UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2012

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.)
9900A Clayton Road St. Louis, Missouri (Address of principal executive offices)	63124-1186 (Zip Code)

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

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. S Yes £ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. £

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. S Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). S Yes £ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form l0-K or any amendment to this Form l0-K. S

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer S	Accelerated filer £
Non-accelerated filer £ (Do not check if a smaller reporting company)	Smaller reporting company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). £ Yes S No

Aggregate market value of the Common Stock held by non-affiliates of the registrant as of the close of trading on March 31, 2012: $964,013,283.*

* Based on the New York Stock Exchange closing price on March 30, 2012; March 31 was not a trading day. For purpose of this calculation only, without determining whether the following are affiliates of the registrant, the registrant has assumed that (i) its directors and executive officers are affiliates, and (ii) no party who has filed a Schedule 13D or 13G is an affiliate.

Number of shares of Common Stock outstanding at October 31, 2012: 26,649,992.

DOCUMENTS INCORPORATED BY REFERENCE:

1. Portions of the registrant’s Annual Report to Stockholders for its fiscal year ended September 30, 2012 (the “2012 Annual Report”) are incorporated by reference into Parts I and II.

2. Portions of the registrant’s Proxy Statement to be dated on or about December 19, 2012 (the “2012 Proxy Statement”) are incorporated by reference into Part III.

ESCO TECHNOLOGIES INC.
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Forward-Looking Information

Statements contained in this Form 10-K regarding future events and the Company's future results that are based on current expectations, estimates, forecasts and projections about the Company's performance and the industries in which the Company operates are considered "forward-looking statements" within the meaning of the safe harbor provisions of the Federal securities laws. These include statements about: the amount and timing of 2013 revenues and EPS; the adequacy of the Company's credit facilities and future cash flows; the anticipated size of the SoCalGas deployment; the outcome of current litigation, claims and charges; the anticipated timing and amount of lost deferred tax assets; continued reinvestment of foreign earnings; the accuracy of the Company's estimates utilized in software revenue recognition; the accuracy of the Company's estimates utilized to project costs at completion in the Test segment and Filtration segment; income tax liabilities and effective tax rate; the timing and amount of the reduction of unrecognized tax benefits; repayment of debt within the next twelve months; the recognition of costs related to share-based compensation arrangements; future costs relating to environmental matters; share repurchases; investments; sustained performance improvement; market risk related to interest rates; the impact of FASB Update No. 2012-02; performance improvement initiatives; growth opportunities; new product development; the Company's ability to increase shareholder value; acquisitions; the beliefs and assumptions of Management contained in the letter "To Our Shareholders" and "Management's Discussion and Analysis" in the 2012 Annual Report; and any other statements contained herein which are not strictly historical. Words such as expects, anticipates, targets, goals, projects, intends, plans, believes, estimates, variations of such words, and similar expressions are intended to identify such forward-looking statements. Investors are cautioned that such statements are only predictions and speak only as of the date of this Form 10-K, and the Company undertakes no duty to update them except as may be required by applicable laws or regulations. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment, including but not limited to those described herein under "Item 1A, Risk Factors," and the following: changes in requirements or financial constraints impacting SoCalGas; the impacts of natural disasters such as hurricanes on the Company's operations and those of the Company's customers and suppliers; the timing and content of future customer orders; termination for convenience of customer contracts; timing and magnitude of future contract awards; weakening of economic conditions in served markets; the success of the Company's competitors; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; the availability of selected acquisitions; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; material changes in the costs of certain raw materials; labor disputes; changes in laws and regulations including but not limited to changes in accounting standards and taxation requirements; costs relating to environmental matters; litigation uncertainty; and the Company's successful execution of internal restructuring plans.

PART I

Item 1. Business

The Company

The Registrant, ESCO Technologies Inc. ("ESCO"), is a producer of engineered products and systems sold to customers worldwide, primarily for utility, industrial, aerospace and commercial applications. ESCO conducts its business through a number of wholly-owned direct and indirect subsidiaries; ESCO and its subsidiaries are referred to in this Report as "the Company."

ESCO was incorporated in Missouri in August 1990 as a wholly owned subsidiary of Emerson Electric Co. ("Emerson") to be the indirect holding company for several Emerson subsidiaries, which were primarily in the defense business. Ownership of the Company was spun off by Emerson to its shareholders on October 19, 1990, through a special distribution. Since that time, through a series of acquisitions and divestitures, the Company has shifted its primary focus from defense contracting to the production and supply of engineered products and systems marketed to utility, industrial, aerospace and commercial users.

The Company conducts its business in three operating segments, which, together with the principal operating subsidiaries within each segment, are as follows:

Utility Solutions Group (“Utility Solutions”):
Aclara Technologies LLC (“Aclara”)
Doble Engineering Company
Doble Lemke GmbH
Doble PowerTest Ltd.
Doble TransiNor AS
Xtensible Solutions, LLC

RF Shielding and Test (“Test”):
Beijing Lindgren ElectronMagnetic Technology Co., Ltd.
EMV Elektronische Messgeräte Vertriebs-GmbH
ETS Lindgren Engineering India Pvt. Ltd.
ETS Lindgren Japan, Inc.
ETS Lindgren Ltd.
ETS-Lindgren L.P. (merged with Lindgren R.F. Enclosures, Inc. on October 1, 2012 – see below)
ETS-Lindgren OY
Lindgren R.F. Enclosures, Inc. (name changed to ETS-Lindgren Inc. on October 1, 2012 – see below)

Filtration/Fluid Flow (“Filtration”):
Crissair, Inc. (“Crissair”)
PTI Technologies Inc. (“PTI”)
Thermoform Engineered Quality LLC (“TEQ”)
VACCO Industries (“VACCO”)

The Doble entities listed above are hereinafter collectively referred to as “Doble.” The Test segment entities listed above are hereinafter collectively referred to as “ETS-Lindgren.”

The Company’s operating subsidiaries are engaged primarily in the research, development, manufacture, sale and support of the products and systems described below. Their respective businesses are subject to a number of risks and uncertainties, including without limitation those discussed in “Item 1A, Risk Factors,” which is incorporated herein by reference. See also “Management’s Discussion and Analysis” appearing in the 2012 Annual Report, which is herein incorporated by reference, and “Forward-Looking Information” above.

ESCO is continually seeking ways to save costs, streamline its business processes and enhance the branding of its products and services. Accordingly, on December 31, 2011 the Company consolidated its three former Aclara operating companies, Aclara RF Systems Inc., Aclara Power-Line Systems Inc. and Aclara Software Inc., into a single operating subsidiary, Aclara Technologies LLC. On October 1, 2012 the Company consolidated its two domestic Test segment operating companies by merging ETS-Lindgren, L.P. into Lindgren R.F. Enclosures Inc., which was renamed ETS-Lindgren Inc.

Products

The Company’s principal products are described below. See Note 13 of the Notes to Consolidated Financial Statements in the 2012 Annual Report, incorporated by reference herein, for financial information regarding business segments and 10% customers.

Utility Solutions

The Utility Solutions segment accounted for approximately 46%, 50% and 57% of the Company’s total revenue in fiscal years 2012, 2011 and 2010, respectively.

Aclara is a leading manufacturer of two-way power line communication systems for the electric utility industry (the “TWACS® systems”), which are composed of equipment (primarily meter modules and equipment for central stations and substations), software and support services. The TWACS® systems provide electric utilities with a proprietary communication technology for advanced metering infrastructure (“AMI”), load control, outage assessment/restoration monitoring, remote service disconnect/connect, time-of-use data for critical peak pricing, tamper/theft detection and pre-paid metering. Revenue from the TWACS® systems, which may be considered a class of similar products, accounted for approximately 21%, 23% and 22% of the Company’s total revenue in fiscal years 2012, 2011 and 2010, respectively.

Aclara provides, through its STAR® network, wireless radio frequency (“RF”) data communications systems to gas and water utilities for AMI applications. The STAR® network provides accurate and timely billing, high/low consumption reporting, and non-revenue water loss detection. In November 2005, Aclara entered into a contract with Pacific Gas & Electric Company (“PG&E”) to provide its communications system for the gas meter portion of PG&E’s AMI project. In fiscal 2012, total revenue received by the Company from PG&E for all sales was $7.3 million, representing 1.1% of the Company’s consolidated revenue. Total revenue of $290.0 million from this contract had been recorded from inception through September 30, 2012. Sales under this contract are currently nearing completion. In May 2011, Aclara signed a contract with Southern California Gas Co. (“SoCalGas”), a Sempra Energy subsidiary, to deploy its AMI system and utility data management software, system-wide. SoCalGas has announced its plans to deploy Aclara’s integrated hardware, software, and network architecture system to over six million residential, and most commercial, natural gas customers throughout its service territory. Revenue from STAR® network products, which may be considered a class of similar products, accounted for approximately 7%, 10% and 17% of the Company’s total revenue in fiscal years 2012, 2011 and 2010, respectively.

Aclara also provides utilities with software systems for energy and water information, delivering a scalable meter data management system (“MDMS”), comprehensive AMI/meter device records and asset management, with proven business applications addressing areas such as revenue assurance and distribution asset analysis, and the industry’s leading customer presentment and analysis applications. Aclara’s analytics-based software applications are used by over 100 major energy organizations worldwide.

Doble provides electric utility customers with products and services that allow utilities to maintain a reliable and sustainable electric power infrastructure. It combines three core elements for customers – diagnostic test instruments, expert consulting and testing services – and provides access to its large reserve of related empirical knowledge. It has been operating for over 80 years, and serves over 5,500 companies in over 100 countries. Revenue from Doble’s products and services, which may be considered a class of similar products and services, accounted for approximately 15%, 15% and 15% of the Company’s total revenue in fiscal years 2012, 2011 and 2010, respectively.

Test

The Test segment accounted for approximately 26%, 25% and 23% of the Company’s total revenue in fiscal years 2012, 2011 and 2010, respectively.

ETS-Lindgren designs and manufactures products to measure and contain magnetic, electromagnetic and acoustic energy. It supplies customers with a broad range of isolated environments and turnkey systems, including RF test facilities, acoustic test enclosures, RF and magnetically shielded rooms, secure communication facilities and broadcast and recording studios. Many of these facilities include proprietary features such as shielded doors and windows. ETS-Lindgren also provides the design, program management, installation and integration services required to successfully complete these types of facilities.

ETS-Lindgren also supplies customers with a broad range of components including RF absorptive materials, RF filters, active compensation systems, antennas, antenna masts, turntables and electric and magnetic probes, RF test cells, proprietary measurement software and other test accessories required to perform a variety of tests. ETS-Lindgren offers a variety of services including calibration for antennas and field probes, chamber certification, field surveys, customer training and a variety of product tests. ETS-Lindgren operates the following accredited test labs: American Association for Laboratory Accreditation (“A2LA”), National Voluntary Laboratory Accreditation Program (“NAVLAP”) and CATL (CTIA-The Wireless Association (“CTIA”) Accredited Test Lab). ETS-Lindgren serves the acoustics, medical, health and safety, electronics, wireless communications, automotive and defense markets.

Filtration

The Filtration segment accounted for approximately 28%, 24% and 20% of the Company’s total revenue in fiscal years 2012, 2011 and 2010, respectively.

PTI is a leading supplier of filtration and fluid flow products serving the commercial aerospace, military aerospace and various industrial markets. The industrial markets include chemical processing, automotive and mobile equipment. Products include filter elements, manifolds, assemblies, modules, indicators and other related components. All products must meet stringent quality requirements and withstand severe operating conditions. Product applications include: hydraulic, fuel, cooling and air filtration systems for fixed wing and rotary aircraft, mobile transportation and construction equipment, aircraft engines and stationary plant equipment. PTI supplies products worldwide to original equipment manufacturers and the U.S. government under long term contracts, and to the commercial and military aftermarket through distribution channels.

VACCO supplies flow control products including valves, manifolds, filters, regulators and various other components to the space, military aerospace, defense missile systems, U.S. Navy and commercial industries for use in aircraft fuel and de-icing systems, missiles, satellite propulsion systems, satellite launch vehicles and other space transportation systems such as the SLS (successor to the Space Shuttle). VACCO also utilizes its etched disc technology and capabilities to produce quiet valves and manifolds for U.S. Navy applications.

Crissair supplies a wide variety of custom and standard valves, actuators, manifolds and other various components to the aerospace, defense and commercial industries. Product applications include hydraulic, fuel and air filtration systems for commercial and military fixed wing and rotary aircraft, and defense missile systems. Crissair supplies products worldwide to original equipment manufacturers and to the U.S. Government under long term contracts and to the commercial aftermarket through distribution channels.

Thermoform Engineered Quality LLC produces highly engineered thermoformed products and packaging materials for medical, retail, food and electronic applications.

Marketing and Sales

The Test and Filtration segments' products, as well as Doble's products, generally are distributed to customers through a domestic and foreign network of distributors, sales representatives and in-house sales personnel. Aclara's sales to investor-owned utilities are made directly to the utilities through its sales team. Aclara utilizes distributors and direct sales representatives to sell its systems to the electric utility cooperative and municipal markets, and to non investor-owned gas, water and combination utilities. Aclara's software products are marketed utilizing its in-house sales force.

The Company's international sales accounted for approximately $186 million (27%), $181 million (26%) and $141 million (23%) of the Company's total revenue in fiscal years 2012, 2011 and 2010, respectively. See Note 13 of the Notes to Consolidated Financial Statements in the 2012 Annual Report for financial information regarding geographic areas, which Note is herein incorporated by reference. See also "Item 1A, Risk Factors," for a discussion of risks of the Company's international operations.

Some of the Company's products are sold directly or indirectly to the U.S. Government under contracts with the Army, Navy and Air Force and subcontracts with prime contractors of such entities. Direct and indirect sales to the U.S. Government, primarily related to the Test and Utility Solutions segments, accounted for approximately 9%, 10% and 8% of the Company's total revenue in fiscal years 2012, 2011 and 2010, respectively.

Intellectual Property

The Company owns or has other rights in various forms of intellectual property (i.e., patents, trademarks, service marks, copyrights, mask works, trade secrets and other items). As a major supplier of engineered products to industrial and commercial markets, the Company emphasizes developing intellectual property and protecting its rights therein. However, the scope of protection afforded by intellectual property rights, including those of the Company, is often uncertain and involves complex legal and factual issues. Some intellectual property rights, such as patents, have only a limited term. Also, there can be no assurance that third parties will not infringe or design around the Company's intellectual property. Policing unauthorized use of intellectual property is difficult, and infringement or misappropriation are persistent problems for many companies, particularly in some international markets. In addition, the Company may not elect to pursue an unauthorized user due to the high costs and uncertainties associated with litigation. Further, there can be no assurance that courts will ultimately hold issued patents or other intellectual property valid and enforceable. See "Item 1A, Risk Factors."

In the Utility Solutions segment, many of the products are based on patented or otherwise proprietary technology, including the Company's TWACS® technology. The TWACS® systems are protected primarily by a number of patents expiring on various dates ending in 2017. Patents covering significant aspects of the TWACS® technology expired in 2010 for outbound signal reception and will expire in 2017 for inbound signal generation; and other patents covering inbound and outbound signal detection expired in 2007. However, the expiration of these patents is not expected to have a material effect on the Company's operations. The Utility Solutions segment policy is to seek patent and/or other forms of intellectual property protection on new and improved products, components of products and methods of operation for its businesses, as such developments are made. Accordingly, the Company is pursuing patent applications on improvements to the TWACS® technology that, if granted, will be in force beyond 2017. The Company protects the TWACS NG™ software code as a trade secret, although certain discrete features and functionality have been or may be patented. The Company holds two significant patents which cover the operation of its STAR® network communications systems. These will expire in 2015 and 2016. Doble holds an extensive library of apparatus performance information useful to Doble employees and to entities that generate, distribute or consume electric energy. Doble makes part of this library available to registered users via an Internet portal.

In the Test segment, patent protection has been sought for significant inventions. Examples of such inventions include novel designs for window and door assemblies used in shielded enclosures and anechoic chambers, improved acoustic techniques for sound isolation and a variety of unique antennas.

A number of products in the Filtration segment are based on patented or otherwise proprietary technology that sets them apart from the competition. VACCO's proprietary quieting technology, which it protects as trade secrets, is a significant differentiator for products supplied to the U.S. Navy submarine fleet.

The Company considers its patents and other intellectual property to be of significant value in each of its segments. The Utility Solutions segment owns intellectual property, including its TWACS® technology, which it deems necessary or desirable for the manufacture, use or sale of its products. No other segment is materially dependent on any single patent, group of patents or other intellectual property.

Backlog

Total Company backlog at September 30, 2012 was $406.9 million, representing an increase of $63.8 million (18.6%) from the beginning of the fiscal year backlog of $343.1 million. The backlog of firm orders at September 30, 2012 and September 30, 2011, respectively, was: $187.8 million and $125.4 million for Utility Solutions; $79.4 million and $86.9 million for Test; and $139.7 million and $130.8 million for Filtration. As of September 30, 2012, it is estimated that domestic customers accounted for approximately 76% of the Company's total firm orders, and international customers accounted for approximately 24%. Of the Company's total backlog of orders at September 30, 2012, approximately 70% is expected to be completed in the fiscal year ending September 30, 2013.

Purchased Components and Raw Materials

The Company's products require a wide variety of components and materials. Although the Company has multiple sources of supply for most of its materials requirements, certain components and raw materials are supplied by sole source vendors, and the Company's ability to perform certain contracts depends on their performance. In the past, these required raw materials and various purchased components generally have been available in sufficient quantities. However, in each of the Company's segments, there are instances of some risk of shortages of materials or components due to reliance on sole or limited sources of supply. See "Item 1A, Risk Factors."

In the Utility Solutions segment, in addition to its internal manufacturing of RF end-products, Aclara has contracts with four independent manufacturers which produce and supply a significant amount of such end-products, as well as contracts with several critical suppliers of raw material incorporated into such end-products. Aclara has arrangements with four independent manufacturers which produce and supply substantially all of Aclara's power-line end-products. Aclara also contracts with certain critical raw material suppliers, directing the supply terms of such raw material to Aclara's contract manufacturers.

Two of these contract manufacturers are industry leaders with worldwide operations. Each of these manufacturers is directed by Aclara to purchase certain unique raw material components from suppliers designated by Aclara. The Company believes that the above-described manufacturers and suppliers will be reliable sources for Aclara's end-products for the foreseeable future.

The Test segment is a vertically integrated supplier of electro-magnetic ("EM") shielding products, producing most of its critical RF components. However, this segment purchases significant quantities of raw materials such as steel, copper, nickel and wood. Accordingly, the segment is subject to price fluctuations in the worldwide raw materials markets, although ETS-Lindgren has contracts with three suppliers of certain raw materials.

The Filtration segment purchases supplies from a wide array of vendors. In most instances, multiple vendors of raw materials are screened during a qualification process to ensure that there will not be an interruption of supply should one of them discontinue operations. Nonetheless, in some situations, there is a risk of shortages due to reliance on a limited number of suppliers or because of price fluctuations due to the nature of the raw materials. For example, aerospace-grade titanium, an important raw material for VACCO, Crissair and PTI, may continue to sometimes be in short supply.

Competition

Competition in the Company’s major markets is broadly based and global in scope. The Company faces intense competition from a large number of companies for nearly all of its products. Competition can be particularly intense during periods of economic slowdown, and this has been experienced in some of the Filtration markets. Although the Company is a leading supplier in several of the markets it serves, it maintains a relatively small share of the business in many of the other markets it serves. Individual competitors range in size from annual revenues of less than $1 million to billion-dollar enterprises. Because of the specialized nature of the Company’s products, its competitive position with respect to its products cannot be precisely stated. However, Aclara is believed to be a leading supplier in the fixed network segment of the AMI market. This fixed network segment comprises a substantial part of the total AMI market for utilities. Substantial efforts are required in order to maintain existing business levels. In the Company’s major served markets, competition is driven primarily by quality, technology, price and delivery performance. See “Item 1A, Risk Factors.”

Primary competitors of Aclara in the utility communications market include Itron, Inc., Silver Spring Networks, Landis+Gyr, Cannon Technologies Inc., Sensus Metering Systems Inc., Trilliant Inc., Elster Electricity, L.L.C., Comverge, Inc., Neptune Technology Group, e-Meter Corporation, Oracle Corporation, APOGEE Interactive Inc., Opower, Inc., Ecologic Analytics, LLC and Tantalus Systems Corp. OMICRON Electronics Corp. USA has for some time been a primary competitor of Doble in the international market, and has increased competition in the North America market. OMICRON has the ability to heavily fund research and development. In addition, Megger Group Limited has emerged as a significant competitor to Doble.

