

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 DECEMBER 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 TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

MISSOURI
(State or other jurisdiction of
incorporation or organization)

43-1554045
(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
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The number of shares of the registrant's stock outstanding at January 31, 2001 was 12,326,726.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended December 31,	
	2000	1999
	----	----
Net sales	\$ 82,871	65,865
	-----	-----
Costs and expenses:		
Cost of sales	57,626	46,237
Selling, general and administrative expenses	16,765	13,752
Interest (income) expense	81	(151)
Other, net	1,911	1,591
Gain on sale of property	-	(2,239)
	-----	-----
Total costs and expenses	76,383	59,190
	-----	-----
Earnings before income taxes	6,488	6,675
Income tax expense	2,510	1,619
	-----	-----
Net earnings	\$ 3,978	5,056
	=====	=====
Earnings per share:		
Net earnings		
	- Basic	.32
	- Diluted	.41
	\$.31
	=====	=====

See accompanying notes to consolidated financial statements.

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

	December 31, 2000 ----- (Unaudited)	September 30, 2000 -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,245	5,620
Accounts receivable, less allowance for doubtful accounts of \$1,291 and \$1,309, respectively	56,267	58,982
Costs and estimated earnings on long-term contracts, less progress billings of \$18,256 and \$15,139, respectively	6,209	6,141
Inventories	44,974	44,457
Other current assets	4,049	3,009
	-----	-----
Total current assets	119,744	118,209
	-----	-----
Property, plant and equipment, at cost	101,576	99,407
Less accumulated depreciation and amortization	39,695	36,844
	-----	-----
Net property, plant and equipment	61,881	62,563
Excess of cost over net assets of purchased businesses, less accumulated amortization of \$10,116 and \$9,245, respectively	91,468	90,997
Deferred tax assets	37,923	37,903
Other assets	20,845	21,461
	-----	-----
	\$331,861	331,133
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$ 3,140	4,136
Accounts payable	27,380	31,206
Advance payments on long-term contracts, less costs incurred of \$2,414 and \$3,364, respectively	3,562	2,903
Accrued expenses and other current liabilities	24,753	24,246
	-----	-----
Total current liabilities	58,835	62,491
	-----	-----
Other liabilities	8,644	8,610
Long-term debt	613	610
	-----	-----
Total liabilities	68,092	71,711
	-----	-----
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 13,228,335 and 13,224,834 shares, respectively	132	132
Additional paid-in capital	205,560	205,514
Retained earnings since elimination of deficit at September 30, 1993	73,518	69,542
Accumulated other comprehensive loss	(4,520)	(4,766)
	-----	-----
	274,690	270,422
Less treasury stock, at cost; 929,127 and 956,527 common shares, respectively	(10,921)	(11,000)
	-----	-----
Total shareholders' equity	263,769	259,422
	-----	-----
	\$331,861	331,133
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Three Months Ended December 31,	
	2000 -----	1999 -----
Cash flows from operating activities:		
Net earnings	\$ 3,978	5,056
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation and amortization	3,850	3,626
Changes in operating working capital	(1,570)	(18,721)
Other	(854)	(81)
	-----	-----
Net cash provided (used) by operating activities	5,404	(10,120)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(1,533)	(1,852)
	-----	-----
Net cash used by investing activities	(1,533)	(1,852)
	-----	-----
Cash flows from financing activities:		
Net decrease in short-term borrowings	(1,000)	(12,506)
Proceeds from long-term debt	-	80
Principal payments on long-term debt	7	(49,148)
Purchases of common stock into treasury	(266)	(4,613)
Other	13	2,182
	-----	-----
Net cash used by financing activities	(1,246)	(64,005)
	-----	-----
Net increase (decrease) in cash and cash equivalents	2,625	(75,977)
Cash and cash equivalents, beginning of period	5,620	87,709
	-----	-----
Cash and cash equivalents, end of period	\$ 8,245	11,732
	=====	=====

See accompanying notes to consolidated financial statements.

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

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements, in the opinion of management, include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the results for the interim periods presented. The consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all the disclosures required by 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, 2000. Certain prior year amounts have been reclassified to conform to the fiscal 2001 presentation.

The results for the three month period ended December 31, 2000 are not necessarily indicative of the results for the entire 2001 fiscal year.

2. EARNINGS 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 number of shares used in the calculation of earnings per share for each period presented is as follows (in thousands):

	Three Months Ended December 31,	
	----- 2000	1999 -----
	----	----
Weighted Average Shares		
Outstanding - Basic	12,291	12,343
Dilutive Options and Performance Shares	389	246
	-----	-----
Adjusted Shares- Diluted	12,680	12,589
	=====	=====

Options to purchase approximately 15,500 shares of common stock at a price of \$19.22 per share and options to purchase 395,000 shares of common stock at approximately \$11.44 - \$19.22 were outstanding during the three month periods ended December 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 136,000 performance shares were outstanding but unearned at December 31, 1999, and therefore, were not included in the respective computation of diluted EPS.

3. INVENTORIES

Inventories consist of the following (dollars in thousands):

	December 31, 2000 ----	September 30, 2000 ----
Finished goods	\$ 10,508	8,709
Work in process, including long-term contracts	15,995	17,258
Raw materials	18,471	18,490
	-----	-----
Total inventories	\$ 44,974 =====	44,457 =====

4. COMPREHENSIVE INCOME

Comprehensive income for the three-month periods ended December 31, 2000 and 1999 was \$4.2 million and \$4.4 million, respectively. The Company's comprehensive income and loss is impacted only by foreign currency translation adjustments.

5. BUSINESS SEGMENT INFORMATION

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

(\$ in millions)

	Three Months ended December 31, -----	
	2000 ----	1999 ----
NET SALES -----		
Filtration/Fluid Flow	\$44.2	43.2
Test	21.7	8.7
Communications	14.3	10.5
Other	2.7	3.5
	-----	-----
Consolidated totals	\$82.9 =====	65.9 =====
OPERATING PROFIT (LOSS) -----		
Filtration/Fluid Flow	\$ 3.0	3.4
Test	2.4	.7
Communications	3.7	2.3
Other	(.6)	(.5)
	-----	-----
Consolidated totals	\$ 8.5 =====	5.9 =====

The Company evaluates the performance of its operating segments based on operating profit, which is defined as: net sales, less cost of sales, less other charges related to cost of sales and less SG&A expenses. Operating income as defined by generally accepted accounting principles would also include certain costs which are included in Other costs and expenses, net, as shown on the face of the consolidated statements of operations. These items include approximately \$.4 million of miscellaneous consolidation costs related to the Filtration/Fluid Flow segment.

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

RESULTS OF OPERATIONS - Three months ended December 31, 2000 compared with three months ended December 31, 1999.

NET SALES

Net sales increased \$17.0 million or 25.8% to \$82.9 million for the first quarter of fiscal 2001 compared to net sales of \$65.9 million for the first quarter of fiscal 2000 primarily due to the acquisitions of Lindgren, Holaday and the Eaton space products businesses in the second half of fiscal 2000.

