	· All gains from exercise(s) that occurred during any period(s) that required restatement up to the amount of the excess obtained by the prohibited activity or restatement.	Not to exceed 3 years
Performance Shares	X	X	X	X	· The full value of any performance shares distributed for any period(s) that required restatement up to the amount of the difference caused by such restatement.	Not to exceed 3 years
ICP	X				· All payments made that were in excess of the correct multiplier for the relevant timeframe**.	Not to exceed 3 years
PCP	X	X	X	X		
Employment Agreement	X	X			· All payments to date. No future payments will be provided.	N/A

\*In all cases, the amount recoverable shall include interest and fines, penalties, and other expenses, including expenses incurred to recoup such amounts (as described in the Policy).

\*\*The “relevant timeframe” – the timeframe that covers the period of time when the misconduct first occurred to the date it was corrected. Inclusive of any amounts paid to, or incurred/owed to the employee.

**NOTICE OF AWARD**

**To:**

**From:** Human Resources and Compensation Committee of the Board of Directors ("Committee")

**Subject:** ESCO Technologies Inc. 2001 Stock Incentive Plan ("Plan") \_\_\_\_ Award

1. **Award.** The Committee has awarded to you \_\_\_\_\_ shares of Performance-Accelerated Restricted Stock under the terms of the Plan ("Award") which entitled you to receive \_\_\_\_\_ shares of Common Stock of the Company upon satisfaction of the terms hereinafter set forth. The Award is subject to all of the terms of the Plan, a copy of which has been delivered to you.

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

(a) Notwithstanding (b), below if, during the Period of the Award, the Average Value Per Share of Company Stock reaches the amount set forth in column (A), a percentage of the Award will be accelerated equal to the amount set forth under column (B) subject to the limitations set forth in (c) and provided you comply with the terms of the remainder of this Notice of Award.

A	B
If the Average Value Per Share of Company Stock reaches:	The Cumulative Percent of Award Accelerated shall be:
\$ _____ or more	100%
\$ _____	50%
\$ _____	0%

(b) If you are still employed by the Company or a subsidiary of the Company on September 30, 20\_\_ and have been continuously so employed since the date hereof, you will earn 100% of the portion of the Award not yet accelerated provided you comply with the requirements of paragraph 3.

(c) The following additional terms will apply to the Award:

(i) No portion of this Award may be accelerated prior to October 1, 20\_\_\_. One hundred percent (100%) of the total Award may be accelerated prior to the end of the Fiscal Year ending September 30, 20\_\_\_.

(ii) Once a portion of the Award is accelerated under subparagraph (a), you must remain employed with the Company or a subsidiary of the Company until the March 31st following the end of the Fiscal Year in which that portion of the Award is accelerated. If you terminate employment (voluntarily or involuntarily) prior to such time, you will forfeit that portion of the Award. Provided, however, that if your employment is terminated on account of death, or total and permanent disability the foregoing employment requirement shall not apply.

(iii) If there is a Change of Control (as defined in the Plan) and you are employed by the Company on the date of the Change of Control, the employment requirement of subparagraph (ii) shall cease to apply to the portion of the Award which is accelerated or earned and the number of shares representing that portion of the Award which is accelerated or earned as of the date of the Change of Control shall be distributed to you. In addition, the portion of the Award which is not yet accelerated or earned shall be determined and distributed to you at the end of the Fiscal Year in which the Change of Control occurred provided you are still employed on such date, in lieu of all other provisions of this Award. If you are not employed by the Company as of the end of the foregoing Fiscal Year, no such distribution will be made; provided, however, that if you are involuntarily terminated for reasons other than Cause or if you terminate for Good Reason the remaining shares not yet accelerated or earned shall be distributed in full upon such termination of employment.