The Test segment is the global leader in the EM shielding market. Significant competitors in this served market include TDK RF Solutions Inc., Albatross GmbH, IMEDCO AG and Cuming Corporation.

Primary competitors of the Filtration segment include Pall Corporation, Moog, Inc., SoFrance, Clarcor Inc. and PneuDraulics.

Research and Development

Research and development and the Company’s technological expertise are important factors in the Company’s business. Research and development programs are designed to develop technology for new products or to extend or upgrade the capability of existing products, and to enhance their commercial potential.

The Company performs research and development at its own expense, and also engages in research and development funded by customers. Total Company-sponsored research and development expenses were approximately $30.1 million, $33.5 million and $32.2 million for fiscal years 2012, 2011 and 2010, respectively. Total customer-sponsored research and development expenses were approximately $9.2 million, $8.5 million and $4.0 million for fiscal years 2012, 2011 and 2010, respectively. All of the foregoing expense amounts exclude certain engineering costs primarily associated with product line extensions, modifications and maintenance, which amounted to approximately $17.6 million, $11.5 million and $13.3 million for fiscal years 2012, 2011 and 2010, respectively.

Environmental Matters

The Company is involved in various stages of investigation and cleanup relating to environmental matters. It is very difficult to estimate the potential costs of such matters and the possible impact of these costs on the Company at this time due in part to: the uncertainty regarding the extent of pollution; the complexity of Government laws and regulations and their interpretations; the varying costs and effectiveness of alternative cleanup technologies and methods; the uncertain level of insurance or other types of cost recovery; and in the case of off-site waste disposal facilities, the uncertain level of the Company’s relative involvement and the possibility of joint and several liability with other contributors under applicable law. Based on information currently available, the Company does not believe that the aggregate costs involved in the resolution of any of its environmental matters will have a material adverse effect on the Company’s financial condition or results of operations.

Government Contracts

The Company’s contracts with the U.S. Government and subcontracts with prime contractors of the U.S. Government are primarily firm fixed-price contracts under which work is performed and paid for at a fixed amount without adjustment for the actual costs experienced in connection with the contracts. Therefore, unless the customer actually or constructively alters or impedes the work performed, all risk of loss due to cost overruns is borne by the Company. All Government prime contracts and virtually all of the Company’s Government subcontracts provide that they may be terminated at the convenience of the Government. Upon such termination, the Company is normally entitled to receive equitable compensation from the customer. See “Marketing and Sales” in this Item 1, and “Item 1A, Risk Factors,” for additional information regarding Government contracts.

Employees

As of September 30, 2012, the Company employed approximately 2,690 persons.

Financing

On May 14, 2012, the Company entered into a new $450 million five-year revolving credit facility with JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, N.A., as syndication agent, and eight other participating lenders (the "Credit Facility"). The Credit Facility replaced the Company's $330 million revolving credit facility that would otherwise have matured in November, 2012. Through a credit facility expansion option, the Company may elect to increase the size of the credit facility by entering into incremental term loans, in any agreed currency, at a minimum of $25 million each up to a maximum of $250 million aggregate.

At September 30, 2012, the Company had approximately $319.7 million available to borrow under the credit facility, and a $250 million increase option, in addition to $30.2 million cash on hand. At September 30, 2012, the Company had $115.0 million of outstanding borrowings under the credit facility and outstanding letters of credit of $15.3 million. The Company's ability to access the additional $250 million increase option of the credit facility is subject to acceptance by participating or other outside banks.

The credit facility requires, as determined by certain financial ratios, a facility fee ranging from 17.5 to 35.0 basis points per year on the unused portion. The terms of the facility provide that interest on borrowings may be calculated at a spread over the London Interbank Offered Rate (LIBOR) or based on the prime rate, at the Company's election. The facility is secured by the unlimited guaranty of the Company's material domestic subsidiaries and a 65% pledge of the material foreign subsidiaries' share equity. The financial covenants of the credit facility also include a leverage ratio and an interest coverage ratio. At September 30, 2012, the Company was in compliance with all debt covenants.

See also "Management's Discussion and Analysis – Bank Credit Facility" in the 2012 Annual Report, and Note 8 of the Notes to Consolidated Financial Statements in the 2012 Annual Report, which information is herein incorporated by reference.

Available Information

The Company makes available free of charge on or through its Internet website, www.escotechnologies.com, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

Executive Officers of the Registrant

The following sets forth certain information as of November 1, 2012 with respect to the Company's executive officers. These officers are elected annually to terms which expire at the first meeting of the Board of Directors after the next Annual Meeting of Stockholders.

Name	Age	Position(s)
Victor L. Richey, Jr.	55	Chairman of the Board of Directors and Chief Executive Officer since April 2003; President since October 2006[1]
Gary E. Muenster	52	Executive Vice President and Chief Financial Officer since February 2008 (Senior Vice President and Chief Financial Officer from November 2005 to February 2008); Director since February 2011
Alyson S. Barclay	53	Senior Vice President, Secretary and General Counsel since November 2008 (Vice President, Secretary and General Counsel from October 1999 to November 2008)

[1] Mr. Richey also serves as Chairman of the Executive Committee of the Board of Directors.

There are no family relationships among any of the executive officers and directors.

Item 1A. Risk Factors

This Form 10-K, including "Item 1, Business," "Item 2, Properties," "Item 3, Legal Proceedings," and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" (incorporated by reference to "Management's Discussion and Analysis" appearing in the 2012 Annual Report), contains "forward-looking statements" within the meaning of the safe harbor provisions of the federal securities laws, as described under "Forward-Looking Statements" above.

In addition to the risks and uncertainties discussed in that section and elsewhere in this Form 10-K, the following important risk factors could cause actual results and events to differ materially from those contained in any forward-looking statements, or could otherwise adversely affect the Company's business, operating results or financial condition:

Negative worldwide economic conditions and related credit shortages could result in a decrease in our sales and an increase in our operating costs, which could adversely affect our business and operating results.

If there is a worsening of global and U.S. economic and financial market conditions and additional tightening of global credit markets, as currently experienced in Greece and certain other European countries, many of our customers may further delay or reduce their purchases of our products. The current uncertainties in the global economy may cause the utility industry to experience shortages in available credit, which could limit capital spending. To the extent this problem affects customers of our Utility Solutions segment, the sales and profits of this segment could be adversely affected. Likewise, if our suppliers face challenges in obtaining credit, they may have to increase their prices or become unable to continue to offer the products and services we use to manufacture our products, which could have an adverse effect on our business, results of operations and financial condition.

Economic, political and other risks of our international operations could adversely affect our business.

In fiscal 2012, approximately 27% of our sales were made to international customers. An economic downturn or an adverse change in the political situation in certain foreign countries in which we do business could cause a decline in revenues and adversely affect our financial condition. For example, our Test segment does significant business in Asia and Europe. Changes in the Asian political climate or political changes in specific Asian countries could negatively affect our business. Weakness in the European economy could have a significant adverse effect on our European revenues. For example, several Doble and ETS-Lindgren companies are based in Europe, and could be negatively impacted by weakness in the European economy.

Our international sales are also subject to other risks inherent in foreign commerce, including currency fluctuations and devaluations, the risk of war and terrorism, differences in foreign laws, uncertainties as to enforcement of contract rights, and difficulties in negotiating and resolving disputes with our foreign customers.

The U.S. International Traffic in Arms Regulations ("ITAR"), which impose certain restrictions on the U.S. export of defense articles and services, may be viewed as too restrictive by our international customers, who may develop their own domestic products or elect to procure products from other international suppliers which are not subject to such export restrictions.

Much of our competition is broadly based and global in scope.

We face competition from a large number of manufacturers and distributors for nearly all of our products. Some of our competitors are larger, more diversified corporations, global in scope, with greater financial, marketing, production and research and development resources. If we cannot compete successfully against current or future competitors, it could have a material adverse effect on our business, financial condition and results of operations. See "Item 1, Business – Competition" for further discussion of these factors.

A significant part of our manufacturing operations depend on a small number of third-party suppliers.

A significant part of the manufacturing operations of our Utility Solutions segment relies on a small number of third-party manufacturers to supply the segment's products. For example, Aclara has arrangements with four manufacturers which produce and supply substantially all of Aclara's end-products. Two of these suppliers produce these end-products in Mexico. A significant disruption in the supply of those products (for example, due to a strike) could negatively affect the timely delivery of Aclara's products to customers as well as future sales. Also, most of Doble's manufacturing operations rely on third-party manufacturers to supply its products. Disruption in the supply of critical components such as integrated circuit components could have an adverse impact on our business by, among other things, increasing costs and reducing margins.

Certain of our other businesses are dependent upon sole source or a limited number of third-party manufacturers of parts and components. Many of these suppliers are small businesses. Since alternative supply sources are limited, there is an increased risk of adverse impacts on our production schedules and profits if our suppliers were to default in fulfilling their price, quality or delivery obligations.

Increases in prices of raw material and components, and decreased availability of such items, could adversely affect our business.

The cost of raw materials and product components is a major element of the total cost of many of our products. For example, our Test segment's critical components rely on purchases of raw materials from third parties. Increases in the prices of raw materials (such as steel, copper, nickel, zinc, wood and petrochemical products) could have an adverse impact on our business by, among other things, increasing costs and reducing margins.

In addition, our reliance on sole or limited sources of supply of raw materials and components in each of its segments could adversely affect our business. Weather-created disruptions in supply, in addition to affecting costs, could impact our ability to procure an adequate supply of these raw materials and components, and delay or prevent deliveries of products to our customers.

Further, many of Doble's items of equipment which are provided to its customers for their use are in the maturity of their life cycles, which creates the risk that replacement components may be unavailable or available only at increased costs.

A significant portion of the revenues of our Utility Solutions segment may be generated by a limited number of large contracts.

A significant portion of our Utility Solutions segment's business may be dependent on several large contracts with customers. The loss of revenue which would result from such a customer's selection of other suppliers, cancellations, delays, reductions, regulatory actions or our failure to perform in connection with such a contract could have a material adverse effect on our business, results of operations and financial condition.

Most of the sales of our Utility Solutions segment are to or for the utility industry, known for long sales cycles and uncertainty, which could affect the timing of revenue.

Most of our Utility Solutions segment's sales are to or for the utility industry, where sales cycles are long and often unpredictable due to budgeting, purchasing and regulatory approval processes that can take up to several years to complete. Many Aclara sales involve large dollar amounts, and are marked by extended and complex competitive procurements. These factors often cause delays in the timing of sales, and such delays could result in order postponement, reduction in size or cancellation, thereby reducing or delaying our future revenue. In addition, delays in the receipt of grants by certain of our utility customers under the American Recovery and Reinvestment Act of 2009 may cause delays in the placement of orders with Aclara. Also, these customers' selection of vendors may be influenced by the specific terms of such grants, such as buy-American requirements, which may prohibit Aclara's supply of products produced outside the U.S.

Our sales of products to the Government depend upon continued Government funding.

During the past three fiscal years, from 8% to 10% of our revenues have been generated from sales to the U.S. Government or its contractors. These sales are dependent on continuous government funding of the underlying programs. There could be reductions or terminations of the government funding on programs which apply to us or our customers. These funding effects could adversely affect our sales and profit, and could bring about a restructuring of our operations, which could result in an adverse effect on our financial condition or results of operations.

For example, a significant part of VACCO's sales involve major U.S. Government defense and space programs. A reduction in Government spending on these programs could have a significant adverse impact on our financial results.

Our quarterly results may fluctuate substantially.

We have experienced variability in quarterly results and believe our quarterly results will continue to fluctuate as a result of many factors, including the size and timing of customer orders, Federal Communications Commission or other governmental actions, changes in existing taxation rules or practices, the gain or loss of significant customers, timing and levels of new product developments, shifts in product or sales channel mix, increased competition and pricing pressure, and general economic conditions affecting enterprise spending for the utility industry.

Failure or delay in new product development could reduce our future sales.

Much of our business is dependent on the continuous development of new products and technologies to meet the changing needs of our markets on a cost-effective basis. Many of these markets are highly technical from an engineering standpoint, and the relevant technologies are subject to rapid change.

If we fail to timely enhance existing products or develop new products, sales opportunities could be lost, which would adversely affect our business. In addition, in some existing contracts with customers, we have made commitments to develop and deliver new products. If we fail to meet these commitments, the default could result in the imposition on us of contractual penalties including termination. Our inability to enhance existing products in a timely manner could make our products less competitive, while our inability to successfully develop new products may limit our growth opportunities. Delays in product development may also require greater investment in research and development. Increased costs associated with new product development and product enhancements could adversely affect our operating results. Our costs of new product development may not be recoverable if demand for our products is not as anticipated.

Despite our efforts, we may be unable to adequately protect our intellectual property.

Despite our efforts to protect our intellectual property, unauthorized parties or competitors may copy or otherwise obtain and use our products and technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. Current and future actions to enforce our proprietary rights may result in substantial costs and diversion of our resources, and may not be successful. In addition, we may not elect to pursue an unauthorized user due to the high costs and uncertainties associated with litigation. We may also face exposure to claims by others challenging our intellectual property rights.

A significant portion of our capitalized software is subject to impairment risk based on the ability to market the software.

A significant portion of our capitalized software value is contingent on the future sales of TWACS® software. Failure to generate sufficient sales to recoup costs could result in the impairment of our capitalized software costs.

Inventory obsolescence could require a charge against our earnings.

We maintain significant inventories of raw materials, components and finished goods deemed necessary to satisfy existing and future customer requirements. If our customers were to change, reduce or eliminate these requirements, or if product technology were to change significantly, certain of our inventories could become obsolete, which would require a charge against our earnings.

Changes in testing standards could adversely impact our Test and Utility Solutions segments' sales.

A significant portion of the business of our Test and Utility Solutions segments involves sales to technology customers, which result from these customers needing to meet specific international and domestic test standards. If demand for product testing from these customers decreases, our business could be adversely affected. Likewise, if regulatory agencies eliminate or reduce certain domestic or international test standards, our sales could be adversely affected. For example, if it were to be determined that there is no need to include Wi-Fi technology in mobile phones, there might be no need for certain testing on mobile phones. Also, if a regulatory authority were to relax the test standards for certain electronic devices because they were determined not to interfere with the broadcast spectrum, our sales of certain products could be reduced.

Disputes with contractors could adversely affect our Test segment's costs.

A major portion of our Test segment's business involves working in conjunction with general contractors to produce end-products, such as electronic test chambers, secure communication rooms, MRI facilities, etc. If there are performance problems caused by either us or a contractor, they often result in cost overruns and may lead to a dispute as to which party is responsible. The resolution of such disputes can involve arbitration or litigation, and could cause us to incur significant expense including attorneys' fees. In addition, these disputes may result in a reduction in revenue, a loss on a particular project, or even a significant damages award against us.

The end of customer product life cycles could negatively affect our Filtration segment's results.

Many of our filtration products are sold to be components in our customers' end-products. If a customer discontinues a certain end-product line, our ability to continue to sell those components will be reduced or eliminated. The result could be a significant decrease in our sales.

For example, a substantial portion of PTI's revenue is generated from commercial aviation aftermarket sales. As certain aircraft are retired and replaced by newer aircraft, there could be a corresponding decrease in sales associated with our current products. Such a decrease could adversely affect our operating results. In addition, if the Government cuts back the space program (for example, the successor to the Space Shuttle), VACCO's sales of space products would be reduced, and its revenues could be adversely affected.

Product defects could result in costly fixes, litigation and damages.

If there are claims related to defective products (under warranty or otherwise), particularly in a product recall situation, we could be faced with significant expenses in replacing or repairing the product. For example, the Aclara meter modules are installed in thousands of residences and other buildings. The replacement/repair costs for such products, if defective, could have a material adverse effect on our financial condition. Also, the Filtration segment obtains raw materials, machined parts and other product components from suppliers who provide certifications of quality which we rely on. Should these product components be defective and pass undetected into finished products, we could incur significant costs for repairs, re-work or replacement.

In addition, if a dispute over product claims cannot be settled, arbitration or litigation may result, requiring us to incur attorneys' fees and exposing us to the potential of damage awards against us.

Environmental or regulatory requirements could increase our expenses and adversely affect our profitability.

Our operations and properties are subject to U.S. and foreign environmental laws and regulations governing, among other things, the generation, storage, emission, discharge, transportation, treatment and disposal of hazardous materials and the clean-up of contaminated properties. These regulations, and changes to them, could increase our cost of compliance, and our failure to comply could result in the imposition of significant fines, suspension of production, alteration of product processes, cessation of operations or other actions which could materially and adversely affect our business, financial condition and results of operations.

We are currently involved as a responsible party in several ongoing investigations and remediations of contaminated third-party owned properties. In addition, environmental contamination may be discovered in the future on properties which we formerly owned or operated and for which we could be legally responsible. Future costs associated with these situations, including those currently unknown to us, are difficult to quantify but could have a significant effect on our financial condition. See "Item 1, Business – Environmental Matters" for a discussion of these factors.

Credit shortages could affect the pricing of our credit facility increase option.

Tightening of the global credit markets could cause an increase in the pricing or fees related to our overall credit facility if we exercise all or part of our $250 million increase option, which is subject to acceptance by participating or other outside banks.

The loss of specialized key employees could affect our performance and revenues.

There is a risk of our losing key employees having engineering and technical expertise to other employers. For example, our Utility Solutions segment relies heavily on engineers with significant experience and reputation in the utility industry to furnish expert consulting services and support to customers. There is a current trend of a shortage of these qualified engineers because of hiring competition from other companies in the industry. Loss of these employees to other employers could reduce the segment's ability to provide services and negatively affect our revenues.

Our acquisitions of other companies carry risk.

We have acquired other companies in the past and expect to continue to do so in the future if favorable opportunities arise. Acquisitions of other companies involve numerous risks, including difficulties in the integration of the operations, technologies and products of the acquired companies, the potential exposure to unanticipated and undisclosed liabilities, the potential that expected benefits or synergies are not realized and that operating costs increase, the potential loss of key personnel, suppliers or customers of acquired businesses and the diversion of management's time and attention from other business concerns. Although we will attempt to identify and evaluate the risks inherent in any future transaction, we may not properly ascertain all such risks.

We may incur significant costs, experience short term inefficiencies, or be unable to realize expected long term savings from our planned facility consolidations.

We periodically assess the cost and operational structure of our facilities in order to manufacture and sell our products in the most efficient manner. Based on our assessments, we have determined to close our Test facility in Glendale Heights, Illinois and transfer its business and some or all of its employees to our other Test facilities. This consolidation, as well as any future facility reorganizations which we may undertake, will require us to incur significant costs and may result in short term business inefficiencies as we consolidate the facilities and transition our employees. In addition, we may not achieve the expected long term benefits from these consolidations. Any or all of these factors could result in an adverse impact on our operating results, cash flows and financial condition.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

The Company's principal buildings contain approximately 1,250,800 square feet of floor space. Approximately 682,900 square feet are owned by the Company and approximately 567,900 square feet are leased. See Note 6 to the Consolidated Financial Statements in the 2012 Annual Report, which information is herein incorporated by reference. The principal plants and offices are as follows:

Location	Approximate Size (Sq. Ft.)	Owned/ Leased	If Leased, Expiration Date	Principal Use(s) and (Operating Segment)
Oxnard, CA	127,400	Owned		Management, Engineering & Manufacturing (Filtration)
Cedar Park, TX	118,000	Owned		Management, Engineering & Manufacturing (Test)
Solon, OH	111,300	Leased	9/1/2019 (two 5-year renewal options)	Management, Engineering & Manufacturing (Utility Solutions)
South El Monte, CA	100,100	Owned		Management, Engineering & Manufacturing (Filtration)
Durant, OK	100,000	Owned		Manufacturing (Test)
Huntley, IL	85,000	Owned		Management & Manufacturing (Filtration)
Watertown, MA	78,500	Owned		Management, Engineering & Manufacturing (Utility Solutions)
Hazelwood, MO	71,600	Leased	3/31/2013 (one 5-year renewal option)	Management & Engineering (Utility Solutions)
Glendale Heights, IL*	59,400	Leased	3/31/2015 (one 5-year renewal option)	Management, Engineering & Manufacturing (Test)
South El Monte, CA	42,000	Leased	6/30/2016	Management, Engineering & Manufacturing (Filtration)

Location	Approximate Size (Sq. Ft.)	Owned/ Leased	If Leased, Expiration Date	Principal Use(s) and (Operating Segment)
Eura, Finland	40,900	Owned		Management, Engineering & Manufacturing (Test)
Beijing, China	40,200	Leased	12/31/2012	Manufacturing (Test)
Palmdale, CA	39,100	Leased	7/31/2015 (five 1-year renewal options)	Management, Engineering & Manufacturing (Filtration)
Kesselsdorf, Germany	33,500	Leased	5/31/2017 (terminable by the Company on 6 months' notice)	Management, Engineering & Manufacturing (Utility Solutions)
Hazelwood, MO	33,000	Owned		Management & Engineering (Utility Solutions)
Minocqua, WI	30,200	Leased	3/31/2013 (two 3-year renewal options)	Engineering & Manufacturing (Test)
South El Monte, CA	21,300	Leased	6/30/2016	Management & Engineering (Filtration)
St. Louis, MO	20,700	Leased	8/31/2015 (two 5-year renewal options)	ESCO Corporate Headquarters
Wellesley, MA	18,500	Leased	9/30/2013	Management & Engineering (Utility Solutions)
Morrisville, NC	16,700	Leased	3/31/2014 (one 3-year renewal option)	Management (Utility Solutions)
Taufkirchen, Germany	13,700	Leased	12/1/2015	Management & Engineering (Test)
Stevenage, England	12,200	Leased	8/11/2017	Management, Engineering & Manufacturing (Test)
Huntley, IL	12,000	Leased	8/31/2013 (one 2-year renewal option)	Management & Manufacturing (Filtration)
Marlborough, MA	11,200	Leased	6/30/2020	Management & Engineering (Utility Solutions)
Tijuana, Mexico	8,500	Leased	9/30/2014 (two 2-year renewal options)	Manufacturing (Filtration)
Beijing, China	5,800	Leased	12/21/2016	Office (Test)

* In October 2012 the Company announced its intention to close this facility by the end of the second quarter of fiscal 2013.