Filtration/Fluid Flow

Net sales of \$44.2 million in the first quarter of fiscal 2001 were \$1 million higher than prior year sales of \$43.2 million. The increase is primarily the result of the Eaton El Segundo, CA space products acquisition which contributed \$1.9 million to sales in the first quarter of fiscal 2001. In addition, sales increases were seen in the aerospace aftermarket. Also, sales decreased by approximately \$1.8 million primarily resulting from accelerated deliveries in the first quarter of fiscal 2000 in anticipation of Y2K computer issues.

Test

Net sales increased \$13.0 million or 149% to \$21.7 million in the first quarter of fiscal 2001 from \$8.7 million for the first quarter of fiscal 2000. The large increase is primarily due to the Lindgren and Holaday acquisitions, which contributed approximately \$12 million and \$1.4 million, respectively, to sales in the first quarter of fiscal 2001.

Communications

Net sales of \$14.3 million in the first quarter of fiscal 2001 were \$3.8 million or 36.2% higher than the \$10.5 million of sales recorded in the first quarter of fiscal 2000. The increase is the result of significantly higher shipments to the Puerto Rico Electric Power Authority (PREPA) and electric utility Cooperatives (Coops) to provide Automatic Meter Reading (AMR) systems.

Other

Sales were \$2.7 million in the first quarter of fiscal 2001 and \$3.5 million in the same period of fiscal 2000. The decrease is due to the sale of the Rantec microwave antenna business which occurred in February 2000. Rantec's microwave antenna business contributed approximately \$1.5 million to sales during the first quarter to fiscal 2000.

ORDERS AND BACKLOG

Firm order backlog was \$195.3 million at December 31, 2000, compared with \$145.4 million at September 30, 2000. Orders totaling \$136.1 million were received in the first quarter of fiscal 2001. In December 2000, the Company received a \$50 million follow-on contract from PREPA. The deliveries under this contract begin in June 2001 and will be substantially completed by June 2004.

GROSS PROFIT

The gross profit margin was 30.5% in the first quarter of fiscal 2001 and 29.8% in the first quarter of fiscal 2000. The gross margin increased compared to the 2000 results primarily due to the fiscal 2000 acquisitions and favorable changes in sales mix.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the first quarter of fiscal 2001 were \$16.8 million, or 20.2% of net sales, compared with \$13.8 million, or 20.9% of net sales for the prior year period. The percentage decrease in 2001 is the result of favorable sales leverage achieved on the higher sales volume. The increase of \$3 million in the first quarter of fiscal 2001 is mainly due to the fiscal 2000 acquisitions.

OPERATING PROFIT

Operating profit of \$8.5 million (10.2% of sales) for the first quarter of fiscal 2001 increased \$2.6 million or 44.3% from operating profit of \$5.9 million (8.9% of sales) for the first quarter of fiscal 2000, mainly due to the acquisitions of Lindgren, Holaday and the Eaton El Segundo, CA space products business in the second half of fiscal 2000.

Filtration/Fluid Flow

Operating profit was \$3.0 million in fiscal 2001 and \$3.4 million in fiscal 2000. The current year was impacted by costs related to the consolidation of the El Segundo, CA Eaton space products business into the El Monte, CA facility, manufacturing inefficiencies resulting from temporary shortages of electricity in California, and significant price increases for electrical power. The integration of the El Segundo, CA business into the El Monte, CA facility will be completed in the second quarter of fiscal 2001.

Test

Operating profit of \$2.4 million increased \$1.7 million or 242.9% in fiscal 2001 over the \$.7 million of operating profit in fiscal 2000. The increase is primarily due to the acquisitions of Lindgren and Holaday in the second half of fiscal 2000 which contributed approximately \$1.3 million and \$.3 million, respectively, of operating profit in the first quarter of fiscal 2001.

Communications

Operating profit of \$3.7 million in fiscal 2001 was \$1.4 million (60.9%) higher than the \$2.3 million of operating profit in fiscal 2000. The large increase is the result of significantly higher shipments to PREPA and the Coops as described above.

Other

Operating loss was (\$.6) million in fiscal 2001 and (\$.5) million in fiscal 2000. The current period amount consists of \$.3 million of operating profit related to Rantec Power Systems, offset by Corporate operating charges.

INTEREST EXPENSE (INCOME)

Interest expense was \$.1 million in fiscal 2001 versus interest income of \$.2 million in the first quarter of fiscal 2000 due to the fluctuations in net cash and net borrowings throughout the periods.

OTHER COSTS AND EXPENSES, NET

Other costs and expenses, net, were \$1.9 million in the first quarter of fiscal 2001 compared to \$1.6 million in fiscal 2000. The current year amounts are primarily comprised of goodwill amortization of \$.9 million and patent amortization of \$.4 million. The balance relates to miscellaneous costs. Amortization expense increased approximately \$.4 million in the first quarter of fiscal 2001 compared to the prior period due to the fiscal 2000 acquisitions.

GAIN ON THE SALE OF PROPERTY

The \$2.2 million gain in the first quarter of fiscal 2000 related to 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 mortgage note receivable, due June 2001.

INCOME TAX EXPENSE

The effective income tax rate in the first quarter of fiscal 2001 was 38.7% compared to 24.3% in the first quarter of fiscal 2000. The prior period effective tax rate was favorably impacted by the \$2.2 million gain on the sale of the Riverhead property which was sheltered from taxes by capital loss carryforwards. Excluding the gain on the sale of property, the effective income tax rate in the first quarter of fiscal 2000 was 36.5%, and included a settlement related to certain state tax liabilities. Management estimates the annual effective tax rate for fiscal 2001 to be approximately 39%.

FINANCIAL CONDITION

Working capital increased to \$61.0 million at December 31, 2000 from \$55.7 million at September 30, 2000. During the first three months of fiscal 2001, cash and cash equivalents increased by \$2.6 million and accounts receivable decreased by \$2.7 million as a result of the timing of sales and collections throughout the period. Accounts payable and accrued expenses decreased by \$3.3 million due to timing of payments throughout the quarter.

Net cash provided by operating activities was \$5.4 million in the first three months of fiscal 2001 compared to net cash used by operating activities of \$10.1 million in the same period of fiscal 2000. The cash used by operating activities in fiscal 2000 was primarily due to payments related to the divestiture of the former Systems & Electronics, Inc. subsidiary and other working capital requirements.

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.

Capital expenditures were \$1.5 million in the first three months of fiscal 2001 compared with \$1.9 million in the comparable period of fiscal 2000. Major expenditures in the current period included manufacturing equipment used in the filtration / fluid flow business.

On February 8, 2001, the Company approved a stock repurchase program. Under this program, the Company is authorized to purchase up to 1.3 million shares of its common stock in the open market, subject to market conditions and other factors, through September 30, 2003.

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 2000, and on page 45 of the 2000 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 certain foreign currency commitments by purchasing foreign currency forward contracts.

PART II OTHER INFORMATION

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

a) Exhibits.