(a) Notwithstanding the foregoing provisions of this subparagraph (iii), in the event a certified public accounting firm designated by the Committee (the "Accounting Firm") determines that any payment (whether paid or payable pursuant to the terms of this Award or otherwise and each such payment hereinafter defined as a "Payment" and all Payments in the aggregate hereinafter defined as the "Aggregate Payment"), would subject you to tax under Section 4999 of the Internal Revenue Code of 1986 ("Code") then such Accounting Firm 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, payments shall be reduced so that the Aggregate Payments shall equal such Reduced Amount. For purposes of this subparagraph, the "Reduced Amount" shall be the largest Aggregate Payment 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 would result if Payments were made without regard to this subsection (e). "Net After Tax Receipt" means the Present Value (defined under Section 280G(d)(4) of the Code) of a Payment net of all taxes imposed on you under Section 1 and 4999 of the Code by applying the highest marginal rate under Section 1 of the Code.

(b) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination of the Accounting Firm hereunder, it is possible that Payments will be made by the Company which should not have been made (the "Overpayments") or that additional Payments which the Company has not made could have been made (the "Underpayments"), in each case consistent with the calculations of the Accounting Firm. In the event that the Accounting Firm, based either upon (A) the assertion of a deficiency by the Internal Revenue Service against the Company or you which the Accounting Firm believes has a high probability of success or (B) controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to you which you shall repay to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no amount shall be payable by you to

the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 1 and Section 4999 of the Code or if the period of limitations for assessment of tax has expired. 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 you together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

3. **Share Ownership Requirements.** You are expected to own shares of Common Stock with a fair market value equal to a multiple of your total cash compensation (the "Share Ownership Requirement"). If you do not currently meet your Share Ownership Requirement, you must retain 50% of any Performance-Accelerated Restricted Stock Award distribution which you receive under Paragraph 2(a), above until the Share Ownership Requirement is satisfied. Thereafter you must maintain ownership of shares of Common Stock so that the Share Ownership Requirement remains satisfied. The satisfaction of the requirements of this Paragraph 3 will be reviewed periodically as determined by the Committee.

4. **Definitions.** For purposes of the Award, the following terms shall have the following meanings:

(a) "Average Value Per Share" shall mean the average for any consecutive 30 day trading period in which Company Stock is traded of the daily closing prices of Company Stock on the New York Stock Exchange.

(b) "Cause" shall mean:

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

(ii) The willful engaging in (A) illegal conduct (other than minor traffic offenses), or (B) conduct which is in breach of your fiduciary duty to the Company or one of its subsidiaries and which is demonstrably injurious to the Company or one of its subsidiaries, any of their reputations, or any of their business prospects. For purposes of this subparagraph (ii) and subparagraph (i) above, no act or failure to act on your part shall be considered "willful" unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of the Company or one of its subsidiaries. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company or one of its subsidiaries;

The cessation of your employment shall not be deemed to be for "Cause" unless and until there shall have been delivered to you a written notice that in the CEO's or his delegate's opinion you are guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) "Company Stock" shall mean common stock of the Company.

(d) "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.

(e) "Good Reason" shall mean:

(i) Requiring you to be based at any office or location more than 50 miles from your office or location as of the date of the Change of Control;

(ii) The assignment to you of any duties inconsistent in any respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the date of the Change of Control or in conjunction with a Change in Control any action by the Company or any of its subsidiaries which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an action taken by the Company or one of its subsidiaries, to which you object in writing by notice to the Company within 10 business days after you receive actual notice of such action, which is remedied by the Company or one of its subsidiaries promptly but in any event no later than 5 business days after you provided such notice, or

(iii) The reduction in your total compensation and benefits below the level in effect as of the date of the Change of Control.

(f) "Period of the Award" means the period commencing October 1, 20\_\_ and ending on September 30, 20\_\_.

5. **Parallel Incentive.** The Committee may, but is not obligated to, authorize a payment of a portion of the Award based upon its discretionary evaluation of the Company's financial performance during the Period of the Award even if the foregoing objectives are not fully met. Examples of performance measures the Committee may consider include, but are not limited to, cash flow, earnings, sales and margins.