The Company believes its buildings, machinery and equipment have been generally well maintained, are in good operating condition and are adequate for the Company's current production requirements and other needs.

Item 3. Legal Proceedings

As a normal incident of the businesses in which the Company is engaged, various claims, charges and litigation are asserted or commenced from time to time against the Company. With respect to claims and litigation asserted or commenced against the Company, it is the opinion of management that final judgments, if any, which might be rendered against the Company are adequately reserved for, covered by insurance or not likely to have a material adverse effect on the Company's financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

ISSUER PURCHASES OF EQUITY SECURITIES*

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1-31, 2012	0	N.A.	0	$30.0 Million*
August 1-31, 2012	29,153	$ 35.29	29,153	$99.0 Million*
September 1-30, 2012	120,670	$ 36.25	120,670	$94.6 Million*
Total	149,823	$ 36.06	149,823	$94.6 Million*

* On August 8, 2012, the Company’s Board of Directors authorized a common stock repurchase program (the “2012 Program”), which was announced on August 9, 2012. Under the 2012 Program, the Company may repurchase shares of its stock from time to time in its discretion, in the open market or otherwise, up to a maximum total repurchase amount equal to $100 million (or such lesser amount as may be permitted under the Company’s bank credit agreements). The 2012 Program will expire September 30, 2013. The 2012 Program superseded and cancelled a previously existing stock repurchase program adopted in 2010 (the “2010 Program”), which permitted maximum total repurchases of $30 million; no shares were purchased under the 2010 Program prior to its termination. There currently is no repurchase program which the Company has determined to terminate prior to the program’s expiration, or under which the Company does not intend to make further purchases.

The remainder of the information required by this item is incorporated herein by reference to Notes 9, 10 and 15 of the Notes to Consolidated Financial Statements in the 2012 Annual Report, and to “Common Stock Market Price” and “Shareholders’ Summary – Capital Stock Information” appearing in the 2012 Annual Report.

Item 6. Selected Financial Data

The information required by this item is incorporated herein by reference to “Five-Year Financial Summary” and Note 2 of the Notes to Consolidated Financial Statements in the 2012 Annual Report.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is incorporated herein by reference to “Management’s Discussion and Analysis” in the 2012 Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is incorporated herein by reference to “Management’s Discussion and Analysis—Market Risk Analysis” and “Management’s Discussion and Analysis—Quantitative And Qualitative Disclosures About Market Risk” in the 2012 Annual Report.

Item 8. Financial Statements and Supplementary Data

The information required by this item is incorporated herein by reference to the Consolidated Financial Statements of the Company, the Notes thereto, and the related “Report of Independent Registered Public Accounting Firm” of KPMG LLP, in the 2012 Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d–15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2012. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The remainder of the information required by this item is incorporated by reference to "Management's Report on Internal Control over Financial Reporting," and the related "Report of Independent Registered Public Accounting Firm" of KPMG LLP, in the 2012 Annual Report.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding nominees and directors, the Company's Code of Ethics, its Audit and Finance Committee, and compliance with Section 16(a) of the Securities Exchange Act of 1934 is hereby incorporated by reference to the sections captioned "Proposal 1: Election of Directors," "Board of Directors – Governance Policies and Management Oversight," "Committees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2012 Proxy Statement.

Information regarding the Company's executive officers is set forth in "Item 1, Business – Executive Officers of the Registrant," above.

Item 11. Executive Compensation

The information in the sections captioned "Committees – Compensation Committee Interlocks and Insider Participation," "Director Compensation" and "Executive Compensation Information" in the 2012 Proxy Statement is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding the beneficial ownership of shares of the Company's common stock by nominees and directors, by executive officers, by directors and executive officers as a group and by any known five percent stockholders is hereby incorporated by reference to the section captioned "Securities Ownership" in the 2012 Proxy Statement.

Information regarding shares of the Company's common stock issued or issuable under the Company's equity compensation plans is hereby incorporated by reference to the section captioned "Proposal 3: Approval of 2013 Incentive Compensation Plan – Other Equity Compensation Plan Information" in the 2012 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information regarding transactions with related parties and the independence of the Company's directors, nominees for directors and members of the committees of the board of directors is hereby incorporated by reference to the sections captioned "Board of Directors" and "Committees" in the 2012 Proxy Statement.

Item 14. Principal Accounting Fees and Services

Information regarding the Company's independent registered public accounting firm, its fees and services, and the Company's Audit and Finance Committee's pre-approval policies and procedures regarding such fees and services, is hereby incorporated by reference to the section captioned "Audit-Related Matters" in the 2012 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as a part of this report:

(1) Financial Statements. The Consolidated Financial Statements of the Company, and the Report of Independent Registered Public Accounting Firm thereon of KPMG LLP, are incorporated herein by reference to those sections of the 2012 Annual Report.

(2) Financial Statement Schedules. Omitted because either they are not applicable or the required information is included in the financial statements or notes.

(3) Exhibits. The following exhibits are filed with this Form 10-K or incorporated herein by reference to the document location indicated:

Exhibit No.	Description	Document Location
3.1(a)	Restated Articles of Incorporation	Exhibit 3(a) to the Company's Form 10-K for the fiscal year ended September 30, 1999
3.1(b)	Amended Certificate of Designation, Preferences and Rights of Series A Participating Cumulative Preferred Stock	Exhibit 4(e) to the Company's Form 10-Q for the fiscal quarter ended March 31, 2000
3.1(c)	Articles of Merger, effective July 10, 2000	Exhibit 3(c) to the Company's Form 10-Q for the fiscal quarter ended June 30, 2000
3.2(a)	Bylaws, as amended and restated	Exhibit 3.4 to the Company's Form 10-K for the fiscal year ended September 30, 2003
3.2(b)	Amendment to Bylaws, effective February 2, 2007	Exhibit 3.5 to the Company's Form 10-Q for the fiscal quarter ended December 31, 2006
3.2(c)	Amendment to Bylaws, effective November 9, 2007	Exhibit 3.1 to the Company's Form 8-K filed November 13, 2007
4.1	Specimen revised Common Stock Certificate	Exhibit 4.1 to the Company's Form 10-Q for the fiscal quarter ended March 31, 2010
4.2	Credit Agreement dated as of May 14, 2012 among the Registrant, the Foreign Subsidiary Borrowers from time to time party thereto, the Lenders from time to time party thereto, JPMorgan Chase Bank, N.A. as Administrative Agent, PNC Bank, National Association as Syndication Agent, and SunTrust Bank, Wells Fargo Bank, National Association and Bank of America, N.A. as Co-Documentation Agents.	Exhibit 4.1 to the Company's Form 8-K filed May 18, 2012
4.3(a)	Credit Agreement dated as of November 30, 2007 by and among the Company, National City Bank and the lenders from time to time parties thereto (terminated as of May 14, 2012)	Exhibit 4.1 to the Company's Form 8-K filed December 6, 2007

Exhibit No.		Description	Document Location
4.3(b)		Amendment No. 1 to November 30, 2007 Credit Agreement, effective November 12, 2009 (terminated as of May 14, 2012)	Exhibit 4.1 to the Company's Form 8-K filed January 15, 2010
10.1		Form of Indemnification Agreement with each of ESCO's non-employee directors	Filed herewith (Note: This Exhibit is being re-filed due to the age of the original filing)
10.2(a)	*	First Amendment to the ESCO Electronics Corporation Supplemental Executive Retirement Plan, effective August 2, 1993 (comprising restatement of entire Plan)	Filed herewith (Note: This Exhibit is being re-filed due to the age of the original filing)
10.2(b)	*	Second Amendment to Supplemental Executive Retirement Plan, effective May 1, 2001	Exhibit 10.4 to the Company's Form 10-K for the fiscal year ended September 30, 2001
10.2(c)	*	Form of Supplemental Executive Retirement Plan Agreement	Exhibit 10.28 to the Company's Form 10-K for the fiscal year ended September 30, 2002
10.3(a)	*	Directors' Extended Compensation Plan, adopted effective October 11, 1993	Filed herewith (Note: This Exhibit is being re-filed due to the age of the original filing)
10.3(b)	*	First Amendment to Directors' Extended Compensation Plan effective January 1, 2000	Exhibit 10.11 to the Company's Form 10-K for the fiscal year ended September 30, 2000
10.3(c)	*	Second Amendment to Directors' Extended Compensation Plan, effective April 1, 2001	Exhibit 10.7 to the Company's Form 10-K for the fiscal year ended September 30, 2001
10.3(d)	*	Third Amendment to Directors' Extended Compensation Plan, effective October 3, 2007	Exhibit 10.43 to the Company's Form 10-K for the fiscal year ended September 30, 2007
10.4(a)	*	Compensation Plan For Non-Employee Directors, as amended and restated effective November 9, 2005	Filed herewith
10.4(b)	*	Amendment to Compensation Plan for Non-Employee Directors effective October 3, 2007	Exhibit 10.50 to the Company's Form 10-K for the fiscal year ended September 30, 2007
10.4(c)	*	Board Actions Regarding Compensation for Non-Employee Directors, effective January 1, 2012	Exhibit 10.66 to the Company's Form 10-K for the fiscal year ended September 30, 2011
10.5(a)	*	1999 Stock Option Plan, as amended and restated effective October 16, 2000	Exhibit 10.2 to the Company's Form 10-Q for the fiscal quarter ended December 31, 2000
10.5(b)	*	Form of Incentive Stock Option Agreement under 1999 Stock Option Plan	Exhibit 10.3 to the Company's Form 10-Q for the fiscal quarter ended December 31, 2000
10.5(c)	*	Form of Nonqualified Stock Option Agreement under 1999 Stock Option Plan	Exhibit 10.7 to the Company's Form 10-Q for the fiscal quarter ended December 31, 2000
10.5(d)	*	Amendment to 1999 Stock Option Plan, effective August 7, 2003	Exhibit 10.15 to the Company's Form 10-K for the fiscal year ended September 30, 2003
10.5(e)	*	Amendment to 1999 Stock Option Plan, effective October 1, 2007	Appendix C to the Company's Schedule 14A Proxy Statement filed December 20, 2007
10.5(f)	*	Amendment to 1999 Stock Option Plan, effective October 3, 2007	Exhibit 10.47 to the Company's Form 10-K for the fiscal year ended September 30, 2007

Exhibit No.		Description	Document Location
10.5(g)	*	Board Committee Resolutions Regarding Interpretation of 1999 Stock Option Plan, adopted February 4, 2010	Exhibit 10.1 to the Company's Form 8-K dated February 10, 2010
10.5(h)	*	Fifth Amendment to 1999 Stock Option Plan, effective February 4, 2010	Exhibit 10.2 to the Company's Form 8-K dated February 10, 2010
10.6(a)	*	2001 Stock Incentive Plan	Exhibit B to the Company's Schedule 14A Proxy Statement filed December 11, 2000
10.6(b)	*	Form of Incentive Stock Option Agreement under 2001 Stock Incentive Plan	Exhibit 10.24 to the Company's Form 10-K for the fiscal year ended September 30, 2002
10.6(c)	*	Form of Non-Qualified Stock Option Agreement under 2001 Stock Incentive Plan	Exhibit 10.25 to the Company's Form 10-K for the fiscal year ended September 30, 2002
10.6(d)	*	Amendment to 2001 Stock Incentive Plan, effective August 7, 2003	Exhibit 10.29 to the Company's Form 10-K for the fiscal year ended September 30, 2003
10.6(e)	*	Form of Incentive Stock Option Agreement under 2001 Stock Incentive Plan	Exhibit 10.8 to the Company's Form 10-Q for the fiscal quarter ended December 31, 2004
10.6(f)	*	Form of Non-Qualified Stock Option Agreement under 2001 Stock Incentive Plan	Exhibit 10.9 to the Company's Form 10-Q for the fiscal quarter ended December 31, 2004
10.6(g)	*	Second Amendment to 2001 Stock Incentive Plan, effective August 3, 2006	Exhibit 10.39 to the Company's Form 10-K for the fiscal year ended September 30, 2006
10.6(h)	*	Third Amendment to 2001 Stock Incentive Plan, effective October 3, 2007	Exhibit 10.45 to the Company's Form 10-K for the fiscal year ended September 30, 2007
10.6(i)	*	Fourth Amendment to 2001 Stock Incentive Plan, effective October 1, 2007	Appendix B to the Company's Schedule 14A Proxy Statement filed December 20, 2007
10.6(j)	*	Form of Notice of Award (2009) – Performance Accelerated Restricted Stock under 2001 Stock Incentive Plan	Exhibit 10.51 to the Company's Form 10-K for the fiscal year ended September 30, 2008
10.6(k)	*	Board Committee Resolutions Regarding Interpretation of 2001 Stock Incentive Plan, adopted February 4, 2010	Exhibit 10.1 to the Company's Form 8-K dated February 10, 2010
10.6(l)	*	Fifth Amendment to 2001 Stock Incentive Plan, effective February 4, 2010	Exhibit 10.3 to the Company's Form 8-K filed February 10, 2010
10.6(m)	*	Sixth Amendment to 2001 Stock Incentive Plan, effective February 4, 2010	Exhibit 10.5 to the Company's Form 8-K filed February 10, 2010
10.6(n)	*	Form of Notice of Award –Performance-Accelerated Restricted Stock under 2001 Stock Incentive Plan	Exhibit 10.7 to the Company's Form 8-K filed February 10, 2010
10.6(o)	*	Form of Exhibits ("Non-Compete," "Compensation Recovery Policy" and "Clawback") to Incentive Stock Option Agreements and Non-Qualified Stock Option Agreements under 2001 Stock Incentive Plan	Exhibit 10.8 to the Company's Form 8-K filed February 10, 2010
10.7(a)	*	2004 Incentive Compensation Plan	Appendix B to the Company's Schedule 14A Proxy Statement filed December 29, 2003

Exhibit No.		Description	Document Location
10.7(b)	*	Form of Incentive Stock Option Agreement under 2004 Incentive Compensation Plan	Exhibit 10.6 to the Company’s Form 10-Q for the fiscal quarter ended December 31, 2004
10.7(c)	*	Form of Non-Qualified Stock Option Agreement under 2004 Incentive Compensation Plan	Exhibit 10.7 to the Company’s Form 10-Q for the fiscal quarter ended December 31, 2004
10.7(d)	*	First Amendment to 2004 Incentive Compensation Plan, effective August 3, 2006	Exhibit 10.40 to the Company’s Form 10-K for the fiscal year ended September 30, 2006
10.7(e)	*	Forms of Exhibits (“Non-Compete” and “Change of Control”) to Option Agreements in Exhibits 10.8(b) and 10.8(c) above	Exhibit 10.42 to the Company’s Form 10-K for the fiscal year ended September 30, 2007
10.7(f)	*	Second Amendment to 2004 Incentive Compensation Plan, effective October 3, 2007	Exhibit 10.44 to the Company’s Form 10-K for the fiscal year ended September 30, 2007
10.7(g)	*	Third Amendment to 2004 Incentive Compensation Plan, effective October 1, 2007	Appendix A to the Company’s Schedule 14A Proxy Statement filed December 20, 2007
10.7(h)	*	Board Committee Resolutions Regarding Interpretation of 2004 Incentive Compensation Plan, adopted February 4, 2010	Exhibit 10.1 to the Company’s Form 8-K dated February 10, 2010
10.7(i)	*	Fourth Amendment to 2004 Incentive Compensation Plan, effective February 4, 2010	Exhibit 10.4 to the Company’s Form 8-K filed February 10, 2010
10.7(j)	*	Form of Exhibits (“Non-Compete,” “Compensation Recovery Policy” and “Clawback”) to Incentive Stock Option Agreements and Non-Qualified Stock Option Agreements under 2004 Incentive Compensation Plan	Exhibit 10.8 to the Company’s Form 8-K filed February 10, 2010
10.7(k)	*	Form of Notice of Award—Performance– Accelerated Restricted Stock under 2004 Stock Incentive Plan	Exhibit 10 to the Company’s Form 10-Q for the fiscal quarter ended December 31, 2010
10.8	*	Sixth Amendment and Restatement of Employee Stock Purchase Plan effective as of October 15, 2003	Appendix C to the Company’s Schedule 14A Proxy Statement filed December 29, 2003
10.9	*	Performance Compensation Plan for Corporate, Subsidiary and Division Officers and Key Managers, adopted August 2, 1993, as amended and restated through August 8, 2012	Filed herewith
10.10	*	Incentive Compensation Plan for Executive Officers, adopted November 9, 2005, as amended and restated through August 8, 2012	Filed herewith
10.11	*	Compensation Recovery Policy, adopted effective February 4, 2010	Exhibit 10.6 to the Company’s Form 8-K filed February 10, 2010
10.12(a)	*	Severance Plan adopted as of August 10, 1995, as Amended and Restated February 5, 2002	Exhibit 10 to the Company’s Form 10-Q for the fiscal quarter ended March 31, 2002

Exhibit No.		Description	Document Location
10.12(b)	*	Second Amendment to Severance Plan, effective October 3, 2007	Exhibit 10.48 to the Company's Form 10-K for the fiscal year ended September 30, 2007
10.13(a)	*	Employment Agreement with V.L. Richey, Jr., effective November 3, 1999	Exhibit 10(bb) to the Company's Form 10-K for the fiscal year ended September 30, 1999 (Agreement with V.L. Richey, Jr. is substantially identical to the referenced Exhibit and is therefore omitted as a separate exhibit pursuant to Rule 12b-31)
10.13(b)	*	Second Amendment to Employment Agreement with V.L. Richey, Jr., effective May 5, 2004	Exhibit 10.1 to the Company's Form 10-Q for the fiscal quarter ended June 30, 2004
10.13(c)	*	Third Amendment to Employment Agreement with V.L. Richey, Jr., effective December 31, 2007	Exhibit 10.1 to the Company's Form 8-K filed January 7, 2008
10.14(a)	*	Employment Agreement with G.E. Muenster, effective November 3, 1999	Exhibit 10(bb) to the Company's Form 10-K for the fiscal year ended September 30, 1999 (Agreement with G.E. Muenster is substantially identical to the referenced Exhibit except that it provides a minimum base salary of $108,000, and is therefore omitted as a separate exhibit pursuant to Rule 12b-31)
10.14(b)	*	Second Amendment to Employment Agreement with G.E. Muenster, effective May 5, 2004	Exhibit 10.2 to the Company's Form 10-Q for the fiscal quarter ended June 30, 2004
10.14(c)	*	Third Amendment to Employment Agreement with G.E. Muenster, effective December 31, 2007	Exhibit 10.1 to the Company's Form 8-K filed January 7, 2008 (Third Amendment with G.E. Muenster is substantially identical to the referenced Exhibit except that (i) the termination amounts payable under Paragraph 9.a(1) are equal to base salary for 12 months and (ii) under Paragraph 9.a(1)(B), such termination amounts may be paid in biweekly installments equal to 1/26th of such amounts, and is therefore omitted as a separate exhibit pursuant to Rule 12b-31)
10.14(d)	*	Fourth Amendment to Employment Agreement with G.E. Muenster, effective February 6, 2008	Exhibit 10.1 to the Company's Form 8-K filed February 12, 2008
10.15(a)	*	Employment Agreement with A.S. Barclay, effective November 3, 1999	Exhibit 10(bb) to the Company's Form 10-K for the fiscal year ended September 30, 1999 (Agreement with A.S. Barclay is substantially identical to the referenced Exhibit except that it provides a minimum base salary of $94,000, and is therefore omitted as a separate exhibit pursuant to Rule 12b-31)