- 10.1 1994 Stock Option Plan Amended and Restated Effective October 16, 2000
- 10.2 1999 Stock Option Plan Amended and Restated Effective October 16, 2000
- 10.3 Form of Incentive Stock Option Agreement
- 10.4 Form of Incentive Stock Option Agreement - Alternative
- 10.5 Form of Incentive Stock Option Agreement - Alternative
- 10.6 Form of Incentive Stock Option Agreement - Alternative
- 10.7 Form of Nonqualified Stock Agreement
- 10.8 Form of Nonqualified Stock Agreement - Alternative
- 10.9 Form of Nonqualified Stock Agreement - Alternative

b) Reports on Form 8-K.

The Company filed a Current Report on Form 8-K, dated November 14, 2000, during the quarter ended December 31, 2000 which reported "Item 7. Financial Statements, Pro Forma Financial Information and Exhibits" and "Item 9. Regulation FD Disclosure".

SIGNATURE

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

ESCO TECHNOLOGIES INC.

/s/ Gary E. Muenster

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

Dated: February 9, 2001

ESCO TECHNOLOGIES INC.
1994 STOCK OPTION PLAN
AMENDED AND RESTATED EFFECTIVE
OCTOBER 16, 2000

1. Purpose of the Plan.

The ESCO Technologies Inc. 1994 Stock Option Plan (the "Plan") is intended as an incentive to, and to encourage ownership of the stock of ESCO Technologies Inc. ("Company") by, certain key management employees of the Company and its subsidiaries. Certain options granted hereunder may qualify as incentive stock options ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and other options granted hereunder may not qualify as Incentive Stock Options, as determined in each instance by the Committee referred to in Paragraph 4 (the "Committee").

2. Stock Subject to the Plan.

Seven hundred thousand (700,000) shares of the authorized but unissued Common Stock, par value of \$0.01 per share, of the Company have been allocated to the Plan and will be reserved for issue upon the exercise of options granted under the Plan. The Company may, in its discretion, use shares held in the treasury in lieu of authorized but unissued shares. If any such option shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purposes of the Plan. Any shares of Common Stock which are used by an optionee as full or partial payment to the Company of the purchase price of shares of Common Stock upon exercise of a stock option shall again be available for the purposes of the Plan. The number of shares with respect to which options and stock appreciation rights ("SARs") may be granted to any individual during any calendar year may not exceed seventy thousand (70,000) shares.

3. Administration.

The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have plenary authority, in its discretion, to determine the individuals to whom, and the time or times at which, options and SARs shall be granted and the number of shares to be subject to each option or SAR. In making such determinations the Committee may take into account the nature of the services rendered by the respective individuals, their present and potential contributions to the Company's success and such other factors as the Committee, in its discretion, shall deem relevant. Subject to the express provisions of the Plan, the Committee shall also have plenary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective stock option and SAR agreements (which need not be identical) and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations on the matters referred to in this Paragraph 3 shall be conclusive.

4. The Committee.

The Committee shall be the Human Resources and Ethics Committee of the Board of Directors and shall at all times be constituted to comply with Rule 16b-3 under the Securities Exchange Act of 1934, or any successor to such Rule. In addition, in order for options and SARs to qualify for the exemption from the one million dollar limitation on deduction for executive compensation under Section 162(m) of the Code, such Committee would also have to consist solely of two or more Outside Directors. For this purpose, an Outside Director shall mean a director of the Company who:

- (1) is not an employee of the Company or any subsidiary while he is a member of the Committee;
- (2) is not a former employee of the Company or a subsidiary who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year;
- (3) has not been an Officer of the Company or a subsidiary; and
- (4) shall not receive Remuneration from the Company or a subsidiary either directly or indirectly in any capacity other than as a director.

Notwithstanding the foregoing, a person may qualify as an Outside Director until the first meeting of shareholders of the Company at which directors are elected which occurs after January 1, 1995 if such person is a director who is a "disinterested person" within the meaning of Rule 16b-3(c)(2)(i), 17 CFR ss.240.16b-3(c)(2)(i) as in effect on April 30, 1991. "Remuneration" and "Officer" as used herein shall be determined in accordance with Prop. Treas. Reg. ss.1.162-27(e)(3) or any successor thereto.

The Committee shall be appointed by the Board of Directors, which may from time to time appoint members of the Committee in substitution for members previously appointed and may fill vacancies, however caused, in the Committee. The Board shall select the Chairman. The Committee shall hold its meetings at such times and places as it may determine. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at any meeting at which there is a quorum. Any decision or determination reduced to writing and signed by all of the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary, shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

5. Eligibility.

Options and SARs may be granted only to key management employees of the Company or its subsidiaries. The term "key management employees" is not limited to, but includes, officers, whether or not they are directors, but does not include directors who are not also

executive employees of the Company, or a subsidiary thereof. The term "subsidiary" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the option or SAR, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, or such other meaning as may be hereafter ascribed to it in Section 424 of the Code.

6. Option Prices.

The purchase price of the Common Stock under each option shall not be less than 100% of the fair market value of the stock at the time of the granting of the option. Such fair market value shall generally be considered to be the mean between the high and low prices of the Company's Common Stock as traded on the New York Stock Exchange on the day the option is granted; provided, however, that the Committee may adopt any other criterion for the determination of such fair market value as it may determine to be appropriate. The purchase price is to be paid in full upon the exercise of the option, either (i) in cash, (ii) in the discretion of the Committee, by the tender to the Company of shares of the Common Stock of the Company, owned by the optionee and registered in his name, having a fair market value equal to the cash exercise price of the option being exercised, with the fair market value of such stock to be determined in such appropriate manner as may be provided for by the Committee or as may be required in order to comply with, or to conform to the requirements of, any applicable laws or regulations, or (iii) in the discretion of the Committee, by any combination of the payment methods specified in clauses (i) and (ii) hereof; provided that, no shares of Common Stock may be tendered in exercise of an option if such shares were acquired by the optionee through the exercise of an Incentive Stock Option unless (i) such shares have been held by the optionee for at least one year and (ii) at least two years have elapsed since such Incentive Stock Option was granted. The proceeds of sale of stock subject to option are to be added to the general funds of the Company or to the shares of the Common Stock of the Company held in its Treasury, and used for its corporate purposes as the Board of Directors shall determine.

7. Option Amounts.

The maximum aggregate fair market value (determined at the time an option is granted in the same manner as provided for in Paragraph 6 hereof) of the Common Stock of the Company with respect to which Incentive Stock Options are exercisable for the first time by any optionee during any calendar year (under all plans of the Company and its subsidiaries) shall not exceed \$100,000.