6. **Medium of Payment.** The Committee shall direct that sufficient shares of Common Stock of the Company shall be withheld from any distribution hereunder to satisfy the Company's tax withholding requirements in respect of such distribution.

7. **Restrictions.** You agree that for the period ending two (2) years after the expiration of the Period of the Award, you will not, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, other than as a 2% or less shareholder of a publicly traded corporation, do any of the following:

(a) carry on any business or become involved in any business activity, which is (i) competitive with the business of the Company (or a subsidiary or joint venture of the Company), as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which you were engaged in the course of your employment with the Company (or a subsidiary or joint venture of the Company);

(b) recruit, solicit or hire, or assist anyone else in recruiting, soliciting or hiring, any employee of the Company (or any subsidiary or joint venture of the Company), for employment with any competitor of the Company (or any subsidiary or joint venture of the Company);

(c) induce or attempt to induce, or assist anyone else to induce or attempt to induce, any customer of the Company (or any subsidiary or joint venture of the Company), to discontinue its business with the Company (or with any subsidiary or joint venture of the Company), or disclose to anyone else any confidential information relating to the identities, preferences, and/or requirements of any such customer; or

(d) engage in any other conduct inimical, contrary or harmful to the interests of the Company (or any subsidiary or joint venture of the Company), including, but not limited to, conduct related to your employment, or violation of any Company policy.

In the event of a breach or, with respect to subparagraph (i), threatened breach of this Paragraph 7 the Company shall be entitled, in addition to any other legal or equitable remedies it may have:

(i) to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. You hereby expressly acknowledge that the harm which might result as a result of any noncompliance by you would be largely irreparable, and you agree that if there is a question as to the enforceability of any of the provisions of this Agreement, you will abide by the Agreement until after the question has been resolved by a final judgment of a court of competent jurisdiction;

(ii) to cancel this Award; and/or

(iii) to recover from you (1) any shares of stock transferred to you under this Award during the three-year period preceding such breach, and (2) the proceeds from any sales of such shares. The Company shall also be entitled to recover from you any expenses incurred by the Company in exercising its right of recovery hereunder. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this subparagraph (iii).

**8. Compensation Recovery Policy.** In addition to, and not in limitation of, the Company's rights under Paragraph 7, in the event of any intentional misconduct on your part (as determined by the Committee in its sole discretion pursuant to applicable law and the Compensation Recovery Policy adopted by the Committee, including, but not limited to, embezzlement, fraud, and breach of fiduciary duty) which results in, or substantially contributes to, the need to restate the Company's financial statements, the Company shall be entitled to recover from you (i) any shares of stock transferred to you under this Award during any period for which restatement of the Company's financial statements is required (but, if such period is longer than three years, not to exceed the three most recent years thereof), and (ii) the proceeds from any sales of such shares. Any such amount recovered by the Company may also be adjusted for interest, as determined by the Committee. The Company shall also be entitled to recover from you any fines, penalties, and other expenses incurred by the Company as a result of your misconduct, including expenses incurred by the Company in exercising its right of recovery hereunder. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this Paragraph 8.

**9. Choice of Law.** This Agreement shall be construed and administered in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law which might otherwise apply. Any litigation concerning any aspect of this Agreement shall be conducted in the State or Federal Courts in the State of Missouri.

**10. Amendment.** The Award may be amended by written consent between the Committee and you.

Executed this \_ day of \_, 20\_\_.

**ESCO TECHNOLOGIES INC.**

**AGREED TO AND ACCEPTED:**

By: \_\_\_\_\_  
Vice President

\_\_\_\_\_  
Participant

ATTEST: \_\_\_\_\_  
Secretary

## EXHIBIT 10.8

### EXHIBIT (Non-Compete)

Optionee agrees that for the period beginning on the Date of Grant and ending one (1) year after Optionee's termination of employment, Optionee will not, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, other than as a 2% or less shareholder of a publicly traded corporation, do any of the following:

- a. Carry on any business or become involved in any business activity, which is (i) competitive with the business of the Company (or a subsidiary or joint venture of the Company), as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which Optionee was engaged in the course of Optionee's employment with the Company (or a subsidiary or joint venture of the Company);
- b. Recruit, solicit or hire, or assist anyone else in recruiting, soliciting or hiring, any employee of the Company (or any subsidiary or joint venture of the Company), for employment with any competitor of the Company (or of any subsidiary or joint venture of the Company);
- c. Induce or attempt to induce, or assist anyone else to induce or attempt to induce, any customer of the Company (or any subsidiary or joint venture of the Company), with whom Optionee or anyone under Optionee's supervision has dealt, or about whom Optionee has been provided any confidential information, to discontinue, divert, reduce or not renew its business with the Company (or with any subsidiary or joint venture of the Company), or disclose to anyone else any confidential information relating to the identities, preferences, and/or requirements of any such customer; or
- d. Engage in any other conduct inimical, contrary or harmful to the interests of the Company (or any subsidiary or joint venture of the Company), including, but not limited to, conduct related to Optionee's employment, or violation of any Company policy.

#### Remedies.

a. In the event of a breach or, with respect to subparagraph (i), threatened breach of this Exhibit, the Company shall be entitled, in addition to any other legal or equitable remedies it may have:

(i) to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. Optionee hereby expressly acknowledges that the harm which might result as a result of any noncompliance by Optionee would be largely irreparable, and Optionee agrees that if there is a question as to the enforceability of any of the provisions of this Agreement, Optionee will abide by the Exhibit until after the question has been resolved by a final judgment of a court of competent jurisdiction;

(ii) to cancel this option; and/or

(iii) with respect to this option or any part thereof that has been exercised by Optionee during the three-year period preceding such breach, to recover from Optionee an amount equal to the excess of the fair market value of the shares of Common Stock subject to the option (or part thereof which has been exercised) as of the date of such exercise, over the purchase price under such option. The Company shall also be entitled to recover from Optionee any expenses incurred by the Company in exercising its right of recovery under this subparagraph (iii). The Committee shall have sole discretion in determining the amount that shall be recovered from Optionee under this subparagraph (iii).

b. The parties acknowledge and agree that the restrictions contained in this Exhibit are reasonable in light of, among other things, the following: (i) The parties' expectations regarding the Exhibit are based on the law of Missouri, where the Company is headquartered and has its principal place of business; (ii) The Company hereby agrees, as a result of Optionee's agreeing to this Exhibit, that the Company shall provide Optionee with confidential, competitively-sensitive and proprietary information; (iii) The Company competes both throughout the United States and in international markets; and (iv) The confidential and competitively-sensitive information which Optionee shall be provided, the customer and other business relationships that Optionee shall be allowed to develop, enhance and/or solidify, and the other benefits that Optionee is receiving as the result of agreeing to this Exhibit, justify the restrictions contained herein.

## EXHIBIT 10.8

### EXHIBIT (Compensation Recovery Policy)

In addition to, and not in limitation of, the Company's rights under any other Exhibits, in the event of any intentional misconduct on Optionee's part (as determined by the Committee in its sole discretion pursuant to applicable law and the Compensation Recovery Policy adopted by the Committee, including, but not limited to, embezzlement, fraud, and breach of fiduciary duty) which results in, or substantially contributes to, the need to restate the Company's financial statements, the Company shall be entitled (1) to cancel this option, and (2) with respect to this option or any part thereof that has been exercised by Optionee during any period for which restatement of the Company's financial statements is required (but, if such period is longer than three years, not to exceed the three most recent years thereof), to recover from Optionee an amount equal to the excess of the fair market value of the shares of Common Stock subject to the option (or part thereof which has been exercised) as of the date of such exercise, over the purchase price under such option. Any such amount



recovered by the Company may be also be adjusted for interest. The Company shall also be entitled to recover from Optionee any fines, penalties, and other expenses incurred by the Company as a result of Optionee's misconduct, including expenses incurred by the Company in exercising its right of recovery under this Exhibit. The Company shall have sole discretion in determining the amount that shall be recovered from Optionee under this Exhibit.