Exhibit No.		Description	Document Location
10.15(b)	*	Second Amendment to Employment Agreement with A.S. Barclay, effective May 5, 2004	Exhibit 10.2 to the Company’s Form 10-Q for the fiscal quarter ended June 30, 2004 (Second Amendment with A.S. Barclay is substantially identical to the referenced Exhibit, and is therefore omitted as a separate exhibit pursuant to Rule 12b-31)
10.15(c)	*	Third Amendment to Employment Agreement with A.S. Barclay, effective December 31, 2007	Exhibit 10.1 to the Company’s Form 8-K filed January 7, 2008 (Note: Third Amendment with A.S. Barclay is substantially identical to the referenced Exhibit except that (i) the termination amounts payable under Paragraph 9.a(1) are equal to base salary for 12 months and (ii) under Paragraph 9.a(1)(B), such termination amounts may be paid in biweekly installments equal to 1/26th of such amounts, and is therefore omitted as a separate exhibit pursuant to Rule 12b-31)
10.15(d)	*	Fourth Amendment to Employment Agreement with A.S. Barclay, effective July 29, 2010	Exhibit 10.1 to the Company’s Current Report on Form 8-K filed August 3, 2010
13		The following sections of the Company’s Annual Report to Stockholders for the year ended September 30, 2012: · Management’s Discussion and Analysis (pp. 14-24) · Consolidated Financial Statements and the Notes thereto (pp. 25-46) · Management’s Report on Internal Control over Financial Reporting (p. 48) · Report of Independent Registered Public Accounting Firm (p. 49) · Five-year Financial Summary (p. 50) · Common Stock Market Price (p. 50) · Shareholders’ Summary—Capital Stock Information (p. 52)	Filed herewith
21		Subsidiaries of the Company	Filed herewith
23		Consent of Independent Registered Public Accounting Firm	Filed herewith
31.1		Certification of Chief Executive Officer	Filed herewith
31.2		Certification of Chief Financial Officer	Filed herewith
32		Certification of Chief Executive Officer and Chief Financial Officer	Filed herewith
101.INS	**	XBRL Instance Document	Submitted herewith
101.SCH	**	XBRL Schema Document	Submitted herewith
101.CAL	**	XBRL Calculation Linkbase Document	Submitted herewith
101.LAB	**	XBRL Label Linkbase Document	Submitted herewith

Exhibit No.		Description	Document Location
101.PRE	**	XBRL Presentation Linkbase Document	Submitted herewith
101.DEF	**	XBRL Definition Linkbase Document	Submitted herewith

* Indicates a management contract or compensatory plan or arrangement.

** Exhibit 101 to this report consists of documents formatted in XBRL (Extensible Business Reporting Language). Users of this data are advised pursuant to Rule 406T of Regulation S-T that the interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of section 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise not subject to liability under these sections.

(b) Exhibits: Reference is made to the list of exhibits in this Part IV, Item 15(a)(3) above, and to the Exhibits following the signature page.

(c) Financial Statement Schedules: Reference is made to Part IV, Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ V.L. Richey, Jr.
V.L. Richey, Jr.
President and Chief Executive Officer

Date: November 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ V.L. Richey, Jr. V.L. Richey, Jr.	Chairman, President, Chief Executive Officer and Director	November 29, 2012
/s/ G.E. Muenster G.E. Muenster	Executive Vice President, Chief Financial Officer (Principal Accounting Officer) and Director	November 29, 2012
/s/ J.M. McConnell J.M. McConnell	Director	November 29, 2012
/s/ L.W. Solley L.W. Solley	Director	November 29, 2012
/s/ J.M. Stolze J.M. Stolze	Director	November 29, 2012
/s/ D.C. Trauscht D.C. Trauscht	Director	November 29, 2012
/s/ J.D. Woods J.D. Woods	Director	November 29, 2012

EXHIBITS

The following exhibits are submitted with and attached to this Form 10-K; exhibit numbers correspond to the exhibit table in Item 601 of Regulation S-K. For a complete list of exhibits including those incorporated by reference, see Item 15(a)(3) of this Form 10-K, above.

Exhibit No.	Exhibit
10.1	Form of Indemnification Agreement with each of Registrant's non-employee directors
10.2(a)	First Amendment to the ESCO Electronics Corporation Supplemental Executive Retirement Plan, effective August 2, 1993 (comprising restatement of entire Plan)
10.3(a)	Directors' Extended Compensation Plan, adopted effective October 11, 1993
10.4(a)	Compensation Plan For Non-Employee Directors, as amended and restated effective November 9, 2005
10.9	Performance Compensation Plan for Corporate, Subsidiary and Division Officers and Key Managers, adopted August 2, 1993, as amended and restated through August 8, 2012
10.10	Incentive Compensation Plan for Executive Officers, adopted November 9, 2005, as amended and restated through August 8, 2012
13	The following sections of the Company's Annual Report to Stockholders for the year ended September 30, 2012: § Management's Discussion and Analysis (pp. 14-24) § Consolidated Financial Statements and the Notes thereto (pp 25-46) § Management's Report on Internal Control over Financial Reporting (p. 48) § Report of Independent Registered Public Accounting Firm (p. 49) § Five-year Financial Summary (p. 50) § Common Stock Market Price (p. 50) § Shareholders' Summary—Capital Stock Information (p. 52)
21	Subsidiaries of the Company
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer
31.2	Certification of Chief Financial Officer
32	Certification of Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

EXHIBIT 10.1

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the “Agreement”) is made as of the ___ day of _______, ____, between ESCO TECHNOLOGIES INC., a Missouri corporation (“Company”) and _______________ (the “Director”).

RECITALS

A. The Director is a member of the Board of Directors of the Company and in such capacity is performing valuable services for the Company.

B. Article Twelve of the Articles of Incorporation of the Company (the “Articles”), provides for the indemnification of the officers, directors, agents and employees of the Company pursuant to the provisions of Section 351.355 of the General and Business Corporation Laws of Missouri (the “Indemnification Statute”).

C. The indemnification Statute provides, among other provisions, that a corporation shall have the power, subject to certain exceptions, to give any further indemnity to its directors and officers, including indemnification agreements, provided such indemnity is authorized, directed and provided for in such corporation’s articles of incorporation.

D. Section Twelve(F) of the Articles authorizes the Company to enter into agreements with any director, officer, employee or agent providing such rights of indemnification as the Company deems appropriate up to the maximum extent permitted by law.

E. The Company presently maintains one or more policies of Directors and Officers Liability Insurance (“D&O Insurance”), insuring against certain liabilities which the Company’s directors and officers may incur as they perform services for the Company.

F. The Company deems it appropriate to enter into agreements with its directors to provide them with greater indemnification against the liabilities they incur in the performance of services for the Company.

TERMS

NOW, THEREFORE, in consideration of the Director’s agreement to continue service as a director of the Company, the parties hereto agree as follows:

1. Indemnity of Director. The Company agrees to indemnify the Director and hold him harmless to the full extent authorized or permitted by the provisions of the Indemnification Statute, or by any amendment thereof, or by any other statutory provisions authorizing or permitting such indemnification which may be adopted after the date hereof.

2. Maintenance of Insurance. The Company may, but shall not be required to, continue all or any part of the D&O Insurance it has in force and effect as of the date hereof. If the Company continues to maintain the D&O Insurance, such insurance shall be primary, to the extent of the coverage provided thereby, and the Company’s agreement to provide the indemnification set forth herein shall be effective only to the extent that the Director is not reimbursed pursuant to the coverage maintained under the D&O Insurance or any comparable insurance. If the Company does not maintain such insurance, the Company shall fully indemnify the Director in accordance with the provisions of Section 1 and Section 3 of this Agreement.

3. Additional Indemnity. Subject only to the exclusion set forth in Section 4 hereof, the Company hereby agrees to indemnify the Director and hold him harmless from and against any and all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Director in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Company) to which the Director is, was or at any time becomes a party (other than a party plaintiff suing on his own behalf or derivatively on behalf of the Company) or is threatened to be made a party (other than a party plaintiff suing on his own behalf or derivatively on behalf of the Company) by reason of the fact that the Director is or was at any time a director, officer, employee or agent of the Company, or is or was serving or at any time serves at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

4. Limitation on Indemnity. Notwithstanding any other provision of this Agreement to the contrary, the Company shall not indemnify any Director from or on account of such person’s conduct which is finally adjudged to have been knowingly fraudulent or deliberately dishonest or to have constituted willful misconduct.

5. Continuation of Indemnity. All of the Company's agreement and obligations contained herein shall continue (a) during the period that the Director is a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture trust or other enterprise, and (b) thereafter so long as the Director shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that the Director is or was a director of the Company or serving in any other capacity referred to herein.

6. Notification and Defense of Claim. Promptly after the Director receives notice of the commencement of any action, suit or proceeding, the Director will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof. The failure to notify the Company will relieve the Company from any liability hereunder to the extent the Company can show prejudice as a result of such failure, and will not relieve the Company from any liability which it may have to the Director otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which the Director notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate therein at its own expenses; and,

(b) Except as otherwise provided below, to the extent that it may wish, the Company (jointly with any other indemnifying party similarly notified) will be entitled to assume the defense thereof with counsel satisfactory to Director. After the Company notifies the Director of its election to assume such defense, the Company will not be liable to the Director under this Agreement for any legal or other expenses the Director subsequently incurs in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Director shall have the right to employ his counsel in such action, suit or proceeding, provided that the fees and expenses of such counsel incurred after the Company has provided the Director with notice that it is assuming the defense shall be at the Director's expense, unless (i) the Company has authorized the Director's employment of counsel, (ii) the Director shall have reasonably concluded that there may be a conflict of interest between the Company and the Director in the conduct of the defense of such action, or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of such counsel shall be at the Company's expense. The Company shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Company or as to which the Director shall have made the conclusion provided for in (ii) above.

(c) The Company shall not be liable to indemnify the Director for any amounts paid in settlement of any action or claim effected without the Company's written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on the Director without the Director's written consent. Neither the Company nor the Director will unreasonably withhold his or its consent to any proposed settlement.

7. Repayment of Expenses. The Director shall reimburse the Company for all reasonable expenses the Company pays in defending any civil or criminal action, suit or proceeding against the Director in the event and to the extent that it shall be ultimately determined that the Director is not entitled to be indemnified by the Company for such expenses under the provisions of the Indemnification Statute, the Articles, this Agreement or otherwise. Prior to such determination, the Company shall make such advances as shall be reasonably necessary to pay such expenses of the Director, provided the Company receives an undertaking from the Director to repay such advances in the event it is ultimately determined that the Director is not entitled to be indemnified therefor.

8. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed hereby in order to induce the Director to continue as a director of the Company, and acknowledges that the Director is relying upon this Agreement in continuing in such capacity.

(b) In the event that the Director is required to bring any action to enforce any rights or to collect any money due under this Agreement and is successful in such action, the Company shall reimburse the Director for all of the Director's reasonable fees and expenses in bringing and pursuing such action.

9. Separability. Each provision of this Agreement is a separate and distinct agreement, independent of the others. If any provision shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any of the other provisions.

10. Governing Law; Binding Effect; Amendment and Termination.

(a) This Agreement shall be interpreted and enforced in accordance with the laws of the state of Missouri, without reference to its rules governing conflicts of laws.

(b) This Agreement shall be binding upon the Director and the Company and shall inure to the benefit of the Director, his heirs, personal representatives and assigns and to the benefit of the Company, its successors and assigns.

(c) In the event that the Company shall make any payment to or on behalf of the Director under the terms of this Agreement, whether in satisfaction of any judgment, payment in settlement, reimbursement of expenses, or otherwise, the Company shall succeed to, and have by way of subrogation, all of the rights theretofore possessed by the Director against any other person, firm or corporation for or on account of the lawsuit, claim or matter in respect of which the payment was made, including, without limitation, full subrogation to any claim or right the Director had or may have had against any insurance company providing D&O Insurance to the Company, its officers and directors.

(d) No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement effective as of the day and year first above written.

ESCO TECHNOLOGIES INC.

By:	[Officer Signature]	[Director Signature]
	[Officer Name]	[Director Name]
	[Officer Title]	

EXHIBIT 10.2(a)

FIRST AMENDMENT TO THE
ESCO ELECTRONICS CORPORATION
SUPPLEMENTAL EXECUTIVE
RETIREMENT PLAN

WHEREAS, ESCO Electronics Corporation ("Company") adopted the Supplemental Executive Retirement Plan ("Plan") for the benefit of selected executives effective as of August 2, 1993; and

WHEREAS, the Company retained the right to amend the Plan pursuant to Section IX-G thereof; and

WHEREAS, the Company desires to amend and restate the Plan in its entirety effective as of August 2, 1993;

NOW, THEREFORE, effective as of August 2, 1993, the Plan is amended and restated in its entirety to read as follows:

SECTION I

DEFINITIONS

A. "Beneficiary" means the Beneficiary designated by the Participant to receive a death benefit under the Retirement Plan.

B. "Change of Control" means any of the following: (a) the purchase or other acquisition (other than from the Company), by any persons, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Exchange Act (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of the 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; (b) individuals who, as of the date hereof, constitute the Incumbent Board cease for any reason to constitute at least a majority of the Board of Directors of the Company, provided that any person who becomes a director subsequent to the date hereof whose election or nomination for election by the Company's stockholders 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.

C. "Code" means the Internal Revenue Code of 1986, as amended.

D. "Committee" means the Human Resources and Ethics Committee of the Board of Directors of the Company.

E. "Company" means ESCO Electronics Corporation, a Missouri corporation.

F. "Employee" means an Employee of an Employer.

G. "Employer" means the Company and any of its subsidiaries or affiliates which has, with the consent of the Board of Directors of the Company, adopted the Plan.

H. "Employment" means employment with an Employer.

I. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

J. "Incumbent Board" means the individuals who, as of the date of adoption of this Plan, constitute the Board of Directors of the Company.

K. “Normal Retirement Benefit” means the normal retirement benefit of a Participant determined under Sections 5-A(1) and 5-A(2) of the Retirement Plan, but excluding the offset provided under Section 5-A(3), and computed without regard to the limitations of Section 17-F of the Retirement Plan and without regard to the limitation on the amount of compensation which may be taken into account under Section 401(a)(17) of the Code.

L. “Normal Retirement Benefit Under the Retirement Plan” means the Normal Retirement Benefit of a Participant determined under Sections 5-A(1) and 5-A(2) of the Retirement Plan, but excluding the offset provided under Section 5-A(3), as limited by Section 17-F of the Retirement Plan and by the amount of compensation which may be taken into account under Section 401(a) (17) of the Code.

M. “Participant” means an Employee eligible to participate in the Plan pursuant to Section II.

N. “Plan” means this ESCO Electronics Corporation Supplemental Executive Retirement Plan.

O. “Pre-Retirement Death Benefit” means, in the case of a Participant who dies in Employment, the pre-retirement death benefit which would be payable under Section VII of the Retirement Plan excluding the offset provided under Section 5-A(3) in the benefit formula and without regard to the limitations under Section 17-F of the Retirement Plan and without regard to limitations on the amount of compensation which may be taken into account under Section 401(a)(17) of the Code, but taking into account all the elections (of forms of benefits and Beneficiary designation) in effect at the time of the Participant’s death, less the pre-retirement death benefit in fact payable under Section VII of the Retirement Plan (but excluding the offset provided under Section 5-A(3) in the benefit formula) as of the date of the Participant’s death.

P. “Post-Retirement Death Benefit” means, in the case of a Participant who dies after termination of Employment but prior to commencement of his benefits under this Retirement Plan, the death benefit which would be payable under Section VII of the Retirement Plan excluding the offset provided under Section 5-A(3) in the benefit formula and without regard to the limitations under Section 17-F of the Retirement Plan and without regard to the limitation on the amount of compensation which may be taken into account under Section 401(a) (17) of the Code, but taking into account all the elections (of forms of benefits and Beneficiary designation) in effect at the time of the Participant’s death, less the death benefit in fact payable under Section VII of the Retirement Plan (but excluding the offset provided under Section 5-A(3) in the benefit formula) as of the date of the Participant’s death.

Q. “Retirement Plan” means the ESCO Electronics Corporation Retirement Plan.

SECTION II

ELIGIBILITY

Participation in the Plan shall be limited to the Chief Executive Officer of the Company and to those other Employees whom the Chief Executive Officer selects by written notice to the Participant.

SECTION III

BENEFITS

A Participant who terminates Employment with a vested benefit under the Retirement Plan shall receive a monthly benefit under the Plan which, when expressed as a straight life annuity with sixty monthly payments guaranteed, is equal to his Normal Retirement Benefit reduced by his Normal Retirement Benefit Under the Retirement Plan.

SECTION IV

TIME AND FORM OF PAYMENTS

A. Except as otherwise provided in Section VI, the benefit payable under Section III shall commence on the first day of the month coincident with or next following the later of (a) the date the Participant attains age 65 or (b) the date that Participant terminates Employment. The benefit shall be payable for the life of the Participant with sixty monthly payments guaranteed. If the Participant dies prior to receiving sixty monthly payments, the unpaid installments shall be paid to his Beneficiary.

B. Notwithstanding Section IV-A, the Committee may, in its discretion, direct that a benefit, of equivalent actuarial value to the benefit described in Section III, shall be payable to any Participant in such form and payable at such times as the Committee shall determine. All equivalent actuarial values shall be determined by using the same actuarial assumptions as are used in computing equivalent actuarial values under the Retirement Plan.

SECTION V

DEATH BENEFIT

A. If a Participant dies in Employment leaving a Beneficiary, such Beneficiary shall receive the Pre-Retirement Survivor Benefit.

B. If a Participant terminates Employment with a vested benefit under the Plan but dies before his benefit has commenced, leaving a Beneficiary, such Beneficiary shall receive the Post-Retirement Survivor Benefit.

C. Notwithstanding the provisions of Sections V-A and V-B, the Committee may direct that the Beneficiary receive a different form of benefit, of equivalent actuarial value to the benefit payable under such Sections, computed by using the same actuarial assumptions as are used in computing equivalent actuarial values under the Retirement Plan.

SECTION VI

CHANGE OF CONTROL

Notwithstanding anything else contained in the Plan, in the event of a Change of Control, each Participant shall become fully vested in his accrued benefits as of the date of the Change of Control, even if he is not fully vested under the Retirement Plan. Each Participant shall be paid, upon the Participant's termination of Employment occurring after the Change of Control, a lump sum distribution equal to the actuarial equivalent of his accrued benefits (using the same actuarial assumptions as are used in computing equivalent actuarial values under the Retirement Plan). Notwithstanding the foregoing, the Participant may elect to receive payment in the form of the benefit provided under Section IV. At the commencement of participation in the Plan, each Participant shall make an irrevocable election as to the timing and form of any payments due under this Section VI. Such election shall be irrevocable subject only to the Committee's right to permit the election to be revoked and a new election made upon a showing of good cause to the satisfaction of the Committee.

SECTION VII

FORFEITURE OF BENEFITS

If any Participant entitled to a benefit under the Plan is discharged for cause, or enters into competition with the Company, or interferes with the relations between the Company and any customer or engages in any activity that would result in any decrease of, or loss in, sales by the Company, the rights of such Participant to a benefit under the Plan, including the rights of a Beneficiary to a benefit, will be forfeited, unless the Committee determines that such activity is not detrimental to the best interests of the Company. However, if the individual ceases such activity and notifies the Committee of this action, then the Participant's right to receive a benefit, and any right of a Beneficiary to a benefit, may be restored within 60 days of said notification, unless the Committee in its sole discretion determines that the prior activity has caused serious injury to the Company, which determination shall be final and conclusive.

SECTION VIII

ADMINISTRATION AND CLAIMS PROCEDURE

A. The Committee shall construe, interpret and administer all provisions of the Plan and a decision of a majority of the members of the Committee shall govern.