8. Exercise of Options.

The term of each option shall be not more than ten (10) years from the date of granting thereof or such shorter period as is prescribed in Paragraph 9 following. No option or SAR may be exercised during the first six (6) months of its term. Within such limit, options will be exercisable at such time or times, and subject to such restrictions and conditions, as the Committee shall, in each instance, approve, which need not be uniform for all optionees;

provided, however, that except as provided in Paragraphs 9 and 10 following, no option may be exercised at any time unless the optionee is then an employee of the Company or a subsidiary and has been so employed continuously since the granting of the option. The holder of an option shall have none of the rights of a shareholder with respect to the shares subject to option until such shares shall be issued to him upon the exercise of his option. Upon exercise of an option the Committee shall withhold a sufficient number of shares to satisfy the Company's withholding obligations for any taxes incurred as a result of such exercise, and the Committee may, at the request of the optionee, withhold a sufficient number of shares to satisfy the optionee's tax liability incurred as a result of such exercise up to the maximum marginal federal, state and local tax rates; provided, that in lieu of all or part of such withholding, the optionee may pay an equivalent amount of cash to the Company.

9. Termination of Employment.

The holder of any option issued hereunder must exercise the 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 in its absolute discretion may permit the optionee to exercise his option, to the extent that he was entitled to exercise it at the date of such termination of employment, at any time within three (3) months after such termination, but not after ten (10) years from the date of the granting thereof. If the optionee terminates employment on account of disability he may exercise such 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 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. 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 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 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.

10. Death of Holder of Option.

In the event of the death of an individual to whom an option has been granted under the Plan, while he is employed by the Company (or a subsidiary) or within three (3) months after the termination of his employment (or one (1) year in the case of the termination of employment of an option holder who is disabled as above provided) the option theretofore granted to him may be exercised, to the extent that he was entitled to exercise it at the date of such death, by a legatee or legatees of the option holder under his last will, or by his personal representatives or distributees,

at any time within a period of one (1) year after his death, but not after ten (10) years from the date of granting thereof, and only if and to the extent that he was entitled to exercise the option at the date of his death.

11. Non-Transferability of Options.

Each option granted under the Plan shall, by its terms, be non-transferable otherwise than by will or the laws of descent and distribution and an option may be exercised, during the lifetime of the holder thereof, only by him.

12. Successive Option Grants.

Successive option grants may be made to any holder of options under the Plan.

13. Investment Purpose.

Each option under the Plan shall 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, except that the Committee may make such provision with respect to options granted under this Plan as it deems necessary or advisable for the release of such condition upon the registration with the Securities and Exchange Commission of stock subject to the option, or upon the happening of any other contingency warranting the release of such condition.

14. Alternative Stock Appreciation Rights.

(a) Grant. At the time of grant of an option, the Committee, in its discretion, may grant to the optionee under the Plan an alternative SAR for all or any part of the number of shares covered by his option. The SAR agreement shall specify the options in respect of which the alternative SAR is granted. Any subsequent exercise of an option by the holder thereof who also holds an alternative SAR shall reduce his alternative SAR by the same number of shares as to which his option is exercised. Any exercise of his alternative SAR shall reduce his option by the same number of shares as to which his SAR is exercised. An alternative SAR granted to an option holder shall specify a time period for exercise of such SAR, which time period may not extend beyond, but may be less than, the time period during which the corresponding option may be exercised. The failure of the holder of the alternative SAR to exercise such SAR within the time period specified shall not reduce his option rights. If an alternative SAR is granted for a number of shares less than the total number of shares covered by the corresponding option the Committee may later grant to the option holder an additional alternative SAR covering additional shares, provided, however, that the aggregate amount of all alternative SARs held by an option holder shall at no time exceed the total number of shares covered by his unexercised options.

(b) Exercise. The holder of any option which by its terms is exercisable who also holds an alternative SAR may, in lieu of exercising his option, elect to exercise his alternative SAR; subject, however, to the limitations on time of exercise hereinafter set forth. Such SAR shall be exercised by the delivery to the Company of a written notice which shall state that the

optionee elects to exercise his SAR as to the number of shares specified in the notice and which shall further state what portion, if any, of the SAR exercise amount (hereinafter defined) the holder thereof requests be paid to him in cash and what portion, if any, he request be paid to him in Common Stock of the Company. The Committee promptly shall cause to be paid to such holder the SAR exercise amount either in cash, in Common Stock of the Company, or any combination of cash and stock as it may determine. Such determination may be either in accordance with the request made by the holder of the SAR or otherwise, in the sole discretion of the Committee. The SAR exercise amount is the excess of the fair market value of one share of the Company's Common Stock on the date of exercise over the per option price for the option in respect of which the alternative SAR was granted multiplied by the number of shares as to which the SAR is exercised. For the purposes hereof fair market value of one share of the Company's Common Stock on the date of exercise shall be the mean between the high and low prices of the Company's Common Stock on the New York Stock Exchange on such date; provided, that the Committee may adopt any other criterion for the determination of such fair market value as it may determine to be appropriate.

(c) Other Provisions of Plan Applicable. All provisions of this Plan applicable to options granted hereunder shall apply with equal effect to alternative SARs. Not in limitation of the prior sentence it is expressly provided that no SAR shall be transferable otherwise than by will or the laws of descent and distribution and an SAR may be exercised, during the lifetime of the holder thereof, only by such holder.

15. Adjustments Upon Changes in Capitalization or Corporate Acquisitions.

Notwithstanding any other provisions of the Plan, the option and SAR agreements may contain such provisions as the Committee shall determine to be appropriate for the adjustment of the number and class of shares subject to each outstanding option or SAR and the option prices and SAR exercise amounts in the event of changes in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, split-ups, combinations or exchanges of shares and the like, and, in the event of any such change in the outstanding Common Stock, the aggregate number and class of shares available under the Plan and the maximum number of shares as to which options and SARs may be granted to any individual shall be appropriately adjusted by the Committee, whose determination shall be conclusive. In the event the Company or a subsidiary enters into a transaction described in Section 424(a) of the Code with any other corporation, the Committee may grant options or SARs to employees or former employees of such corporation in substitution of options or SARs previously granted to them upon such terms and conditions as shall be necessary to qualify such grant as a substitution described in Section 424(a) of the Code. In the event of a special, non-recurring distribution with respect to the Company's Common Stock, the Committee may adjust the number of shares subject to each option and the option price per share in such manner as the Committee deems just and equitable to reflect such distribution, but in no event shall the total number of shares used under the Plan exceed the number authorized under Paragraph 2.

16. Amendment and Termination.

Either the Board of Directors or the Committee may at any time terminate the Plan, or make such modifications of the Plan as it shall deem advisable; provided, however, that neither the Board of Directors nor the Committee may, without further approval by the holders of Common Stock, increase the maximum numbers of shares as to which options or SARs may be granted under the Plan (except under the anti-dilution provisions hereof), or change the class of employees to whom options or SARs may be granted, or withdraw the authority to administer the Plan from a committee whose members satisfy the requirements of Paragraph 4. No termination or amendment of the Plan may, without the consent of the optionee to whom any option or SAR shall theretofore have been granted, adversely affect the rights of such optionee under such option or SAR.