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EXHIBIT  
(Clawback)

During the term of this option, and for a period ending twelve (12) months after exercise of this option, if Optionee, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business, or becomes involved in any business activity, competitive with the business of the Company or any of its divisions, subsidiaries or affiliates in which Optionee was employed ("Conduct"), then the option hereby granted shall be void and of no force or effect, and if this option or any part thereof has been exercised within the preceding three (3) years of such Conduct, Optionee shall owe the Company the excess of the fair market value of the shares subject to the option (or part thereof which has been exercised) as of the date of such exercise, over the purchase price under such option, and Optionee shall pay such amount to the Company at the time Optionee commits any of the aforementioned acts.

EXHIBIT 10.9

**SEVENTH AMENDMENT TO THE ESCO TECHNOLOGIES INC.  
PERFORMANCE COMPENSATION PLAN FOR CORPORATE, SUBSIDIARY  
AND DIVISION OFFICERS AND KEY MANAGERS**

**WHEREAS**, ESCO Technologies Inc. ("Company") adopted the ESCO Technologies Inc. Performance Compensation Plan for Corporate, Subsidiary and Division Officers and Key Managers ("Plan"); and

**WHEREAS**, pursuant to Section X, the Plan may be amended by action of the Human Resources and Compensation Committee ("Committee") of the Board of Directors of the Company; and

**WHEREAS**, the Committee desires to amend the Plan in accordance with the Compensation Recovery Policy adopted by the Committee;

**NOW, THEREFORE**, effective as of February 4, 2010, the Plan is amended by adding the following new Sections XII and XIII at the end thereof:

**XII.      RESTRICTIONS.**

In the event a Participant, during the period commencing with the payment of any Performance Compensation Award and ending two (2) years after the Participant's termination of employment, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, other than as a 2% or less shareholder of a publicly traded corporation, does any of the following:

- (a) carries on any business or becomes involved in any business activity, which is (i) competitive with the business of the Company (or a subsidiary or joint venture of the Company), as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which the Participant is engaged in the course of the Participant's employment with the Company (or a subsidiary or joint venture of the Company);
- (b) recruits, solicits or hires, or assists anyone else in recruiting, soliciting or hiring, any employee of the Company (or any subsidiary or joint venture of the Company), for employment with any competitor of the Company;
- (c) induces or attempts to induce, or assists anyone else to induce or attempt to induce, any customer of the Company (or any subsidiary or joint venture of the Company), to discontinue its business with the Company (or with any subsidiary or joint venture of the Company), or disclose to anyone else any confidential information relating to the identities, preferences, and/or requirements of any such customer; or
- (d) engages in any other conduct inimical, contrary or harmful to the interests of the Company (or any subsidiary or joint venture of the Company), including, but not limited to, conduct related to your employment, or violation of any Company policy;

the Company shall be entitled to recover from the Participant any Performance Compensation Awards paid to the Participant during the three-year period preceding such breach. The Company shall also be entitled to recover from the Participant any expenses incurred by the Company in exercising its right of recovery hereunder. The Committee shall have sole discretion in determining the amount that shall be recovered from the Participant under this Section XII.

**XIII.      COMPENSATION RECOVERY POLICY.**

In addition to, and not in limitation of, the Company's rights under Section XII, in the event of any intentional misconduct on the Participant's part (as determined by the Committee in its sole discretion pursuant to applicable law and the Compensation Recovery Policy adopted by the Committee, including, but not limited to, embezzlement, fraud, and breach of fiduciary duty) which results in, or substantially contributes to, the need to restate the Company's financial statements, the Company shall be entitled to recover from the Participant an amount equal to the excess of:

- (a) any Performance Compensation Awards paid to the Participant for any period for which restatement of the Company's financial statements is required (but, if such period is longer than three years, not to exceed the three most recent years thereof); over
- (b) the amount of any Performance Compensation Awards to which the Participant would have been entitled for such period, if any, as determined on the basis of the Company's restated financial statements.