B. A decision of the Committee may be made by a written document signed by a majority of the members of the Committee or by a meeting of the Committee. The Committee may authorize any of its members to sign documents or papers on its behalf.

C. The Committee may appoint such agents, who need not be members of the Committee, as it may deem necessary for the effective exercise of its duties, and may to the extent not inconsistent herewith, delegate to such agents any powers and duties both ministerial and discretionary, as the Committee may deem expedient and appropriate.

D. No member of the Committee shall make any decision or take any action covering exclusively his own benefits under the Plan, but all such matters shall be decided by a majority of the remaining members of the Committee or, in the event of inability to obtain a majority, by the Board of Directors of the Company.

E. A Participant who believes that he is being denied a benefit to which he is entitled (hereinafter referred to as “Claimant”) may file a written request for such benefit with the Committee setting forth his claim. The request must be addressed to: Human Resources and Ethics Committee, ESCO Electronics Corporation, 8100 West Florissant, St. Louis, Missouri 63136.

F. Upon receipt of a claim the Committee shall advise the Claimant that a reply will be forthcoming within 90 days and shall in fact deliver such reply in writing within such period. The Committee may, however, extend the reply period for an additional 90 days for reasonable cause. If the claim is denied in whole or in part, the Committee will adopt a written opinion using language calculated to be understood by the Claimant setting forth:

1. the specific reason or reasons for denial,

2. the specific references to pertinent Plan provisions on which the denial is based,

3. a description of additional material or information necessary for the Claimant to perfect the claim and an explanation why such material or such information is necessary,

4. appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, and

5. the time limits for requesting a review under Subsection G and for the review under Subsection H.

G. Within sixty days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Chief Executive Officer of the Company review the determination of the Committee. Such request must be addressed to: Chief Executive Officer, ESCO Electronics Corporation, 8100 West Florissant, St. Louis, Missouri 63136. The Claimant or his duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Chief Executive Officer. If the Claimant does not request a review of the Committee’s determination by the Chief Executive Officer within such sixty-day period, he shall be barred and estopped from challenging the Committee’s determination.

H. Within sixty days after the Chief Executive Officer’s receipt of a request for review he will review the Committee’s determination. After considering all materials presented by the Claimant, the Chief Executive Officer will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent Plan provisions on which the decision is based. If special circumstances require that the sixty-day time period be extended, the Chief Executive Officer will so notify the Claimant and will render the decision as soon as possible but not later than 120 days after receipt of the request for review.

SECTION IX

MISCELLANEOUS

A. Plan Year. The Plan Year shall be the twelve month period commencing October 1 and ending September 30.

B. Spendthrift. No Participant or beneficiary shall have the right to assign, transfer, encumber or otherwise subject to lien any of the benefits payable or to be payable under this Plan.

C. Incapacity. If, in the opinion of the Committee, a person to whom a benefit is payable is unable to care for his affairs because of illness, accident or any other reason, any payment due the person, unless prior claim therefor shall have been made by a duly qualified guardian or other duly appointed and qualified representative of such person, may be paid to some member of the person’s family, or to some party who, in the opinion of the Committee, has incurred expense for such person. Any such payment shall be a payment for the account of such person and shall be a complete discharge of any liability.

D. Employee Rights. The Employer, in adopting this Plan, shall not be held to create or vest in any Employee or any other person any benefits other than the benefits specifically provided herein, or to confer upon any Employee the right to remain in the service of the Employer.

E. Service of Process and Plan Administrator.

1. The Senior Vice President, Secretary and General Counsel of the Company shall be the agent for service of legal process.

2. The Company shall constitute the Plan Administrator.

F. Unfunded Plan. The Plan shall be unfunded. All payments to a Participant under the Plan shall be made from the general assets of the Employer. The rights of any Participant to payment shall be those of an unsecured general creditor of the Company.

G. Company Rights. The Company reserves the right to amend or terminate the Plan. Each Employer may terminate its participation in the Plan at any time with the approval of the Company.

H. Reemployment. If a Participant is receiving benefits under the Plan and is re-employed by an Employer, benefits shall cease until he is no longer employed by an Employer.

I. Successors in Interest. The Plan and the Company's obligations thereunder shall be binding upon and inure to its successors in interest.

J. Governing Law. The Plan shall be governed and construed according to the laws of the State of Missouri.

IN WITNESS WHEREOF, ESCO Electronics Corporation has caused this Amendment to be executed by one of its duly authorized officers this 7th day of December, 1993.

ESCO ELECTRONICS CORPORATION

By /s/Philip A. Hutchison

December 7, 1993

EXHIBIT 10.3(a)

ESCO ELECTRONICS CORPORATION
DIRECTORS' EXTENDED COMPENSATION PLAN

I. PURPOSE

The purpose of the ESCO Electronics Corporation Directors' Extended Compensation Plan (the "Plan") is to provide extended compensation for non-employee directors of ESCO Electronics Corporation (the "Company") following their retirement from the Board of Directors (the "Board") under the terms and condition set forth hereinafter. The Board of Directors has determined that the establishment of such a benefit will be useful in its efforts to retain and to attract highly qualified individuals to serve on the Board of the Company.

II. ELIGIBILITY

A director, in order to be eligible for benefits under the Plan, must (a) retire as a non-employee director after at least five (5) years of service as a non-employee director of the Company, or (b) retire as a non-employee director pursuant to any provisions prohibiting re-election to the Board. Service as a non-employee director shall mean such service while the director is not an employee of the Company.

III. BENEFITS

1. The annual benefit under the Plan shall be a percentage of the annual cash retainer then being paid to directors at the time of the director's retirement based upon the number of the director's complete years of service at the time of retirement in accordance with the following table:

Complete Years of Service	Percentage of Annual Cash Retainer Payable
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

2. Notwithstanding paragraph 1, if retirement is pursuant to a provision prohibiting re-election to the Board and the director has less than five (5) complete years of service, the annual benefit shall be 50% of the annual cash retainer.

3. The benefit shall be paid in quarterly installments commencing with the first quarter following the later of (a) retirement, or (b) the director's 65th birthday, and shall continue for life.

4. If a retired director dies leaving a surviving spouse, 50% of the annual benefit payable to the director shall continue to be paid to the surviving spouse for the life of such spouse.

IV. MISCELLANEOUS

1. The Human Resources and Ethics Committee of the Board shall have plenary authority to interpret and to apply the terms of the Plan and to take such additional action consistent with the purpose of the Plan as is, in its sole judgment, just and equitable. Such Committee shall have the right to amend or terminate the Plan at any time.

2. Retirement as a director shall be governed by the bylaws of the Company, as in effect from time to time.

3. Each director receiving benefits under the Plan, and in consideration therefor, shall be expected to be available upon reasonable request to consult with the Chairman and Chief Executive Officer and with the Board on a reasonable basis and to an extent not inconsistent with the director's retirement.

4. Eligibility under the terms of the Plan shall in no way affect other benefits from the Company to which a non-employee director may be entitled.

5. The benefits contemplated hereunder shall not be funded by trust or otherwise, but shall be treated as a general expense of the Company. The right of any person to benefits hereunder shall be no greater than that of an unsecured general creditor of the Company. Benefits hereunder may not be assigned or alienated.

6. The Plan shall take effect October 11, 1993 and shall apply, in accordance with its terms and conditions, to any retirement as a non-employee director of the Company taking place thereafter.

EXHIBIT 10.4(a)

ESCO TECHNOLOGIES INC.
COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

Adopted May 10, 2001
Amended and Restated November 9, 2005

1. Purpose. The purpose of the Plan is to enable ESCO Technologies Inc. (the "Company") to compensate each non-employee member of the board of directors of the Company (such board of directors hereinafter referred to as the "Board" and each such non-employee member of the Board hereinafter referred to as the "Director") who contributes to the Company's success by his or her ability, ingenuity and knowledge, and to better ensure that the interests of such Director are more closely aligned with the interests of the Company's shareholders by paying a significant portion of his or her compensation in shares of the Company's common stock ("Common Stock").

2. Payment of Annual Retainer. Each Director shall receive an annual retainer fee (the "Retainer Fee") payable partially in cash (the "Cash Portion of the Retainer Fee") and partially in shares of Common Stock (the "Stock Portion of the Retainer Fee") as determined from time to time by action of the Human Resources and Compensation Committee of the Board ("HRCC"). The total amount of the Retainer Fee shall also be determined from time to time by action of the HRCC. The Cash Portion of the Retainer Fee shall be paid in January of each year for that calendar year. The Stock Portion of the Retainer Fee shall be distributed quarterly no later than the 15th business day of each quarter of the calendar year and shall represent consideration for services to be performed for the quarter then beginning. Provided, however, that the HRCC reserves the right to change the frequency of payment/distribution of the Retainer Fee. To be entitled to a quarterly Retainer Fee stock distribution, the Director must be a member of the Board on the first day of the corresponding quarter.

3. Other Compensation. In addition to payment of the Retainer Fee provided for in Section 2, each Director shall be paid such additional cash fees for attendance at Board and Board Committee meetings, service as chairman of a committee, service as lead director or other fees as approved by the HRCC from time to time.

4. Deferral of Compensation. Directors may elect to defer the receipt of all (but not less than all) of the annual Cash Portion of the Retainer Fee and other cash compensation in stock equivalents and/or to defer the receipt of all (but not less than all) of the quarterly installment of the Stock Portion of the Retainer Fee in stock equivalents by executing and delivering an election form to the Company no later than the end of the calendar year preceding the calendar year in which such amounts will be earned and subject to such other conditions as the Company shall determine. Any newly elected Director may elect to defer Retainer Fees or other cash compensation prior to the effective date of his or her election to the Board. Except as otherwise provided herein, the election to defer Retainer Fees or other cash compensation shall be irrevocable as to amounts earned in the following calendar year or following the effective date of election to the Board as applicable and shall remain in effect until a new election form is delivered to the Company or distributions commence, whichever is earlier. Any such new election form shall apply only to future Retainer Fees or other cash compensation earned after the calendar year in which such new election form is filed. If a Director desires to defer fees earned after a distribution commences, he or she must file a hew election form to defer such fees prior to the commencement of the calendar year in which such fees will be earned.

(a) Deferred Compensation Account.

(i) The Company shall establish a deferred compensation bookkeeping account (the "Account") for each Director electing to defer Retainer Fees or other cash compensation. As of the date a Retainer Fee or other cash compensation would otherwise be paid to the Director (absent the deferral election), the Company shall credit to the Account the amount of Retainer Fees or other cash compensation which the Director has elected to defer. The credit shall be in stock equivalents ("Stock Equivalents") only, determined as follows:

(a) For each share of Common Stock otherwise payable as the quarterly distribution of the Stock Portion of the Retainer Fee which the Director elects to defer, the Company shall credit the Account with one Stock Equivalent.

(b) For the annual payment of the Cash Portion of the Retainer Fee which the Director elects to defer, the Company shall credit the Account with that number of Stock Equivalents equal to the dollar amount of such portion, divided by the Fair Market Value (as hereafter defined) per share of the Common Stock on the first day of the corresponding quarter.

(c) For other cash compensation which the Director elects to defer, the Company shall credit the Account with that number of Stock Equivalents equal to the dollar amount of such compensation, divided by the Fair Market Value per share of the Common Stock on the first day of the corresponding quarter.

"Fair Market Value" as of any date shall mean the average of the high and low prices of the Common Stock on the New York Stock Exchange on such date (or on the most recent date on which the Common Stock is traded).

(ii) The Account shall be credited, as of the payment date of any cash dividends paid on Common Stock, with additional Stock Equivalents equal to the product of the per share dividend and the number of Stock Equivalents credited to the Account and dividing such product by the Fair Market Value per share of the Common Stock as of the dividend payment date. The Account shall be credited, as of the payment date of any stock dividends paid on Common Stock with additional Stock Equivalents equal to the product of the per share dividend and the number of Stock Equivalents credited to the Account

(b) Distribution.

(i) Except as otherwise provided in the Plan, the balance in the Account shall be distributed to the Director commencing on the date which the Director has specified on the election form; provided, however, that such distribution must begin no later than the Director's 65th birthday or upon termination of the Director's service as a Director, whichever is later ("Commencement Date"). Distribution shall be made in cash (the "Cash Distribution") or in shares of Common Stock (the "Common Stock Distribution") as the Director shall elect in the election form; provided, that the portion of the Account representing the Stock Portion of the Retainer Fee which has been deferred may only be distributed in the form of a Common Stock Distribution. The Cash Distribution shall equal the number of Stock Equivalents then credited to the Account as of the Commencement Date multiplied by the Fair Market Value per share of Common Stock as of such date. If Cash Distribution is to be made in installments, the amount of such distribution shall be based upon the number of Stock Equivalents credited to the Account as of the date each installment is to be made, multiplied by the Fair Market Value per share of Common Stock as of each such date. The Common Stock Distribution shall equal the number of shares of Common Stock equal to the number of Stock Equivalents credited to the Account as of the Commencement Date; provided that Distribution of Common Stock shall be rounded down to the nearest whole share of Common Stock and any fractional share shall be paid in cash in an amount equal to the fractional share multiplied by the Fair Market Value per share as of the Commencement Date.

(ii) Distribution shall be made either in a lump sum or, as specified on the Director's election form, in quarterly, semi-annual or annual installments, over a period not to exceed 5 years from the Commencement Date; provided, that Common Stock Distributions may not be made more frequently than semi-annually. An election to change the form (cash or stock) of distribution with respect to the Account must be received by the Company prior to January 1 of the calendar year in which distributions are to be made pursuant to such election and must be approved in advance by the HRCC.

(iii) Notwithstanding the provisions of paragraph 4(b)(i), in the event the Director is removed from the Board or terminates service on the Board on account of death, the balance in the Account shall be payable in a lump sum in a Cash Distribution within 30 days after January 1 of the following calendar year (the "Cash Distribution Date"). The Cash Distribution shall equal the number of Stock Equivalents then credited to the Account as of the Cash Distribution Date multiplied by the Fair Market Value per share of Common Stock as of the Cash Distribution Date.

(iv) In the event the Director becomes disabled (as hereafter defined), the balance in the Account (determined in accordance with paragraph 4(b)(i) as of the date of disability) shall be paid in a lump sum within 30 days following the Director's disability. For this purpose, a Director shall be considered disabled only if such Director 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 can be expected to last for a continuous period of not less than q12 months.

(v) The Company shall deduct from all distributions hereunder any taxes required to be withheld by the federal or any state or local government.

5. Change in Control.

(a) Notwithstanding any other provision of the Plan, if a Change in Control occurs and within one year subsequent to such Change in Control the Director ceases to serve as a member of the Board for any reason, the balance in the Account shall be paid in a lump sum to the Director, in the manner determined in paragraph 5(b) below, on the 15th day of February following the end of the calendar year in which such termination occurs.

(b) The payment determined under this paragraph 5(b) shall be a Cash Distribution in an amount equal to the greater of the following:

(i) the number of Stock Equivalents then credited to the Account multiplied by the Fair Market Value per share of Common Stock as of either (i) the date of termination of the Director's service on the Board (if such Common Stock is still in existence), or (ii) the date of the Change in Control, whichever is greater; or

(ii) the number of Stock Equivalents then credited to the Account multiplied by the fair market value per share of the consideration received by holders of Common Stock in the Change in Control as of either (i) the date of termination of the Director's service on the Board, or (ii) the date of the Change in Control, whichever is greater.

(c) Notwithstanding paragraph (b) above, if the consideration in the Change in Control takes the form of stock of an acquiring corporation, payment may be in the form of such stock of such corporation, in lieu of cash.

A "Change in Control" shall be defined to mean (i) a merger, consolidation or reorganization of the Company in which, as a consequence of the transaction, the incumbent Directors immediately prior to such transaction do not constitute a majority of the directors of the continuing or surviving corporation; (ii) the acquisition, directly or indirectly, of the power to vote 50% or more of the outstanding Common Stock of the Company by any person, entity or "group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934); or (iii) any sale or other transfer, in one or a series of transactions, of all or substantially all of the assets of the Company; unless, in any case, a majority of then-current Directors determines prior to such transaction or event that it shall not, for purposes of the Plan, be deemed a Change in Control.

(d) The Company shall promptly reimburse the Director for all legal fees and expenses reasonably incurred in successfully obtaining or enforcing any right or benefit provided under this Section.

6. Distribution of Common Stock. The maximum number of shares of Common Stock available for distribution pursuant to the Plan shall be 200,000 shares, subject to adjustment as set forth in Section 7[1]. The shares of Common Stock issuable to Directors under the Plan shall be issued from shares held in the Company's treasury.

7. Adjustment to Shares of Stock Issuable Pursuant to Plan. In the event of any change in the outstanding shares of Common Stock of the Company by reason of any stock split, stock dividend or recapitalization of the Company, an equitable adjustment shall be made to the number of shares of Common Stock issuable under the Plan, the amount of the Stock Portion of the Retainer Fee set forth in Section 2 and the number of Stock Equivalents credited to the Account for any Director, as the HRCC determines is necessary or appropriate, in its discretion, to give proper effect to such corporate action. Any such adjustment determined in good faith by the HRCC shall be conclusive and binding for all purposes of the Plan.

8. Amendments. Section 5 of the Plan may not be amended or modified or terminated after the occurrence of a Change in Control with respect to benefits accrued as of such occurrence. The Plan may otherwise be amended, modified or terminated by the HRCC at any time, provided that no such action shall reduce the amounts credited to the Account of any Director immediately prior to such action or change the time, method or manner of distribution of such Account.

9. Miscellaneous.

(a) The provisions of the Plan shall be binding upon and enforceable against the Company and/or the continuing or surviving corporation in a Change of Control.

(b) Neither the Director nor any other person shall have any interest in any fund or in any specific asset of the Company by reason of amounts credited to the Account of a Director hereunder, or the right to exercise any of the rights or privileges of a shareholder (including the right to vote) with respect to any Stock Equivalents credited to the Account or to receive any distribution under the Plan except as expressly provided for in the Plan. Distributions hereunder shall be made from the general assets of the Company, and the rights of the Director shall be those of an unsecured general creditor of the Company.

(c) The Company may require that the Directors shall agree to acquire shares of Common Stock under the Plan for investment and not for resale or distribution except pursuant to a registration statement under the Securities Act of 1933 or an exemption from such registration, and may require that certificates representing such shares shall bear a customary restrictive legend to this effect.

[1] Adjusted to 400,000 shares pursuant to the Company's 2005 stock split.

(d) The interest of the Director under the Plan shall not be assignable by the Director or the Director's beneficiary or legal representative, either by voluntary assignment or by operation of law, and any such attempted assignment shall be ineffective to transfer the Director's interest; provided, however, that (i) the Director may designate beneficiaries to receive any benefit payable under the Plan upon death, and (ii) the legal representative of the Director's estate may assign his or her interest under the Plan to the persons entitled to any such benefit.

(e) Nothing contained herein shall impose any obligation on the Company to continue the tenure of the Director beyond the term for which such Director has been elected or prevent his or her removal.

(f) The Plan shall be interpreted by and all questions arising in connection therewith shall be determined by the HRCC, whose interpretation or determination shall be conclusive and binding.

(g) If any amounts deferred pursuant to the Plan are found in a final judgment or other order to have been includible in gross income by a Director prior to payment of such amounts from his or her Account, such amounts shall be immediately paid to such Director, notwithstanding any election pursuant to Section 4.

(h) The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of Missouri, without regard to the principles of conflicts of law which might otherwise apply.

10. Effective Date. The Plan shall become effective July 1, 2001 and this Restatement shall become effective as of January 1, 2005.

ESCO TECHNOLOGIES INC.
COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

ELECTION FORM

Pursuant to the ESCO Technologies Inc. Compensation Plan For Non-Employee Directors:

1. COMPENSATION TO BE DEFERRED:

☐ I hereby elect to defer payment of my Cash Portion of the Retainer Fee and other cash compensation fees.

☐ I hereby elect to defer distribution of my Stock Portion of the Retainer Fee.

I understand that all deferrals will be credited as Stock Equivalents to my Deferred Compensation Account.

2. TYPE OF DISTRIBUTION:

Stock Portion of the Retainer Fee:

☐ Lump Sum – in shares

☐ Installments over ____ years (may not exceed 5 years) in shares

☐ Semi-Annually in shares

☐ Annually in shares

Cash Portion of the Retainer Fee:

☐ Lump Sum – in cash

☐ Lump Sum – in shares

☐ Installments over ____ years (may not exceed 5 years)

☐ Semi-Annually ____% in cash; ____% in shares

☐ Annually ____% in cash; ____% in shares

☐ Quarterly in cash

3. TIME OF DISTRIBUTION:

☐ Lump sum distribution to be made on ___________________________.