17. Effectiveness of the Plan.

The Plan shall become effective upon adoption by the Board of Directors or the Committee subject, however, to its further approval by the shareholders of the Company given within twelve (12) months of the date the Plan is adopted by the Board of Directors or the Committee at a regular meeting of the shareholders or at a special meeting duly called and held for such purpose. Grants of options or SARs may be made prior to such shareholder approval but all option and SAR grants made prior to shareholder approval shall be subject to the obtaining of such approval and if such approval is not obtained, such options and SARs shall not be effective for any purpose.

18. Time of Granting of Options or SARs.

An option or SAR grant under the Plan shall be deemed to be made on the date on which the Committee, by formal action of its members duly recorded in the records thereof, makes an award of an option or SAR to an eligible employee of the Company or its subsidiaries (but in no event prior to the adoption of the Plan by the Board of Directors), provided that such option or SAR is evidenced by a written option or SAR agreement duly executed on behalf of the Company and on behalf of the optionee within a reasonable time after the date of the Committee action.

19. Term of Plan.

This Plan shall terminate ten (10) years after the date on which it is approved and adopted by the Board of Directors or the Committee, and no option or SAR shall be granted hereunder after the expiration of such ten-year period. Options or SARs outstanding at the termination of the Plan shall continue in full force and effect and shall not be affected thereby.

* * *

The foregoing Plan was approved and adopted by the Human Resources and Ethics Committee of the Board of Directors of the Company on August 3, 1994, and was amended on September 4, 1996, May 7, 1998 and October 16, 2000.

ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN
AMENDED AND RESTATED EFFECTIVE
OCTOBER 16, 2000

1. Purpose of the Plan.

The ESCO Technologies Inc. 1999 Stock Option Plan (the "Plan") is intended as an incentive to, and to encourage ownership of the stock of ESCO Technologies Inc. ("Company") by, certain key officers, managers and professional employees of the Company and its subsidiaries. It is intended that certain options granted hereunder will qualify as incentive stock options ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and that other options granted hereunder will not qualify as Incentive Stock Options.

2. Stock Subject to the Plan.

Six hundred ten thousand (610,000) shares of the authorized but unissued Common Stock, par value of \$0.01 per share, of the Company have been allocated to the Plan and will be reserved for issue upon the exercise of options granted under the Plan. The Company may, in its discretion, use shares held in the treasury in lieu of authorized but unissued shares. If any such option shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purposes of the Plan. Any shares of Common Stock which are used by an optionee as full or partial payment to the Company of the purchase price of shares of Common Stock upon exercise of a stock option shall again be available for the purposes of the Plan. The number of shares with respect to which options and stock appreciation rights ("SARs") may be granted to any individual during any calendar year may not exceed seventy thousand (70,000) shares.

3. Administration.

The Plan shall be administered by the Committee referred to in Paragraph 4 (the "Committee"). Subject to the express provisions of the Plan, the Committee shall have plenary authority, in its discretion, to determine the individuals to whom, and the time or times at which, options and SARs shall be granted and the number of shares to be subject to each option or SAR. In making such determinations the Committee may take into account the nature of the services rendered by the respective individuals, their present and potential contributions to the Company's success and such other factors as the Committee, in its discretion, shall deem relevant. Subject to the express provisions of the Plan, the Committee shall also have plenary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective stock option and SAR agreements (which need not be identical) and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations on the matters referred to in this Paragraph 3 shall be conclusive.

4. The Committee.

The Committee shall be the Human Resources and Ethics Committee of the Board of Directors and shall at all times be constituted to comply with Rule 16b-3 under the Securities Exchange Act of 1934, or any successor to such Rule. In addition, such Committee shall consist solely of two or more Outside Directors. For this purpose, an Outside Director shall mean a director of the Company who:

- (1) is not an employee of the Company or any subsidiary while he is a member of the Committee;
- (2) is not a former employee of the Company or a subsidiary who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year;
- (3) has not been an Officer of the Company or a subsidiary; and
- (4) shall not receive Remuneration from the Company or a subsidiary either directly or indirectly in any capacity other than as a director.

"Remuneration" and "Officer" as used herein shall be determined in accordance with Treas. Reg. ss.1.162-27(e)(3) or any successor thereto.

The Committee shall be appointed by the Board of Directors, which may from time to time appoint members of the Committee in substitution for members previously appointed and may fill vacancies, however caused, in the Committee. The Board of Directors shall select one of the Committee members as its Chairman, and shall hold its meetings at such times and places as it may determine. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at any meeting at which there is a quorum. Any decision or determination reduced to writing and signed by all of the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary, shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

5. Eligibility.

Options and SARs may be granted only to key officers, managers and professional employees of the Company or its subsidiaries. The term "key officers, managers and professional employees" is not limited to, but includes, officers, whether or not they are directors, but does not include directors who are not also executive employees of the Company, or a subsidiary thereof. The term "subsidiary" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the option or SAR, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, or such other meaning as may be hereafter ascribed to it in Section 424 of the Code.

6. Option Prices.

The purchase price of the Common Stock under each option shall not be less than 100% of the fair market value of the stock at the time of the granting of the option. Such fair market value shall generally be considered to be the mean between the high and low prices of the Company's Common Stock as traded on the New York Stock Exchange on the day the option is granted; provided, however, that the Committee may adopt any other criterion for the determination of such fair market value as it may determine to be appropriate. The purchase price is to be paid in full upon the exercise of the option, either (i) in cash, (ii) in the discretion of the Committee, by the tender to the Company of shares of the Common Stock of the Company, owned by the optionee and registered in his name, having a fair market value equal to the cash exercise price of the option being exercised, with the fair market value of such stock to be determined in such appropriate manner as may be provided for by the Committee or as may be required in order to comply with, or to conform to the requirements of, any applicable laws or regulations, or (iii) in the discretion of the Committee, by any combination of the payment methods specified in clauses (i) and (ii) hereof; provided that, no shares of Common Stock may be tendered in exercise of an Incentive Stock Option if such shares were acquired by the optionee through the exercise of an Incentive Stock Option unless (i) such shares have been held by the optionee for at least one year and (ii) at least two years have elapsed since such prior Incentive Stock Option was granted. In addition, in the discretion of the Committee, the optionee may effect a "cashless exercise" of an option in lieu of paying the option price in cash or shares of Common Stock of the Company owned by the optionee, by surrendering the option for that number of shares of Common Stock determined by multiplying the number of option shares to which he would otherwise be entitled by a fraction, the numerator of which is the excess of the then-current fair market value per share of the Common Stock over the exercise price, and the denominator of which is the then-current fair market value per share of Common Stock. The proceeds of sale of stock subject to option are to be added to the general funds of the Company or to the shares of the Common Stock of the Company held in its Treasury, and used for its corporate purposes as the Board of Directors shall determine.

7. Option Amounts.

The maximum aggregate fair market value (determined at the time an option is granted in the same manner as provided for in Paragraph 6 hereof) of the Common Stock of the Company with respect to which Incentive Stock Options are exercisable for the first time by any optionee during any calendar year (under all plans of the Company and its subsidiaries) shall not exceed \$100,000.