Any such amount recovered by the Company may also be adjusted for interest, as determined by the Committee. The Company shall also be entitled to recover from the participant any fines, penalties, and other expenses incurred by the Company as a result of the Participant's misconduct, including expenses incurred by the Company in exercising its right of recovery hereunder. The Committee shall have sole discretion in determining the amount of Recoverable Compensation that shall be recovered from the Participant under this Section XIII.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 4th day of February, 2010.

**THIRD AMENDMENT TO THE ESCO TECHNOLOGIES INC.  
INCENTIVE COMPENSATION PLAN FOR EXECUTIVE OFFICERS**

**WHEREAS**, ESCO Technologies Inc. ("Company") adopted the ESCO Technologies Inc. Incentive Compensation Plan for Executive Officers ("Plan"); and

**WHEREAS**, pursuant to Section IX, the Plan may be amended by action of the Human Resources and Compensation Committee ("Committee") of the Board of Directors of the Company; and

**WHEREAS**, the Committee desires to amend the Plan in accordance with the Compensation Recovery Policy adopted by the Committee;

**NOW, THEREFORE**, effective as of February 4, 2010, the Plan is amended by adding the following new Sections XII and XIII at the end thereof:

**XII.      RESTRICTIONS.**

In the event a Participant, during the period commencing with the payment of any Incentive Compensation Award and ending two (2) years after the Participant's termination of employment, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, other than as a 2% or less shareholder of a publicly traded corporation, does any of the following:

- (a) carries on any business or becomes involved in any business activity, which is (i) competitive with the business of the Company (or a subsidiary or joint venture of the Company), as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which the Participant is engaged in the course of the Participant's employment with the Company (or a subsidiary or joint venture of the Company);
- (b) recruits, solicits or hires, or assists anyone else in recruiting, soliciting or hiring, any employee of the Company (or any subsidiary or joint venture of the Company), for employment with any competitor of the Company;
- (c) induces or attempts to induce, or assists anyone else to induce or attempt to induce, any customer of the Company (or any subsidiary or joint venture of the Company), to discontinue its business with the Company (or with any subsidiary or joint venture of the Company), or disclose to anyone else any confidential information relating to the identities, preferences, and/or requirements of any such customer; or
- (d) engages in any other conduct inimical, contrary or harmful to the interests of the Company (or any subsidiary or joint venture of the Company), including, but not limited to, conduct related to your employment, or violation of any Company policy;

the Company shall be entitled to recover from the Participant any Incentive Compensation Awards paid to the Participant during the three-year period preceding such breach. The Company shall also be entitled to recover from the Participant any expenses incurred by the Company in exercising its right of recovery hereunder. The Committee shall have sole discretion in determining the amount that shall be recovered from the Participant under this Section XII.

**XIII.      COMPENSATION RECOVERY POLICY.**

In addition to, and not in limitation of, the Company's rights under Section XII, in the event of any intentional misconduct on the Participant's part (as determined by the Committee in its sole discretion pursuant to applicable law and the Compensation Recovery Policy adopted by the Committee, including, but not limited to, embezzlement, fraud, and breach of fiduciary duty) which results in, or substantially contributes to, the need to restate the Company's financial statements, the Company shall be entitled to recover from the Participant an amount equal to the excess of:

- (a) any Incentive Compensation Awards paid to the Participant for any period for which restatement of the Company's financial statements is required (but, if such period is longer than three years, not to exceed the three most recent years thereof); over
- (b) the amount of any Incentive Compensation Awards to which the Participant would have been entitled for such period, if any, as determined on the basis of the Company's restated financial statements.

Any such amount recovered by the Company may also be adjusted for interest, as determined by the Committee. The Company shall also be entitled to recover from the participant any fines, penalties, and other expenses incurred by the Company as a result of the Participant's misconduct, including expenses incurred by the Company in exercising its right of recovery hereunder. The Committee shall have sole discretion in determining the amount of Recoverable Compensation that shall be recovered from the Participant under this Section XIII.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 4th day of February, 2010.