☐ Installment distributions to commence on _______________________.

☐ Distribution to be made or commence on the effective date of my retirement as a Director of the Company.

4. DESIGNATION OF BENEFICIARY: In the absence of such designation, payment will be paid to your estate. (Please include social security number and address.)

Name	Address	Social Security Number

5. This deferment will remain in effect with respect to each such subsequent year until such time as I may revoke the deferment or distributions commence, whichever is earlier. Such later filings shall apply only to Retainer Fees and other cash compensation to be earned after the calendar year in which such later filings are made.

Director: ____ Date: ___________________________

EXHIBIT 10.9

ESCO TECHNOLOGIES INC.
PERFORMANCE COMPENSATION PLAN
FOR CORPORATE AND SUBSIDIARY OFFICERS AND KEY MANAGERS

Adopted August 2, 1993
Amended and Restated As of October 1, 1995
Fifth Sentence of Section V Amended on November 9, 2000
Restated on November 28, 2000 to Reflect Name Change
Restated on November 25, 2002 to Reflect Changes to Sections VII, IX and XI-E
Amended on October 3, 2007 to Make Changes to Sections V, VI, VII and IX
Amended on February 4, 2010 to Add Sections XII and XIII
Amended on November 11, 2010 to Replace Sections XII and XIII with a New Section XII
Amended and Restated on August 8, 2012

I. PURPOSE

The purpose of this ESCO Technologies Inc. Performance Compensation Plan for Corporate and Subsidiary Officers and Key Managers is to provide an annual incentive plan for selected corporate and subsidiary officers and key managers which is based upon their performance, the performance of the Company, and/or the performance of its Subsidiaries during a Fiscal Year. In particular, the plan is designed to (a) pay such employees a portion of their total compensation on the basis of their performance during a given Fiscal Year, (b) tie Subsidiary management to performance objectives for a given fiscal year, and to tie Corporate officers to specific individual and Company performance objectives, and (c) stay competitive with general industry trends in executive compensation.

II. DEFINITIONS

The following words shall have the following meanings unless the context clearly requires otherwise:

A. “Board of Directors” means the Board of Directors of ESCO Technologies Inc.

B. “Executive Compensation Executive” means the Executive Compensation Executive of ESCO Technologies Inc.

C. “Chief Executive Officer” means the Chief Executive Officer of ESCO Technologies Inc.

D. “Committee” means the Human Resources and Compensation Committee of the Board of Directors of ESCO Technologies Inc. which is comprised of members who are not eligible to participate in the Plan.

E. “Company” means ESCO Technologies Inc., a Missouri Corporation.

F. “Fiscal Year” means the fiscal year of the Company which is currently the twelve-month period ending September 30.

G. “Participant” means those employees who have been selected by the Committee upon recommendation of the Chief Executive Officer to participate in the Plan.

H. “Performance Compensation Award” or “Award” means the target amount a Participant is eligible to receive under the Plan.

I. “Performance Compensation Payment” or “Payment” means the payment made to a Participant under the Plan.

J. “Plan” means this ESCO Technologies Inc. Performance Compensation Plan for Corporate, Subsidiary and Division Officers and Key Managers.

K. “Subsidiary” means any corporation or partnership more than 50% of which is owned directly or indirectly by the Company.

III. ELIGIBILITY

Participation in the Plan shall be limited to those employees of the Company and Subsidiaries as the Committee shall determine upon recommendation by the Chief Executive Officer. Upon approval by the Committee, the Executive Compensation Executive shall make arrangements to ensure that each Participant is notified of the amount of his or her Performance Compensation Award. Additions or deletions to the Plan during a Fiscal Year shall be made only in the event of an unusual circumstance, such as a promotion, layoff, disability, death, new hire, termination, or retirement.

IV. DETERMINATION OF MINIMUM AMOUNT PAYABLE

Prior to the end of each Fiscal Year, the Committee, after consultation with the Executive Compensation Executive and on behalf of the Board of Directors of the Company and the Board of Directors of each Subsidiary, shall determine the minimum aggregate payment under the Plan for such Fiscal Year to be made by the Company and each Subsidiary.

V. DETERMINATION OF PERFORMANCE COMPENSATION AWARD PAYMENTS

As soon as practicable after the end of each Fiscal Year, the Performance Compensation Payment amount for each Participant for such Fiscal Year shall be determined. The Chief Executive Officer shall submit a proposed Performance Compensation Payment summary for each Subsidiary and the Company to the Committee based upon the performance of the Participants employed by such Subsidiary or the Company, as applicable, during the Fiscal Year; provided, that the Committee may, following such submission, consider the further recommendations of the Chief Executive Officer. Final determination of the amount of each Participant's Performance Compensation Payment (if any) as well as the total payment under the Plan for each Fiscal Year shall be the responsibility of the Committee. The recommended Performance Compensation Payment to a Participant may be denied, or adjusted upward or downward by the Committee, as, in the Committee's sole judgment, is prudent based upon its assessment of the Participant's performance and Corporate or Subsidiary performance during the Fiscal Year. Performance Compensation Payments for Participants shall be based upon predetermined performance criteria and/or targets which may include Corporate, Subsidiary or individual performance targets, except that Performance Compensation Payments for Participants who were hired by the Company or a Subsidiary during the Fiscal Year may be totally discretionary as determined by the Committee. However, total Performance Compensation Payments under the Plan shall be no less than the minimum determined by the Committee in accordance with Section IV.

Once approved by the Committee, the Executive Compensation Executive shall take the necessary actions to notify each Participant of the amount of his or her Performance Compensation Payment.

VI. MANNER OF AND TIME FOR PAYMENTS.

Performance Compensation Payments will be made in cash by November 30th following the end of each Fiscal Year.

VII. DESIGNATION OF BENEFICIARY

If a Participant dies after the end of the Fiscal Year but prior to receiving the entire amount due under the Plan for such Fiscal Year, if any, such unpaid amounts will be paid in a lump sum to his or her beneficiary at the time such amounts would have been paid to the Participant pursuant to Section VI.

Each Participant shall have the right to designate a beneficiary, and to change such beneficiary from time to time, by filing a request in writing with the Executive Compensation Executive. In the event the Participant has not designated a beneficiary, or in the event a beneficiary predeceases the Participant, the amounts otherwise payable to such beneficiary shall be paid to the person in, or divided equally among, the first of the following classes of successive preference beneficiaries in which there shall be any person surviving such Participant:

(a) the Participant's spouse

(b) the Participant's children

(c) the Participant's executors or administrators.

The share payable to any minor pursuant to the provisions hereof may be paid to such adult or adults as, in the opinion of the Executive Compensation Executive, have assumed the custody and principal support of such minor.

VIII. ADMINISTRATION OF THE PLAN

The overall administration and control of the Plan, including the determination of the minimum aggregate payment under the Plan for each Fiscal Year and a final determination of Payments to each Participant, is the responsibility of the Committee. The Executive Compensation Executive shall be responsible for implementing the actions required under the Plan.

IX. VESTING

A Participant must be in the employ of the Company or Subsidiary through the last day of the Fiscal Year with respect to which a Performance Compensation Award is granted in order to be considered for Payment of such an Award by the Committee. Such Participant must also (subject to specific Committee action to the contrary as hereinafter set forth in this Section IX) be an employee of the Company or Subsidiary on the date the Award is payable pursuant to Section VI hereof. The final determination as to Awards to be granted and the Payments made shall be made by the Committee. Notwithstanding any other provision hereof, and in accordance with this Section IX, in the event that, before or after the end of the Fiscal Year, Participant's employment is terminated without cause, by the Company due to a layoff, death or disability, or by the Participant, due to retirement at of after the age of 60, the Committee shall have the sole discretion as to whether any Award payment shall be made, and if so, the amount of such Payment, and any such amount shall be paid at the time determined pursuant to Section VI.

X. AMENDMENT OR TERMINATION

The Plan may be amended or terminated at any time by action of the Committee.

XI. MISCELLANEOUS

A. All payments under the Plan shall be made from the general assets of the Company or Subsidiary. To the extent any person acquires a right to receive a Payment under the Plan, such right shall be no greater than that of an unsecured general creditor of the Company or Subsidiary.

B. Nothing contained in the Plan and no action taken pursuant thereto shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or a Subsidiary and any other person.

C. Except as provided for in Section XII, no amount payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, either voluntary or involuntary, and any attempt to so alienate, anticipate, sell, transfer, assign, pledge, encumber or charge the same shall be null and void. No such amount shall be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are or may be payable.

D. Nothing contained in the Plan shall be construed as conferring upon any Participant the right to continue in the employ of the Company or Subsidiary nor to limit the right of his or her employer to discharge the Participant at any time, with or without cause.

E. The Plan shall be construed and administered in accordance with the laws of the State of Missouri, without regard to the principles of conflicts of law which might otherwise apply.

XII. COVENANTS.

In the event a Participant, during the period commencing with any Performance Compensation Payment and ending two (2) years after receipt of such Payment but in any event at all times during the term of employment:

(a) as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business or becomes involved in any business activity, which is (i) competitive with the business of the Company (or any affiliate of the Company), as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which the Participant is engaged in the course of the Participant's employment with the Company (or any affiliate of the Company);

(b) as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, recruits, solicits or hires, or assists anyone else in recruiting, soliciting or hiring, any employee of the Company (or any affiliate of the Company), for employment with any competitor of the Company;

(c) induces or attempts to induce, or assists anyone else to induce or attempt to induce, any customer of the Company (or any affiliate of the Company), to discontinue its business with the Company (or with any affiliate of the Company);

(d) engages in the unauthorized use or disclosure of confidential information or trade secrets of the Company (or any affiliate of the Company) resulting in harm to the Company (or any affiliate of the Company); or

(e) engages in intentional misconduct resulting in a financial restatement or in an increase in the Participant's incentive or equity compensation (such conduct described in subsections (a) through (e) referred to herein as "Misconduct");

the Company shall be entitled to recover from the Participant any Performance Compensation Payments made to the Participant during any period for which restatement of the Company's financials is required in the event of Misconduct resulting in a restatement of financials described in subsection (e) above but not to exceed three years and for a three-year period preceding such Misconduct or preceding the Company's discovery of such Misconduct in the case of Misconduct described in subsections (a) through (d) and subsection (e) pertaining to intentional Misconduct resulting in an increase in Participant's incentive or equity compensation above. The Committee shall have sole discretion in determining the amount that shall be recovered from the Participant under this Section XII provided that to the extent Performance Compensation Payments have been recovered by the Company under the Company's Dodd Frank Act Recovery Policy such amounts shall not be recoverable pursuant to this Section XII.

EXHIBIT 10.10

ESCO TECHNOLOGIES INC.
INCENTIVE COMPENSATION PLAN
FOR EXECUTIVE OFFICERS

Adopted November 9, 2005 (Subject to Shareholder Approval on February 2, 2006)
Amended on October 3, 2007 to Make Changes to Section V
Amended on November 12, 2007 to make Changes to Section VIII
Amended on February 4, 2010 to Add Sections XII and XIII
Amended on November 11, 2010 to Replace Sections XII and XIII with a New Section XII
Amended and Restated on August 8, 2012

I. PURPOSE

The purpose of this ESCO Technologies Inc. Incentive Compensation Plan for Executive Officers is to provide an annual cash incentive compensation plan which is based upon their performance and the performance of the Company during a Fiscal Year. In particular, the Plan is designed to (a) pay such employees a portion of their total compensation on the basis of (i) the Company's performance during a given Fiscal Year based on objective criteria as identified in Section IV as may be established by the Committee from time to time, and (ii) in some cases, the demonstrated individual performance of the participating employee as measured against strategic management objectives; and (b) stay competitive with general industry trends in executive compensation.

II. DEFINITIONS

The following words shall have the following meanings unless the context clearly requires otherwise:

A. "Board of Directors" means the Board of Directors of ESCO Technologies Inc.

B. "Executive Compensation Executive" means the Executive Compensation Executive of ESCO Technologies Inc.

C. "Chief Executive Officer" means the Chief Executive Officer of ESCO Technologies Inc.

D. "Committee" means the Human Resources and Compensation Committee of the Board of Directors of ESCO Technologies Inc., which is comprised of members who are both not eligible to participate in the Plan, and who are outside Directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

E. "Company" means ESCO Technologies Inc., a Missouri Corporation.

F. "Covered Employee(s)" means an employee who, as of the last day of a Fiscal Year, is the Chief Executive Officer of the Company, or one of the other executive officers of the Company, as determined by the Company pursuant to the executive compensation disclosure rules under the Securities Exchange Act of 1934, or such other person defined as a "Covered Employee" under Section 162(m) of the Internal Revenue Code of 1986, as amended.

G. "Fiscal Year" means the Fiscal Year of the Company which is currently the twelve-month period ending September 30.

H. "Incentive Compensation Award" or "Award" means the target amount a participating employee is eligible to receive under the Plan.

I. "Incentive Compensation Payment" or "Payment" means the payment made to a Participant under the Plan.

J. "Participant" means those Covered Employees who have been selected by the Committee upon recommendation of the Chief Executive Officer to participate in the Plan.

K. "Plan" means this ESCO Technologies Inc. Incentive Compensation Plan for Executive Officers.

III. ELIGIBILITY

Participation in the Plan shall be limited to those Covered Employees of the Company as the Committee shall determine upon recommendation by the Chief Executive Officer. Upon approval by the Committee, the Executive Compensation Executive shall make arrangements to ensure that each Participant is notified of the amount of his or her Incentive Compensation Award. Additions or deletions to the Plan during a Fiscal Year shall be made only in the event of an unusual circumstance, such as a promotion, layoff, disability, death, new hire, termination, or retirement.

IV. DETERMINATION OF INCENTIVE COMPENSATION AWARD PAYMENTS

Incentive Compensation Awards to participating employees shall be based upon the accomplishment of specific performance objectives. During the first 90 days of a Fiscal Year, the Committee shall establish, for such Fiscal Year, performance objectives based upon one or more of the following criteria; earnings per share; sales; earnings; cash flow; profitability; customer satisfaction; investor relations; revenues; financial return ratios; market performance; shareholder return and/or value; operating profits (including earnings before income taxes, depreciation and amortization); net profits; earnings per share growth; profit returns and margins; stock price; working capital; business trends; production cost; project milestones; plant and equipment performance; safety; environment; gross margin; operating margin; net margin; expense margins; EBIT margin; EBIT growth; EBITDA margin; EBITDA growth; NOPAT margin; GOPAT; NIBCLs; net assets; working capital; asset turnover; working capital turnover; accounts receivable turnover; accounts payable turnover; inventory turnover; inventory days outstanding; accounts receivable days outstanding; accounts payable days outstanding; debt to equity; debt to capital; current ratio; return on equity; return on assets; return on net assets; return on invested capital; return on gross assets; cash flow return on investment; cash value added; price to earnings ratio; market to book ratio; market to capital ratio; cost of capital; cost of debt; cost of equity; market risk premium; stock price appreciation with or without divisions; total shareholder return; economic value added; economic profit; sales growth percents; ESS growth percents; cash flow growth year over year; return on total capital; or any combination of the foregoing. Performance criteria may be measured solely on a corporate, business unit or individual basis, or a combination thereof. Performance objectives need not be the same in respect for all Participants and may be established separately for the Company as a whole or for its various groups, divisions, subsidiaries and affiliates. Each of the performance objectives is to be specifically defined in advance by the Committee, and may include or exclude specified items of an unusual or non-recurring nature. No award shall be paid to any Participant unless the applicable performance objective(s) are achieved and certified by the Committee or if the Plan is not approved by stockholders of the Company. In no event shall an Incentive Compensation Payment made to any Covered Employee for any Fiscal Year exceed $2,000,000.

As soon as practicable after the end of each Fiscal Year, the Incentive Compensation Payment for each Covered Employee for such Fiscal Year shall be determined by the Committee. The Committee shall certify in writing the achievement of the applicable performance objective(s) and the amount of any Payment payable to Participants. Payments to such Participants may be denied, or adjusted downward by the Committee, as, in the Committee's sole judgment, is prudent based upon its assessment of the Participant's performance. The Committee shall not have discretion to increase the amount of payment under an Incentive Compensation Award regardless of the attainment of a performance objective.

V. MANNER OF AND TIME FOR PAYMENTS.

Incentive Compensation Payments will be made in cash by November 30th following the end of each Fiscal Year.

VI. DESIGNATION OF BENEFICIARY

If a Participant dies after the end of the Fiscal Year but prior to receiving the entire amount due under the Plan for such Fiscal Year, if any, such unpaid amounts will be paid in a lump sum to his or her beneficiary at the time such amounts would have been paid to the Participant pursuant to Section V.

Each Participant shall have the right to designate a beneficiary, and to change such beneficiary from time to time, by filing a request in writing with the Executive Compensation Executive. In the event the Participant has not designated a beneficiary, or in the event a beneficiary predeceases the Participant, the amounts otherwise payable to such beneficiary shall be paid to the person in, or divided equally among, the first of the following classes of successive preference beneficiaries in which there shall be any person surviving such Participant:

(a) the Participant's spouse

(b) the Participant's children

(c) the Participant's executors or administrators.

The share payable to any minor pursuant to the provisions hereof may be paid to such adult or adults as, in the opinion of the Executive Compensation Executive, have assumed the custody and principal support of such minor.

VII. ADMINISTRATION OF THE PLAN

The overall administration and control of the Plan, including a final determination of payments to each Participant, is the responsibility of the Committee. The Executive Compensation Executive shall be responsible for implementing the actions required under the Plan.

VIII. VESTING

A Participant must (subject to specific Committee action to the contrary as hereinafter set forth in this Section VIII) be an employee of the Company, on the date an Incentive Compensation Payment is payable pursuant to Section V hereof. The final determination as to Payments to be payable shall be made by the Committee. Notwithstanding any other provision hereof, and in accordance with this Section VIII, in the event that, before or after the end of the Fiscal Year, a Participant's employment is terminated without cause, by the Company due to a layoff, death or disability, or by the Participant, due to retirement at of after the age of 60 terminates for any reason other than cause, the Committee shall have the sole discretion as to whether any Payment shall be made, and, if so, the amount of such Payment, and any such Payment shall be paid at the time determined pursuant to Section V. Provided, that any such Payment to a Participant shall be subject to the provisions of Section IV.

IX. AMENDMENT OR TERMINATION

The Plan may be amended or terminated at any time by action of the Committee, provided, that no such action shall cause any Payment under the Plan to a Participant to fail to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended.

X. STOCKHOLDER APPROVAL

The Plan is subject to the approval of the stockholders of the Company. No Payment shall be made under the Plan without such stockholder approval.

XI. MISCELLANEOUS

A. All Payments under the Plan shall be made from the general assets of the Company. To the extent any person acquires a right to receive a Payment under the Plan, such right shall be no greater than that of an unsecured general creditor of the Company.

B. Nothing contained in the Plan and no action taken pursuant thereto shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any other person.

C. Except as provided for in Section XII, no amount payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, either voluntary or involuntary, and any attempt to so alienate, anticipate, sell, transfer, assign, pledge, encumber or charge the same shall be null and void. No such amount shall be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are or may be payable.

D. Nothing contained in the Plan shall be construed as conferring upon any Participant the right to continue in the employ of the Company nor to limit the right of the Company to discharge the Participant at any time, with or without cause.

E. The Plan shall be construed and administered in accordance with the laws of the State of Missouri, without regard to the principles of conflicts of law which might otherwise apply.

XII. COVENANTS.

In the event a Participant, during the period commencing with Participants receipt of any Incentive Compensation Payment and ending two (2) years after receipt of such Payment but in any event at all times during the term of employment:

(a) as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business or becomes involved in any business activity, which is (i) competitive with the business of the Company (or any affiliate of the Company), as presently conducted and as said business may evolve in the ordinary course, and (ii) a business or business activity in which the Participant is engaged in the course of the Participant's employment with the Company (or any affiliate of the Company);

(b) as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, recruits, solicits or hires, or assists anyone else in recruiting, soliciting or hiring, any employee of the Company (or any affiliate of the Company), for employment with any competitor of the Company;

(c) induces or attempts to induce, or assists anyone else to induce or attempt to induce, any customer of the Company (or any affiliate of the Company), to discontinue its business with the Company (or with any affiliate of the Company);

(d) engages in the unauthorized use or disclosure of confidential information or trade secrets of the Company (or any affiliate of the Company) resulting in harm to the Company (or any affiliate of the Company) ; or

(e) engages in intentional misconduct resulting in a financial restatement or in an increase in the Participant's incentive or equity compensation (such conduct described in subsections (a) through (e) referred to herein as "Misconduct");

the Company shall be entitled to recover from the Participant any Incentive Compensation Payments made to the Participant during any period for which restatement of the Company's financials is required in the event of Misconduct resulting in a restatement of financials described in subsection (e) above but not to exceed three years and for a three-year period preceding such Misconduct or preceding the Company's discovery of such Misconduct in the case of Misconduct described in subsections (a) through (d) and subsection (e) pertaining to intentional Misconduct resulting in an increase in "Participant's" incentive or equity compensation above. The Committee shall have sole discretion in determining the amount that shall be recovered from the Participant under this Section XII provided that to the extent Incentive Compensation Payments have been recovered by the Company under the Company's Dodd Frank Act Recovery Policy such amounts shall not be recoverable pursuant to this Section XII.