8. Exercise of Options.

The term of each option shall be not more than ten (10) years from the date of granting thereof or such shorter period as is prescribed in Paragraph 9 following. Within such limit, options will be exercisable at such time or times, and subject to such restrictions and conditions, as the Committee shall, in each instance, approve, which need not be uniform for all optionees; provided, however, that except as provided in Paragraphs 9 and 10 following, no option may be exercised at any time unless the optionee is then an employee of the Company or a subsidiary and has been so employed continuously since the granting of the option. The holder of an option shall have none of the rights of a shareholder with respect to the shares subject to option until such shares shall be issued to him upon the exercise of his option. Upon exercise of an option the Committee shall withhold a sufficient number of shares to satisfy the Company's withholding obligations for any taxes incurred as a result of such exercise, and the Committee may, at the request of the optionee, withhold a sufficient number of shares to satisfy the optionee's tax liability incurred as a result of such exercise up to the maximum marginal federal, state and local tax rates; provided, that in lieu of all or part of such withholding, the optionee may pay an equivalent amount of cash to the Company.

9. Termination of Employment.

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

10. Death of Holder of Option.

In the event of the death of an individual to whom an option has been granted under the Plan, while he is employed by the Company (or a subsidiary) or within three (3) months after the termination of his employment (or one (1) year in the case of the termination of employment of an option holder who is disabled as above provided) the option theretofore granted to him may be exercised, to the extent that he was entitled to exercise it at the date of such death, by a legatee or legatees of the option holder under his last will, or by his personal representatives or distributees, at any time within a period of one (1) year after his death, but not after ten (10) years from the date of granting thereof, and only if and to the extent that he was entitled to exercise the option at the date of his death.

11. Non-Transferability of Options.

Each Incentive Stock Option granted under the Plan shall, by its terms, be non-transferable otherwise than by will or the laws of descent and distribution and an option may be exercised, during the lifetime of the holder thereof, only by him.

12. Successive Option Grants.

Successive option grants may be made to any holder of options under the Plan.

13. Investment Purpose.

Each option under the Plan shall 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, except that the Committee may make such provision with respect to options granted under this Plan as it deems necessary or advisable for the release of such condition upon the registration with the Securities and Exchange Commission of stock subject to the option, or upon the happening of any other contingency warranting the release of such condition.

14. Alternative Stock Appreciation Rights.

(a) Grant. At the time of grant of an option, the Committee, in its discretion, may grant to the optionee under the Plan an alternative SAR for all or any part of the number of shares covered by his option. The SAR agreement shall specify the options in respect of which the alternative SAR is granted. Any subsequent exercise of an option by the holder thereof who also holds an alternative SAR shall reduce his alternative SAR by the same number of

shares as to which his option is exercised. Any exercise of his alternative SAR shall reduce his option by the same number of shares as to which his SAR is exercised. An alternative SAR granted to an option holder shall specify a time period for exercise of such SAR, which time period may not extend beyond, but may be less than, the time period during which the corresponding option may be exercised. The failure of the holder of the alternative SAR to exercise such SAR within the time period specified shall not reduce his option rights. If an alternative SAR is granted for a number of shares less than the total number of shares covered by the corresponding option the Committee may later grant to the option holder an additional alternative SAR covering additional shares, provided, however, that the aggregate amount of all alternative SARs held by an option holder shall at no time exceed the total number of shares covered by his unexercised options.

(b) Exercise. The holder of any option which by its terms is exercisable who also holds an alternative SAR may, in lieu of exercising his option, elect to exercise his alternative SAR; subject, however, to the limitations on time of exercise hereinafter set forth. Such SAR shall be exercised by the delivery to the Company of a written notice which shall state that the optionee elects to exercise his SAR as to the number of shares specified in the notice and which shall further state what portion, if any, of the SAR exercise amount (hereinafter defined) the holder thereof requests be paid to him in cash and what portion, if any, he request be paid to him in Common Stock of the Company. The Committee promptly shall cause to be paid to such holder the SAR exercise amount either in cash, in Common Stock of the Company, or any combination of cash and stock as it may determine. Such determination may be either in accordance with the request made by the holder of the SAR or otherwise, in the sole discretion of the Committee. The SAR exercise amount is the excess of the fair market value of one share of the Company's Common Stock on the date of exercise over the per option price for the option in respect of which the alternative SAR was granted multiplied by the number of shares as to which the SAR is exercised. For the purposes hereof fair market value of one share of the Company's Common Stock on the date of exercise shall be the mean between the high and low prices of the Company's Common Stock on the New York Stock Exchange on such date; provided, that the Committee may adopt any other criterion for the determination of such fair market value as it may determine to be appropriate.

(c) Other Provisions of Plan Applicable. All provisions of this Plan applicable to options granted hereunder shall apply with equal effect to alternative SARs. Not in limitation of the prior sentence it is expressly provided that no SAR shall be transferable otherwise than by will or the laws of descent and distribution and an SAR may be exercised, during the lifetime of the holder thereof, only by such holder.

15. Adjustments Upon Changes in Capitalization or Corporate Acquisitions.

Notwithstanding any other provisions of the Plan, the option and SAR agreements may contain such provisions as the Committee shall determine to be appropriate for the adjustment of the number and class of shares subject to each outstanding option or SAR and the option prices and SAR exercise amounts in the event of changes in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, split-ups, combinations or exchanges of shares and the like, and, in the event of any such change in the outstanding Common Stock, the aggregate number and class of shares available under the Plan and the maximum number of shares as to which options and SARs may be granted to any individual shall be appropriately adjusted by the Committee, whose determination shall be conclusive. In the event the Company or a subsidiary enters into a transaction described in Section 424(a) of the Code with any other corporation, the Committee may grant options or SARs to employees or former employees of such corporation in substitution of options or SARs previously granted to them upon such terms and conditions as shall be necessary to qualify such grant as a substitution described in Section 424(a) of the Code.

16. Amendment and Termination.

Either the Board of Directors or the Committee may at any time terminate the Plan, or make such modifications of the Plan as it shall deem advisable; provided, however, that neither the Board of Directors nor the Committee may, without further approval by the holders of Common Stock, increase the maximum numbers of shares as to which options or SARs may be granted under the Plan (except under the anti-dilution provisions hereof), or change the class of employees to whom options or SARs may be granted, or withdraw the authority to administer the Plan from a committee whose members satisfy the requirements of Paragraph 4. No termination or amendment of the Plan may, without the consent of the optionee to whom any option or SAR shall theretofore have been granted, adversely affect the rights of such optionee under such option or SAR.

17. Effectiveness of the Plan.

The Plan shall become effective upon adoption by the Board of Directors or the Committee subject, however, to its further approval by the shareholders of the Company given within twelve (12) months of the date the Plan is adopted by the Board of Directors or the Committee at a regular meeting of the shareholders or at a special meeting duly called and held for such purpose. Grants of options or SARs may be made prior to such shareholder approval but all option and SAR grants made prior to shareholder approval shall be subject to the obtaining of such approval and if such approval is not obtained, such options and SARs shall not be effective for any purpose.

18. Time of Granting of Options or SARs.

An option or SAR grant under the Plan shall be deemed to be made on the date on which the Committee, by formal action of its members duly recorded in the records thereof,

makes an award of an option or SAR to an eligible employee of the Company or its subsidiaries (but in no event prior to the adoption of the Plan by the Board of Directors), provided that such option or SAR is evidenced by a written option or SAR agreement duly executed on behalf of the Company and on behalf of the optionee within a reasonable time after the date of the Committee action.

19. Term of Plan.

This Plan shall terminate ten (10) years after the date on which it is approved and adopted by the Board of Directors or the Committee, and no option or SAR shall be granted hereunder after the expiration of such ten-year period. Options or SARs outstanding at the termination of the Plan shall continue in accordance with their terms and shall not be affected by such termination.

* * *

The foregoing Plan was approved and adopted by the Human Resources and Ethics Committee of the Board of Directors of the Company on August 6, 1998, and was amended May 4, 2000 and October 16, 2000.

INCENTIVE STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this day of , 2000 , by and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter called the "Company"), and (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of 610,000 shares of the Common Stock of the Company may be granted to officers and other key management employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management employee of the Company or a subsidiary of the Company; and

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

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

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions

of the Plan, which terms are incorporated herein by reference. The Committee referred to in Paragraph 4 of the Plan ("Committee") has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on _____ ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of _____ () shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$ _____ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number

of shares to which this option relates. Notwithstanding the foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) by tender of shares of Common Stock already owned by Optionee, or (iii) by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months, all in accordance with Paragraph 6 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option, unless (i) such shares have been held by Optionee for at least one year, and (ii) at least two years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

a. The purchase or other acquisition (other than from the Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of

20% or more of either the then-outstanding shares of common stock of the Company or the combined voting power of the Company's then-outstanding voting securities entitled to vote generally in the election of directors; or

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

c. Approval by the stockholders of the Company of a reorganization, merger or consolidation, in each case with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined

voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation's then-outstanding voting securities, or of a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company.

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

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

that the shares have not been registered under said Act and are subject to restrictions on the transfer thereof, which legend may be in the following form (or such other form as the Company shall determine to be proper), to-wit:

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

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

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan.

7. Death of Optionee. In the event of the death of Optionee during the term of this Agreement and while he is employed by the Company (or a subsidiary), or within three (3)

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

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

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

by the express terms hereof.

10. Option an Incentive Stock Option. It is intended that this option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

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

ESCO TECHNOLOGIES INC.

By -----
Vice President

ATTEST:

Secretary

Optionee

INCENTIVE STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this day of , 200 , by
and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter called
the "Company"), and (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of
Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the
"Plan") pursuant to which options covering an aggregate of 610,000 shares of the
Common Stock of the Company may be granted to officers and other key management
employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management
employee of the Company or a subsidiary of the Company; and

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

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

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

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of () shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which

this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number of shares to which this option relates. Notwithstanding the foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) in the discretion of the General Counsel of the Company, by tender of shares of Common Stock already owned by Optionee, or (iii) in the discretion of the General Counsel of the Company, by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months,

all in accordance with Paragraph 6 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option, unless (i) such shares have been held by Optionee for at least one year, and (ii) at least two years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

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

b. Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board")

cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

Company or of the sale of all or substantially all of the assets of the Company.

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

4. Investment Purpose. Optionee represents that, in the event of the exercise by him of the option hereby granted, or any part thereof, he intends to purchase the shares acquired on such exercise for investment and not with a view to resale or other distribution; except that the Company, at its election, may waive or release this condition in the event the shares acquired on exercise of the option are registered under the Securities Act of 1933, or upon the happening of any other contingency which the Company shall determine warrants the waiver or release of this condition. Optionee agrees that the certificates evidencing the shares acquired by him on exercise of all or any part of this option, may bear a restrictive

legend, if appropriate, indicating that the shares have not been registered under said Act and are subject to restrictions on the transfer thereof, which legend may be in the following form (or such other form as the Company shall determine to be proper), to-wit:

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

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

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the

option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan.

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

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

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and

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

10. Option an Incentive Stock Option. It is intended that this option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

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

ESCO TECHNOLOGIES INC.

By -----
Vice President

ATTEST:

Secretary

Optionee

INCENTIVE STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this day of , 200 ,
by and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter
called the "Company"), and (hereinafter called
"Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of
Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the
"Plan") pursuant to which options covering an aggregate of 610,000 shares of the
Common Stock of the Company may be granted to officers and other key management
employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management
employee of the Company or a subsidiary of the Company; and

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

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

1. Grant Subject to Plan. This option is granted under and is
expressly subject to, all the terms and provisions of the Plan, which terms are
incorporated herein by reference.

The Committee referred to in Paragraph 4 of the Plan ("Committee") has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on _____ ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of _____ () shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$ _____ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number of shares to which this option relates. In no event may this

option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) in the discretion of the General Counsel of the Company, by tender of shares of Common Stock already owned by Optionee, or (iii) in the discretion of the General Counsel of the Company, by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months, all in accordance with Paragraph 6 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option, unless (i) such shares have been held by Optionee for at least one year, and (ii) at least two years have elapsed since such Incentive Stock Option was granted.

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

4. Investment Purpose. Optionee represents that, in

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

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

5. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except by will

or the laws of descent and distribution, and any attempted assignment, transfer, mortgage, pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by him.

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan.

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

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

its obligations to deliver shares on any exercise hereof.

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

10. Option an Incentive Stock Option. It is intended that this option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

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

ESCO TECHNOLOGIES INC.

By

Vice President

ATTEST:

Secretary

Optionee

INCENTIVE STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this ___ day of _____, 200__, by and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter called the "Company"), and _____ (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of 610,000 shares of the Common Stock of the Company may be granted to officers and other key management employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management employee of the Company or a subsidiary of the Company; and

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

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

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions of the Plan, which terms are incorporated herein by reference.

The Committee referred to in Paragraph 4 of the Plan ("Committee") has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on _____ ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of _____ (_____) shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$_____ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number of shares to which this option relates. Notwithstanding the foregoing, (i) in the event of a Change of Control (as hereinafter defined), Optionee may purchase 100% of the total number of shares to which this option relates, and (ii) if Optionee's employment is terminated with the consent and approval of the Company, other than a termination with "cause"

(as defined in Section 3.6 of Optionee's Employment Agreement dated as of April 10, 2000), then, effective as of Optionee's last day of employment, and for three (3) months thereafter, Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) in the discretion of the General Counsel of the Company, by tender of shares of Common Stock already owned by Optionee, or (iii) in the discretion of the General Counsel of the Company, by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months, all in accordance with Paragraph 6 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option, unless (i) such shares have been held by Optionee for at least one year, and (ii) at least two years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

a. The purchase or other acquisition (other than from the Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then-outstanding

shares of common stock of the Company or the combined voting power of the Company's then-outstanding voting securities entitled to vote generally in the election of directors; or

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

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

Company or of the sale of all or substantially all of the assets of the Company.