SECTIONS OF ANNUAL REPORT TO STOCKHOLDERS
INCORPORATED BY REFERENCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto. The years 2012, 2011 and 2010 refer to the fiscal years ended September 30, 2012, 2011 and 2010, respectively, and are used throughout the document.

Introduction

ESCO Technologies Inc. and its wholly owned subsidiaries (ESCO, the Company) are organized into three reportable oper-ating segments: Utility Solutions Group (USG), RF Shielding and Test (Test), and Filtration/Fluid Flow (Filtration). The Company's business segments are comprised of the following primary operating entities:

- ***USG:*** Aclara Technologies LLC (Aclara), and Doble Engineering Company (Doble),
- ***Test:*** EMC Group companies consisting primarily of ETS-Lindgren L.P. and Lindgren R.F. Enclosures, Inc., (On October 1, 2012, these entities were merged together and renamed ETS-Lindgren Inc.) and,
- ***Filtration:*** PTI Technologies Inc. (PTI), VACCO Industries (VACCO), Crissair, Inc. (Crissair) and Thermoform Engineered Quality LLC (TEQ).

USG: Aclara is a proven supplier of special purpose fixed-network communications systems for electric, gas and water utilities, including hardware and software to support advanced metering applications. Aclara's STAR® Network system and TWACS® technology provide advanced radio-frequency and power-line based fixed-network technologies proven to meet the wide-ranging data communications requirements of utilities worldwide. Aclara Software applications add value across the utility enterprise, addressing meter and energy data management, distribution planning and operations, customer service, revenue management and integration solutions. Doble provides high-end, intelligent diagnostic test solutions for the electric power delivery industry and is a leading supplier of power factor and partial discharge testing instruments used to assess the integrity of high-voltage power delivery equipment.

Test: The EMC Group is an industry leader in providing its customers with the ability to identify, measure and contain magnetic, electromagnetic and acoustic energy.

Filtration: The companies within this segment primarily design and manufacture specialty filtration products including hydraulic filter elements used in commercial aerospace applications, unique filter mechanisms used in micro-propulsion devices for satellites and custom designed filters for manned aircraft and submarines.

ESCO continues to operate with meaningful growth prospects in its primary served markets and with considerable financial flexibility. The Company continues to focus on new products that incorporate proprietary design and process technologies. Management is committed to delivering shareholder value through internal growth, ongoing performance improvement initiatives, and acquisitions.

Highlights of 2012 Operations

- Sales, net earnings and diluted earnings per share were $688.4 million, $46.9 million and $1.73 per share, respectively, compared to sales, net earnings and diluted earnings per share of $693.7 million, $52.5 million and $1.95 per share in 2011.
- Net cash provided by operating activities was approximately $53 million in 2012.
- At September 30, 2012, cash on hand was $30.2 million and outstanding debt was $115 million, for a net debt position of approximately $85 million. (Net debt position is defined as total debt less net cash.)
- 2012 entered orders were $752.2 million resulting in a book-to-bill ratio of approximately 1.1x. Backlog at September 30, 2012, was $406.9 million compared to $343.1 million at September 30, 2011.
- The Company received $74.6 million in orders and recorded $13 million in sales during 2012 related to the Company's agreement with Southern California Gas Co. (SoCalGas). SoCalGas' project includes deployment of Aclara's integrated hardware, software and network architecture solution to over six million customers throughout its service territory. As of September 30, 2012, total orders received from SoCalGas were $94.5 million. Subsequent to fiscal year-end, the Company received $41 million in orders in October 2012 from SoCalGas.
- The Company acquired a minority interest in Calico Energy, Inc. (Calico) for $3.3 million in 2012. Calico is a provider of demand response software used in smart grid deployments and will be offered in connection with Aclara's Smart Communications Network solution.
- The Company declared dividends of $0.32 per share, totaling $8.6 million in payments during 2012.
- During the fourth quarter of 2012, the Company spent $5.4 million to repurchase approximately 150,000 shares of its common stock. Subsequent to fiscal year-end, the Company spent an additional $9.7 million to repurchase approximately 270,000 shares.

Results of Continuing Operations

NET SALES

(Dollars in millions)		Fiscal year ended			**Change 2012 vs. 2011**	Change 2011 vs. 2010
		2012	2011	2010		
USG	$	**317.7**	349.6	348.3	**(9.1)%**	0.4%
Test		**175.9**	176.5	138.4	**(0.3)%**	27.5%
Filtration		**194.8**	167.6	120.8	**16.2%**	38.7%
Total	$	**688.4**	693.7	607.5	**(0.8)%**	14.2%

Net sales decreased $5.3 million, or 0.8%, to $688.4 million in 2012 from $693.7 million in 2011. The decrease in net sales in 2012 as compared to the prior year was due to: a $31.9 million decrease in the USG segment; a $0.6 million decrease in the Test segment; partially offset by a $27.2 million increase in the Filtration segment.

USG

The net sales decrease of $31.9 million, or 9.1%, in 2012 as compared to the prior year was primarily due to: a $34.6 mil-lion decrease in net sales from Aclara due to lower deliveries of Advanced Metering Infrastructure (AMI) products for the New York City water project ($17.4 million), the Pacific Gas & Electric Company (PG&E) gas project ($18.4 million) and the Federal Commission of Electricity (CFE) electric project in Mexico ($29.6 million) as these projects near completion. Partially offsetting this sales decrease, sales to electric utility cooperatives increased $19 million and sales to SoCalGas increased $11.7 million in 2012 as compared to the prior year. Net sales from Doble increased $2.7 million in 2012 as compared to the prior year driven by an increase in service revenues.

The net sales increase of $1.3 million, or 0.4%, in 2011 as compared to 2010 was due to: a $21.8 million increase in net sales of Aclara’s TWACS® products primarily due to higher shipments to CFE; an $11.7 million increase in net sales from Doble driven by higher product shipments; a $3.3 million increase in net sales from Aclara’s software products mainly due to the Xtensible acquisition (acquired September 3, 2010); partially offset by a $32 million decrease in net sales from Aclara’s STAR® products related to the PG&E gas project and a $10 million decrease for the New York City water project.

Test

The net sales decrease of $0.6 million, or 0.3%, in 2012 as compared to the prior year was due to: a $6 million decrease in net sales from the segment’s U.S. operations primarily driven by lower shipments of shielding for a NASA project in Florida as the project nears completion; a $1.3 million decrease in net sales from the segment’s European operations; partially offset by a $7 million increase in net sales from the segment’s Asian operations due to several chamber projects in China.

The net sales increase of $38.1 million, or 27.5%, in 2011 as compared to 2010 was due to: a $15.5 million increase in net sales from the segment’s U.S. operations mainly driven by a large project for NASA in Florida; a $17.3 million increase in net sales from the segment’s European operations mainly due to the EMV acquisition that contributed $11 million; and a $5.4 million increase in net sales from the segment’s Asian operations due to several large chamber projects in Japan.

Filtration

The 16.2%, or $27.2 million increase in net sales in 2012 as compared to the prior year was due to: an $8.6 million increase in net sales from VACCO due to higher shipments of its Space products; a $6.6 million increase in net sales at TEQ mainly due to higher shipments to commercial customers; a $6.5 million increase in net sales at PTI driven by higher shipments of aerospace assemblies, elements and couplings; and a $5.5 million increase at Crissair mainly due to higher product shipments and price increases on its products.

The 38.7%, or $46.8 million increase in net sales in 2011 as compared to 2010 was due to: a $22.9 million increase in net sales from Crissair (which was acquired effective July 31, 2010); a $12.7 million increase at TEQ due to higher shipments of its ear thermometer probe cover product; an $8.2 million increase in net sales from VACCO due to higher shipments of Virginia Class submarine products and defense spares shipments; and a $3 million increase at PTI driven by higher shipments of aerospace assemblies and elements.

ORDERS AND BACKLOG

New orders received in 2012 were $752.2 million as compared to $676.1 million in 2011, resulting in order backlog of $406.9 million at September 30, 2012, as compared to order backlog of $343.1 million at September 30, 2011. In 2012, the Company recorded $380.1 million of orders related to USG products, $168.5 million related to Test products, and $203.6 million related to Filtration products. Orders are entered into backlog as firm purchase order commitments are received.

In 2011, the Company recorded $321.4 million of orders related to USG products, $189.1 million related to Test products, and $165.6 million related to Filtration products.

Aclara received $74.6 million in orders and recorded $13 million in sales during 2012 related to the Company's agreement with SoCalGas. SoCalGas' project includes deployment of Aclara's integrated hardware, software and network architecture solution to over six million customers throughout its service territory. Most of the equipment will be ordered by placement of formal purchase orders under the agreement. As of September 30, 2012, total orders received from SoCalGas for AMI gas products were $94.5 million. Subsequent to September 30, 2012, the Company received $41 million in orders in October 2012 from SoCalGas.

Aclara received orders from PG&E for AMI products of $11.4 million, $17 million and $54 million during 2012, 2011 and 2010, respectively. Cumulative-to-date orders from PG&E for the gas AMI deployment total 4.9 million units and $280 million through September 30, 2012, as the contract nears completion.

2011

Aclara received an additional $21 million order to supply products to Mexico's electric utility, CFE, related to its electric AMI deployment.

Aclara also received approximately $20 million of orders in 2011 from SoCalGas related to its gas AMI deployment.

The Test segment received a $6.5 million order for an anechoic test chamber in South America used to test telecommunications satellites, and a $5.4 million order in Turkey for a chamber used to identify electromagnetic interference for a variety of large motorized vehicles.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses (SG&A) were $186.1 million, or 27% of net sales in 2012, $182.5 million, or 26.3% of net sales in 2011, and $157.3 million, or 26% of net sales in 2010.

The increase in SG&A expenses in 2012 as compared to the prior year was mainly due to: a $3.5 million increase within the Filtration segment due to new product development costs for additional Space product applications, additional content on Airbus platforms, and an increase in head count; a $1.9 million increase within the Test segment due to the EMV acquisition (acquired February 28, 2011); partially offset by a $1.7 million decrease within the USG segment primarily due to lower new product development costs as projects were completed and the related products were introduced to the market.

The increase in SG&A expenses in 2011 as compared to 2010 was due to: an $11.4 million increase within the USG segment due to new product development, marketing and engineering expenses; a $7.7 million increase within the Test segment primarily due to the 2011 acquisition of EMV and SG&A to support the international marketplace expansion; and a $6.1 million increase within the Filtration segment mainly due to a full year of costs from Crissair (versus two months in 2010).

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets was $13.3 million in 2012, $12 million in 2011 and $11.6 million in 2010. The Company recorded $4.7 million, $4.7 million and $4.5 million in 2012, 2011 and 2010, respectively, related to Aclara's TWACS NG capitalized software. Amortization of intangible assets included $4.5 million, $4.6 million and $4.8 million of amortization of acquired intangible assets related to the Company's acquisitions in 2012, 2011 and 2010, respectively. The amortization of acquired intangible assets related to the Company's acquisitions is included in the Corporate operating segment's results. The remaining amortization expenses consist of other identifiable intangible assets (primarily software, patents and licenses) and are included in the respective segment's operating results.

OTHER (INCOME) EXPENSES, NET

Other (income), net, was ($3.9) million in 2012 and ($5.1) mil-lion in 2011 compared to other expenses, net, of $2.9 million in 2010, respectively. The principal component in other (income) expenses, net, in 2012 and 2011 was ($4.5) million and ($7.6) million, respectively, of income representing a revaluation of the earnout liability related to the Xtensible acquisition. The principal item included in other expenses, net, in 2010 was $1.5 million of severance expenses. There were no other individually significant items included in other (income) expenses, net, in 2012, 2011 or 2010.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

The Company evaluates the performance of its operating segments based on EBIT, which the Company defines as earnings before interest and taxes. EBIT on a consolidated basis is a non-GAAP financial measure. However, the Company believes that EBIT provides investors and Management with a valuable and alternative method for assessing the Company's operating results. Management evaluates the performance of its operating segments based on EBIT and believes that EBIT is useful to investors to demonstrate the operational profitability

of the Company's business segments by excluding interest and taxes, which are generally accounted for across the entire company on a consolidated basis. EBIT is also one of the measures Management uses to determine resource allocations and incentive compensation.

EBIT

(Dollars in millions)		Fiscal year ended **2012**	2011	2010	**Change 2012 vs. 2011**	Change 2011 vs. 2010
USG	$	**46.2**	54.3	67.4	**(14.9)%**	(19.4)%
% of net sales		**14.5%**	15.5%	19.4%		
Test		**14.0**	18.6	12.2	**(24.7)%**	52.5%
% of net sales		**8.0%**	10.5%	8.8%		
Filtration		**38.0**	30.8	19.5	**23.4%**	57.9%
% of net sales		**19.5%**	18.4%	16.1%		
Corporate		**(24.2)**	(24.2)	(25.5)	**—%**	(5.1)%
Total	$	**74.0**	79.5	73.6	**(6.9)%**	8.0%
% of net sales		**10.8%**	11.5%	12.1%		

The reconciliation of EBIT to a GAAP financial measure is as follows:

(Dollars in millions)		**2012**	2011	2010
EBIT	$	**74.0**	79.5	73.6
Less: Interest expense		**(2.3)**	(2.5)	(4.0)
Less: Income taxes		**(24.8)**	(24.5)	(24.8)
Net earnings	$	**46.9**	52.5	44.8

USG

The $8.1 million decrease in EBIT in 2012 as compared to the prior year was due to Aclara's decrease in net sales due to the wind-down of certain projects, such as the CFE electric project, New York City water project and the PG&E gas project as mentioned above. EBIT was favorably impacted by a $4.5 million gain related to the revaluation of the earnout liability related to the Xtensible acquisition.

The $13.1 million decrease in EBIT in 2011 as compared to 2010 was due to: lower sales volumes of Aclara's STAR products at the PG&E gas project and New York City water project; partially offset by increases in EBIT due to increased sales volumes of Aclara's TWACS products and Doble's increase in sales. EBIT was negatively impacted by $6.5 million in charges related to the write-down of certain Aclara inventory which was determined to be obsolete as next generation AMI products are currently being offered for sale. EBIT was favorably impacted by a $7.6 million gain related to the revaluation of the earnout liability related to the Xtensible acquisition.

Test

The $4.6 million decrease in EBIT in 2012 as compared to the prior year was due to: a $4 million decrease related to the segment's U.S. operations driven by lower sales volumes; a $2.2 million decrease related to the segment's European operations driven by project delays and unexpected turnover of key employees in Germany, and additional investments in SG&A; partially offset by a $1.5 million increase from the segment's Asian operations due to higher sales volumes.

The $6.4 million increase in EBIT in 2011 as compared to 2010 was due to: an increase of $4.8 million related to the segment's U.S. operations driven by the higher sales volumes; and a $1.6 million increase related to the segment's European and Asian operations also driven by additional sales volumes as mentioned earlier.

Filtration

EBIT increased $7.2 million in 2012 as compared to the prior year mainly due to the additional sales volumes at all operating units within the segment as mentioned above.

EBIT increased $11.3 million in 2011 as compared to 2010 mainly due to the additional sales volumes at VACCO, TEQ and PTI mentioned above as well as the full-year EBIT contribution from Crissair.

Corporate

Corporate operating charges included in consolidated EBIT remained consistent at $24.2 million in 2012 as compared to the prior year.

Corporate operating charges included in consolidated EBIT decreased $1.3 million in 2011 as compared to 2010 mainly due to a decrease in transaction costs related to acquisition activity and lower professional fees.

The "Reconciliation to Consolidated Totals (Corporate)" in Note 13 to the Consolidated Financial Statements represents Corporate office operating charges.

INTEREST EXPENSE, NET

Interest expense was $2.3 million in 2012, $2.5 million in 2011 compared to $4 million in 2010, respectively. The decrease in interest expense in 2012 as compared to the prior year was due to: lower average interest rates (1.2% vs. 1.4%) and lower average outstanding borrowings ($126 million vs. $143 million), partially offset by a $0.4 million increase due to the write-off of deferred financing costs related to the previous credit facility. The

decrease in interest expense in 2011 as compared to 2010 was due to lower average interest rates (1.4% vs. 1.9%) and lower average outstanding borrowings ($143 million vs. $171 million) under the revolving credit facility.

INCOME TAX EXPENSE

The effective tax rate for fiscal years 2012, 2011 and 2010 was 34.6%, 31.8% and 35.6%, respectively. The increase in the 2012 effective tax rate as compared to the prior year was primarily due to: the December 31, 2011, expiration of the research tax credit which increased the 2012 effective tax rate by 1.6%; the repatriation of foreign subsidiary earnings which increased the 2012 effective tax rate by 0.9%; releasing a foreign valuation allowance which reduced the 2011 effective tax rate by 1.3%; a purchase accounting correction increased the 2012 effective tax rate by 0.7%; and the release of uncertain tax positions as a result of the lapse of statute of limitations reduced the 2012 effective tax rate by 2.5% and the 2011 effective tax rate by 0.5%.

The decrease in the 2011 effective tax rate as compared to 2010 was mainly due to: the extension of the research tax credit which reduced the 2011 effective tax rate by 2%; the release of uncertain tax positions as a result of the lapse of statute of limitations reduced the 2011 effective tax rate by 0.5%; and the beneficial effect of foreign tax rates reduced the 2011 effective tax rate by 0.7%.

The Company's foreign subsidiaries have accumulated unremitted earnings of $34 million and cash of $20.9 million at September 30, 2012. No deferred taxes have been provided on the accumulated unremitted earnings because these funds are not needed to meet the liquidity requirements of the Company's U.S. operations and it is the Company's intention to reinvest these earnings indefinitely. In the event these foreign entities' earnings were distributed, it is estimated that U.S. taxes, net of available foreign tax credits, of approximately $5.6 million would be due, which would correspondingly reduce the Company's net earnings. No significant portion of the Company's foreign subsidiaries' earnings was taxed at a very low tax rate.

Capital Resources and Liquidity

The Company's overall financial position and liquidity are strong. Working capital (current assets less current liabilities) increased to $139.2 million at September 30, 2012, from $122.5 million at September 30, 2011, due to higher accounts receivable and inventory balances.

The $7 million increase in accounts receivable at Sep-tember 30, 2012, was mainly due to: a $15.7 million increase within the USG segment due to the timing of sales partially offset by an $8.1 million decrease in the Test segment due to timing of collections. The $11.1 million increase in inventory at September 30, 2012, was mainly due to: a $7.8 million increase in the Filtration segment due to timing of sales and accelerated material receipts for various programs at VACCO; and a $4.2 million increase in the USG segment.

Net cash provided by operating activities was $53.2 million, $75.9 million and $67 million in 2012, 2011 and 2010, respectively. The decrease in 2012 as compared to the prior year was due to a decrease in net earnings and higher operating working capital requirements.

Capital expenditures were $14.8 million, $13.7 million and $13.4 million in 2012, 2011 and 2010, respectively. The increase in 2012 as compared to 2011 was due to a $1.1 million increase for manufacturing equipment within the Filtration segment. There were no commitments outstanding that were considered material for capital expenditures at September 30, 2012. In addition, the Company incurred expenditures for capitalized software of $13.1 million, $14.2 million and $8.8 million in 2012, 2011 and 2010, respectively. The decrease in 2012 as compared to 2011 was mainly attributable to the Filtration segment's purchase of new ERP software. The increase in 2011 as compared to the prior years was primarily due to a $3 million increase within the USG segment related to software development for new products.

The Company made required pension contributions of $4.8 million, $5.2 million and $1.4 million in 2012, 2011 and 2010, respectively.