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

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

"The shares represented by this certificate have not been registered under the Securities Act of 1933, but have been issued or transferred to the registered owner pursuant to the exemption afforded by Section

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

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

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in section 2 of this Agreement and paragraph 9 of the Plan.

7. Death of Optionee. In the event of the death of Optionee during the term of this Agreement and while he is employed by the Company (or a subsidiary), or within three (3) months after the termination of his employment (or one (1) year in the case of the termination of employment of an Optionee who is disabled as provided in the Plan), this option may be exercised, to the extent that he was entitled to exercise it at the date of his death, by a legatee or legatees of Optionee under his last will, or by his personal representatives or

distributees, at any time within a period of one (1) year after his death, but not after ten (10) years from the date hereof, and only if and to the extent that he was entitled to exercise the option at the date of his death.

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

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

10. Option an Incentive Stock Option. It is intended that this option shall be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

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

ESCO TECHNOLOGIES INC.

By _____
Vice President

ATTEST:

Secretary

Optionee

NONQUALIFIED STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this ___ day of _____, 200__, by and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter called the "Company"), and _____ (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of 610,000 shares of the Common Stock of the Company may be granted to officers and other key management employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management employee of the Company or a subsidiary of the Company; and

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

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

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions

of the Plan, which terms are incorporated herein by reference. The Committee referred to in Paragraph 4 of the Plan ("Committee") has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on _____ ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of _____ (_____) shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$_____ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number

of shares to which this option relates. Notwithstanding the foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) by tender of shares of Common Stock already owned by Optionee, or (iii) by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months, all in accordance with Paragraph 6 of the Plan. For the purposes of this Agreement, a Change of Control means:

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

b. Individuals who, as of the date hereof,

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

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

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

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

"The shares represented by this certificate have not been registered under the Securities Act of 1933, but

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

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

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan.

7. Death of Optionee. In the event of the death of Optionee during the term of this Agreement and while he is employed by the Company (or a subsidiary), or within three (3) months after the termination of his employment (or one (1) year in the case of the termination of employment of an Optionee who is disabled as provided in the Plan), this option may be exercised, to the extent that he was entitled to exercise it at the date of his death, by a legatee or legatees of Optionee under

his last will, or by his personal representatives or distributees, at any time within a period of one (1) year after his death, but not after ten (10) years from the date hereof, and only if and to the extent that he was entitled to exercise the option at the date of his death.

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

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

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

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

ESCO TECHNOLOGIES INC.

By _____
Vice President

ATTEST:

Secretary

Optionee

NONQUALIFIED STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this day of , 2000 , by
and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter called
the "Company"), and (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of
Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the
"Plan") pursuant to which options covering an aggregate of 610,000 shares of the
Common Stock of the Company may be granted to officers and other key management
employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management
employee of the Company or a subsidiary of the Company; and

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

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

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

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of () shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which

this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number of shares to which this option relates. Notwithstanding the foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) in the discretion of the General Counsel of the Company, by tender of shares of Common Stock already owned by Optionee, or (iii) in the discretion of the General Counsel of the Company, by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months,

all in accordance with Paragraph 6 of the Plan. For the purposes of this Agreement, a Change of Control means:

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

b. Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then

comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

3. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock of the Company by

reason of stock dividends, recapitalizations, mergers, consolidations, split-ups, combinations or exchanges of shares and the like, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original agreement.

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

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

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

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan.

7. Death of Optionee. In the event of the death of Optionee during the term of this Agreement and while he is employed by the Company (or a subsidiary), or within three (3)

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

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

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the

administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

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

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

ESCO TECHNOLOGIES INC.

By
Vice President

ATTEST:

Secretary

Optionee

NONQUALIFIED STOCK OPTION AGREEMENT
UNDER
ESCO TECHNOLOGIES INC.
1999 STOCK OPTION PLAN

THIS AGREEMENT, made this day of , 200 ,
by and between ESCO TECHNOLOGIES INC., a Missouri corporation (hereinafter
called the "Company"), and (hereinafter called "Optionee"),

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of
Directors") has adopted the ESCO Technologies Inc. 1999 Stock Option Plan (the
"Plan") pursuant to which options covering an aggregate of 610,000 shares of the
Common Stock of the Company may be granted to officers and other key management
employees of the Company and its subsidiaries; and

WHEREAS, Optionee is now an officer or other key management
employee of the Company or a subsidiary of the Company; and

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

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

1. Grant Subject to Plan. This option is granted under and is
expressly subject to, all the terms and provisions

of the Plan, which terms are incorporated herein by reference. The Committee referred to in Paragraph 4 of the Plan ("Committee") has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, which action was taken on ("Date of Grant"), the Company grants to Optionee the option to purchase all or any part of () shares of the Common Stock of the Company, of the par value of \$0.01 per share ("Common Stock"), for a period of ten (10) years from the Date of Grant, at the purchase price of \$ per share; provided, however, that the right to exercise such option shall be, and is hereby, restricted so that no shares may be purchased during the first year of the term hereof; that at any time during the term of this option after the end of the first year from the Date of Grant, Optionee may purchase up to 33-1/3% of the total number of shares to which this option relates; that at any time during the term of this option after the end of the second year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; and that at any time after the end of the third year from the Date of Grant, Optionee may purchase up to an additional 33-1/3% of the total number of shares to which this option relates; so that upon the expiration of the third year from the Date of Grant and thereafter during the term hereof, Optionee will have become entitled to purchase the entire number

of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant. Without further action or approval by the Committee, the purchase price of the shares subject to the option may be paid for (i) in cash, (ii) in the discretion of the General Counsel of the Company, by tender of shares of Common Stock already owned by Optionee, or (iii) in the discretion of the General Counsel, by a combination of methods of payment specified in clauses (i) and (ii), but only if Optionee has owned any shares to be tendered for at least six (6) months, all in accordance with Paragraph 6 of the Plan.

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

4. Investment Purpose. Optionee represents that, in the event of the exercise by him of the option hereby granted, or any part thereof, he intends to purchase the shares acquired on such exercise for investment and not with a view to resale or other distribution; except that the Company, at its election, may waive or release this condition in the event the shares acquired

on exercise of the option are registered under the Securities Act of 1933, or upon the happening of any other contingency which the Company shall determine warrants the waiver or release of this condition. Optionee agrees that the certificates evidencing the shares acquired by him on exercise of all or any part of this option, may bear a restrictive legend, if appropriate, indicating that the shares have not been registered under said Act and are subject to restrictions on the transfer thereof, which legend may be in the following form (or such other form as the Company shall determine to be proper), to-wit:

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

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

6. Termination of Employment. In the event of the termination of employment of Optionee other than by death, the option granted may be exercised at the times and to the extent provided in paragraph 9 of the Plan.

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

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

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by

the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

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

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

ESCO TECHNOLOGIES INC.

By -----
Vice President

ATTEST:

Secretary

Optionee