ACQUISITIONS

2012

During 2012, the Company acquired a minority interest in Calico Energy, Inc. (Calico) for $3.3 million in cash. Calico, headquartered in Seattle, Washington is a provider of demand response software used in smart grid deployments and will be offered in connection with Aclara's Smart Communications Network solution. This investment is accounted for under the cost method and is classified as a long-term Other asset on the Company's consolidated balance sheet at September 30, 2012.

2011

On February 28, 2011, the Company acquired the capital stock of EMV Elektronische Messgerate Vertriebs - GmbH, together

with its subsidiary EMSCREEN Electromagnetic Screening GmbH (collectively, EMV) for a purchase price of approximately $5 million, inclusive of cash acquired. EMV, with operations in Taufkirchen, Germany, provides turnkey systems and shielded environments for research, development and quality assurance testing of electronic equipment. EMV’s operating results, since the date of acquisition, are included within the Test segment and the Company recorded approximately $4.8 million of goodwill as a result of the transaction.

2010

Effective July 31, 2010, the Company acquired the capital stock of Crissair, Inc. (Crissair) for a purchase price of approximately $27 million, net of cash acquired. Crissair, headquartered in Palmdale, California, is a manufacturer of high-quality hydraulic, fuel and pneumatic system components for the aerospace industry. The operating results for Crissair, since the date of acquisition, are included within the Filtration segment. The Company recorded approximately $9 million of goodwill as a result of the transaction, $4.3 million of trade names and $7.4 million of amortizable identifiable intangible assets consisting of customer relationships.

On September 3, 2010, the Company acquired the capital stock of Xtensible Solutions, Inc. (Xtensible) for a purchase price of approximately $4 million in cash plus contingent consideration. Xtensible is a provider of information management and integration solutions to the utility industry worldwide and its operating results, since the date of acquisition until September 30, 2012, were included within Aclara in the USG segment. As of October 1, 2012, Xtensible’s operating results will be included within Doble in the USG segment. The agreement includes contingent consideration based on target revenues to be paid out over the next three and one-half years from the date of acquisition. The Company recorded approximately $15 million of goodwill as a result of the transaction. During 2012, the Company revalued the earnout obligation based on current forecasted revenues and recorded a $4.5 million gain in Other (income) expenses, net.

All of the Company’s acquisitions have been accounted for using the purchase method of accounting, and accordingly, the respective purchase prices were allocated to the assets (including intangible assets) acquired and liabilities assumed based on estimated fair values at the date of acquisition. The financial results from these acquisitions have been included in the Company’s financial statements from the date of acquisition.

BANK CREDIT FACILITY

At September 30, 2012, the Company had approximately $320 million available to borrow under the credit facility, plus a $250 million increase option, in addition to $30.2 million cash on hand, for a total of approximately $600 million. The Company classified $50 million as the current portion of long-term debt as of September 30, 2012, as the Company intends to repay this amount within the next 12 months; however, the Company has no contractual obligation to repay such amount during the next twelve months. The Company’s ability to access the additional $250 million increase option of the credit facility is subject to acceptance by participating or other outside banks.

The credit facility requires, as determined by certain financial ratios, a facility fee ranging from 17.5 to 35.0 basis points per annum on the unused portion. The terms of the facility provide that interest on borrowings may be calculated at a spread over the London Interbank Offered Rate (LIBOR) or based on the prime rate, at the Company’s election. The facility is secured by the unlimited guaranty of the Company’s material domestic subsidiaries and a 65% pledge of the material foreign subsidiaries’ share equity. The financial covenants of the credit facility include a leverage ratio and an interest coverage ratio. As of September 30, 2012, the Company was in compliance with all bank covenants.

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.

DIVIDENDS

During 2010, the Company initiated a quarterly cash dividend payable at an annual rate of $0.32 per share. The Company paid dividends of $8.6 million, $8.5 million and $6.3 million in 2012, 2011 and 2010, respectively.

OUTLOOK — 2013

Management continues to see strong growth in 2013 across the business. Based on projected revenue growth of approximately 10 percent, Management expects 2013 operational EPS in the range of $2.30 to $2.50 per share, which excludes non-recurring restructuring charges described below. In addition, the 2013 effective tax rate is projected to be approximately 35%. On a quarterly basis, Management expects 2013 revenues and EPS to be more second-half weighted, with first quarter EPS being less than $0.10 per share. The Company plans to

consolidate the Test segment’s four domestic manufacturing facilities into three domestic locations, resulting in the closure of the Glendale Heights, Illinois, facility. The non-recurring restructuring costs are expected to be approximately $3 million and will be expensed over the first six months of 2013.

CONTRACTUAL OBLIGATIONS

The following table shows the Company’s contractual obligations as of September 30, 2012:

(Dollars in millions)	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Long-Term Debt Obligation	$ 115.0	—	—	115.0	—
Estimated Interest Payments[1]	3.8	1.8	2.0	—	—
Operating Lease Obligations	24.0	7.6	10.9	5.0	0.5
PurchaseObligations[2]	13.2	13.1	0.1	—	—
Total	$ 156.0	22.5	13.0	120.0	0.5

[1] Estimated interest payments for the Company’s debt obligations were calculated based on Management’s determination of the estimated applicable interest rates and payment dates.

[2] A purchase obligation is defined as a legally binding and enforceable agreement to purchase goods and services that specifies all significant terms. Since the majority of the Company’s purchase orders can be cancelled, they are not included in the table above.

As of September 30, 2012, the Company had $1.8 million of liabilities for uncertain tax positions. The unrecognized tax benefits have been excluded from the table above due to uncertainty as to the amounts and timing of settlement with taxing authorities.

The Company has no off-balance-sheet arrangements outstanding at September 30, 2012.

SHARE REPURCHASES

In August 2012, the Company’s Board of Directors authorized an expanded stock repurchase program whereby Management may repurchase shares of its outstanding common stock in the open market and otherwise throughout the period ending September 30, 2013. The total value authorized is the lesser of $100 million, or the dollar limitation imposed by Section 6.07 of the Company’s Credit Agreement dated May 14, 2012. The previous authorization was set to expire September 30, 2012. During the fourth quarter of 2012, the Company repurchased $5.4 million or approximately 150,000 shares. Subsequent to fiscal year-end, the Company spent an additional $9.7 million to repurchase approximately 270,000 shares. There were no stock repurchases during 2011 or 2010.

PENSION FUNDING REQUIREMENTS

The minimum cash funding requirements related to the Company’s defined benefit pension plans are estimated to be approximately $2.5 million in 2013, approximately $3.5 million in 2014 and approximately $3 million in 2015.

OTHER

Management believes that, for the periods presented, inflation has not had a material effect on the Company’s results of operations.

The Company is currently involved in various stages of investigation and remediation relating to environmental matters. Based on current information available, Management does not believe the aggregate costs involved in the resolution of these matters will have a material adverse effect on the Company’s operating results, capital expenditures or competitive position.

Market Risk Analysis

MARKET RISK EXPOSURE

Market risks relating to the Company’s operations result primarily from changes in interest rates and changes in foreign currency exchange rates. The Company is exposed to market risk related to changes in interest rates and selectively uses derivative financial instruments, including forward contracts and swaps, to manage these risks. All derivative instruments are reported on the balance sheet at fair value. The derivative instrument is designated as a cash flow hedge and the gain or loss on the derivative is deferred in accumulated other comprehensive income until recognized in earnings with the underlying hedged item. There were no outstanding derivative instruments at September 30, 2012. The Company has determined that the market risk related to interest rates with respect to its variable debt is not material. The Company estimates that if market interest rates averaged one percentage point higher, the effect would have been less than 2% of net earnings for the year ended September 30, 2012.

The Company is also subject to foreign currency exchange rate risk inherent in its sales commitments, anticipated sales, anticipated purchases and assets and liabilities denominated

in currencies other than the U.S. dollar. The foreign currency most significant to the Company’s operations is the Euro. Net sales to customers outside of the United States were $186.5 million, $181.3 million, and $141.4 million in 2012, 2011 and 2010, respectively. The Company hedges certain foreign currency commitments by purchasing foreign currency forward contracts. The Company does not have material foreign currency market risk (e.g. net foreign currency transaction gain/loss was less than 2% of net earnings for fiscal years 2012, 2011 and 2010).

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements. In preparing these financial statements, Management has made its best estimates and judgments of certain amounts included in the Consolidated Financial Statements, giving due consideration to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Company’s senior Management discusses the critical accounting policies described below with the Audit and Finance Committee of the Company’s Board of Directors on a periodic basis.

The following discussion of critical accounting policies is intended to bring to the attention of readers those accounting policies which Management believes are critical to the Consolidated Financial Statements and other financial disclosure. It is not intended to be a comprehensive list of all significant accounting policies that are more fully described in Note 1 of Notes to Consolidated Financial Statements.

REVENUE RECOGNITION

USG Segment: Within the USG segment, approximately 65% of the segment’s revenue arrangements (approximately 30% of consolidated revenues) contain software components and/or multiple element arrangements. The application of these standards requires judgment, including the determination of whether an arrangement includes multiple elements and estimates of the fair value of the elements, using vendor-specific objective evidence of fair value (VSOE), if it exists, otherwise third-party evidence (TPE) or estimated selling price (ESP). Changes to the elements in an arrangement, and the ability to identify fair value for those elements could materially impact the amount of earned and/or deferred revenue. There have been no material changes to these estimates for the financial statement periods presented and the Company believes that these estimates generally should not be subject to significant variation in the future. The remaining 35% of the segment’s revenues (approximately 15% of consolidated revenues) represent products sold under a single element arrangement and are recognized when products are delivered (when title and risk of ownership transfers), when services are performed for unaffiliated customers or on a straight-line basis over the lease term.

Test Segment: Within the Test segment, approximately 40% of revenues (approximately 10% of consolidated revenues) are recognized when products are delivered (when title and risk of ownership transfers) or when services are performed for unaffiliated customers. Certain arrangements contain multiple elements and the application of the guidance requires judgment as to whether the deliverables can be divided into more than one unit of accounting and whether the separate units of accounting have value to the customer on a stand-alone basis. Changes to these elements could affect the timing of revenue recognition. There have been no material changes to these elements for the financial statement periods presented.

Approximately 60% of the segment’s revenues (approximately 15% of consolidated revenues) are recorded under the percentage-of-completion method due to the complex nature of the enclosures that are designed and produced under these contracts. As discussed above, this method of accounting involves the use of various estimating techniques to project costs at completion, which are based on Management’s judgment and the Company’s substantial experience in developing these types of estimates. Changes in underlying assumptions/estimates may adversely or positively affect financial performance in a period. Due to the nature of these contracts and the operating unit’s cost estimating process, the Company believes that these estimates generally should not be subject to significant variation in the future. There have been no material changes to these estimates for the financial statement periods presented. The Company regularly reviews its contract estimates to assess revisions in contract values and estimated costs at completion.

Filtration Segment: Within the Filtration segment, approximately 65% of segment revenues (approximately 20% of consolidated revenues) are recognized when products are delivered (when title and risk of ownership transfers) or when services are performed for unaffiliated customers.

Approximately 35% of segment revenues (approximately 10% of consolidated revenues) are recorded under the percentage-of-completion provisions because the Company manufactures complex products for aerospace and military customers under production contracts. The percentage-of-completion method of accounting involves the use of various estimating techniques to project costs at completion. These estimates involve various assumptions and projections relative to the outcome of future events over a period of several years, including future labor productivity and availability, the nature and complexity of the work to be performed, availability of materials, the impact of delayed performance, and the timing of product deliveries. These estimates are based on Management's judgment and the Company's substantial experience in developing these types of estimates. Changes in underlying assumptions/estimates may adversely affect financial performance if they increase estimated project costs at completion, or positively affect financial performance if they decrease estimated project costs at completion. Due to the nature of these contracts and the operating unit's cost estimating process, the Company believes that these estimates generally should not be subject to significant variation in the future. There have been no material changes to these estimates for the financial statement periods presented. The Company regularly reviews its estimates to assess revisions in contract values and estimated costs at completion.

INVENTORY

Inventories are valued at the lower of cost (first-in, first-out) or market value. Management regularly reviews inventories on hand compared to historical usage and estimated future usage and sales. Inventories under long-term contracts reflect accumulated production costs, factory overhead, initial tooling and other related costs less the portion of such costs charged to cost of sales and any unliquidated progress payments. In accordance with industry practice, costs incurred on contracts in progress include amounts relating to programs having production cycles longer than one year, and a portion thereof may not be realized within one year.

INCOME TAXES

The Company operates in numerous taxing jurisdictions and is subject to examination by various U.S. Federal, state and foreign jurisdictions for various tax periods. Additionally, the Company has retained tax liabilities and the rights to tax refunds in connection with various divestitures of businesses in prior years. The Company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which the Company does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions, as well as the inherent uncertainty in estimating the final resolution of complex tax audit matters, Management's estimates of income tax liabilities may differ from actual payments or assessments.

Management regularly assesses the Company's position with regard to tax exposures and records liabilities for these uncertain tax positions and related interest and penalties, if any, according to the principles of Financial Accounting Standards Board (FASB) ASC Topic 740, *Income Taxes* (ASC 740). The Company has recorded an accrual that reflects the recognition and measurement process for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return based upon ASC 740. Additional future income tax expense or benefit may be recognized once the positions are effectively settled. It is the Company's policy to follow FASB ASC 740-10-45-20 and record the tax effects of changes in the opening balance of unrecognized tax benefits in net earnings from continuing operations.

At the end of each interim reporting period, Management estimates the effective tax rate expected to apply to the full fiscal year. The estimated effective tax rate contemplates the expected jurisdiction where income is earned, as well as tax planning strategies. Current and projected growth in income in higher tax jurisdictions may result in an increasing effective tax rate over time. If the actual results differ from Management's estimates, Management may have to adjust the effective tax rate in the interim period if such determination is made.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates

expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets may be reduced by a valuation allowance if it is more likely than not that some portion of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance when Management believes it is more likely than not such assets will not be recovered, taking into consideration historical operating results, expectations of future earnings, tax planning strategies, and the expected timing of the reversals of existing temporary differences.

GOODWILL AND OTHER LONG-LIVED ASSETS

Management annually reviews goodwill and other long-lived assets with indefinite useful lives for impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the Company determines that the carrying value of the long-lived asset may not be recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Fair value is measured based on a discounted cash flow method using a discount rate determined by Management to be commensurate with the risk inherent in the Company's current business model. The estimates of cash flows and discount rate are subject to change due to the economic environment, including such factors as interest rates, expected market returns and volatility of markets served. Management believes that the estimates of future cash flows and fair value are reasonable; however, changes in estimates could result in impairment charges. At September 30, 2012, the Company has determined that no reporting units are at risk of material goodwill impairment as the fair value of each reporting unit substantially exceeded its carrying value. Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed annually for impairment.

PENSION PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

The measurement of liabilities related to pension plans and other postretirement benefit plans is based on Management's assumptions related to future events including interest rates, return on pension plan assets, and health care cost trend rates. Actual pension plan asset performance will either decrease or increase unamortized pension losses/gains that will affect net earnings in future years. Depending upon the performance of the equity and bond markets in 2013, the Company could be required to record a charge to equity. In addition, if the discount rate was decreased by 25 basis points from 3.75% to 3.5%, the projected benefit obligation for the defined benefit plan would increase by approximately $3 million and result in an additional after-tax charge to shareholders' equity of approximately $1.9 million. The discount rate used in measuring the Company's pension and postretirement welfare obligations was developed by matching yields of actual high-quality corporate bonds to expected future pension plan cash flows (benefit payments). Over 400 Aa-rated, non-callable bonds with a wide range of maturities were used in the analysis. After using the bond yields to determine the present value of the plan cash flows, a single representative rate that resulted in the same present value was developed.

Other Matters

CONTINGENCIES

As a normal course of business in which the Company is engaged, various claims, charges and litigation are asserted or commenced against the Company. With respect to claims and litigation asserted or commenced against the Company, it is the opinion of Management that final judgments, if any, which might be rendered against the Company are adequately reserved or covered by insurance, or are not likely to have a material adverse effect on its financial condition or results of operation.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign currency exchange rates. The Company is exposed to market risk related to changes in interest rates and selectively uses derivative financial instruments, including forward contracts and swaps, to manage these risks. All derivative instruments are reported on the balance sheet at fair value. The derivative instrument is designated as a cash flow hedge and the gain or loss on the derivative is deferred in accumulated other comprehensive income until recognized in earnings with the underlying hedged item. There were no outstanding derivative instruments at September 30, 2012. See further discussion in "Management's Discussion and Analysis — Market Risk Analysis" regarding the Company's market risks.

CONTROLS AND PROCEDURES

The Company carried out an evaluation under the supervision of and with the participation of Management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in the Company's internal controls or in other factors during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

New Accounting Pronouncements

In July 2012, the FASB issued Accounting Standards Update No. 2012-02, *Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment* (ASU 2012-02). This ASU updates the rules on testing indefinite-lived intangible assets other than goodwill for impairment and permits the option to perform a qualitative assessment of the fair value of indefinite-lived intangible assets. This update is effective for fiscal years, and interim periods within those years, beginning after September 15, 2012, and is not expected to have a material impact on the Company's financial statements.

Forward-Looking Information

Statements regarding future events and the Company's future results that are based on current expectations, estimates, forecasts and projections about the Company's performance and the industries in which the Company operates, the amount and timing of 2013 revenues and EPS, adequacy of the Company's credit facilities and future cash flows, the anticipated size of SoCalGas' deployment, the outcome of current litigation, claims and charges, the anticipated timing and amount of lost deferred tax assets, continued reinvestment of foreign earnings, the accuracy of the Company's estimates utilized in software revenue recognition, the accuracy of the Company's estimates utilized to project costs at completion in the Test segment and Filtration segment, income tax liabilities, the effective tax rate, the timing and amount of the reduction of unrecognized tax benefits, repayment of debt within the next 12 months, the recognition of costs related to share-based compensation arrangements, future costs relating to environmental matters, share repurchases, investments, sustained performance improvement, market risk related to interest rates, the impact of FASB Update No. 2012-02, performance improvement initiatives, growth opportunities, new product development, the Company's ability to increase shareholder value, acquisitions, and the beliefs and assumptions of Management contained in the letter To Our Shareholders (pages 1-3), and Management's Discussion and Analysis and other statements contained herein which are not strictly historical are considered "forward-looking statements" within the meaning of the safe harbor provisions of the Federal securities laws. Words such as expects, anticipates, targets, goals, projects, intends, plans, believes, estimates, variations of such words, and similar expressions are intended to identify such forward-looking statements. Investors are cautioned that such statements are only predictions, speak only as of the date of this report, and the Company undertakes no duty to update. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment including, but not limited to those described under "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012, and the following: changes in requirements or financial constraints impacting SoCalGas; the impacts of natural disasters such as hurricanes on the Company's operations and those of the Company's customers and suppliers; the timing and content of future customer orders; termination for convenience of customer contracts; timing and magnitude of future contract awards; weakening of economic conditions in served markets; the success of the Company's competitors; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties; the availability of selected acquisitions; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; material changes in the costs of certain raw materials; labor disputes; changes in laws and regulations including but not limited to changes in accounting standards and taxation requirements; costs relating to environmental matters; litigation uncertainty; and the Company's successful execution of internal restructuring plans.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts) Years ended September 30,	**2012**	2011	2010
Net sales	**$ 688,403**	693,711	607,493
Costs and expenses:			
Cost of sales	**418,879**	424,846	361,942
Selling, general and administrative expenses	**186,079**	182,530	157,348
Amortization of intangible assets	**13,322**	11,982	11,633
Interest expense, net	**2,340**	2,493	3,977
Other (income) expenses, net	**(3,901)**	(5,098)	2,928
Total costs and expenses	**616,719**	616,753	537,828
Earnings before income tax	**71,684**	76,958	69,665
Income tax expense	**24,805**	24,457	24,819
Net earnings	**$ 46,879**	52,501	44,846
Earnings per share:			
Basic:			
Net earnings	**$ 1.76**	1.97	1.70
Diluted:			
Net earnings	**1.73**	1.95	1.68
Average common shares outstanding (in thousands):			
Basic	**26,699**	26,588	26,450
Diluted	**27,030**	26,903	26,738

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands) Years ended September 30,		2012	2011
ASSETS			
Current assets:			
Cash and cash equivalents	$	**30,215**	34,158
Accounts receivable, less allowance for doubtful accounts of $1,927 and $2,044 in 2012 and 2011, respectively		**151,051**	144,083
Costs and estimated earnings on long-term contracts, less progress billings of $30,534 and $11,416 in 2012 and 2011, respectively		**14,567**	12,974
Inventories		**108,061**	96,986
Current portion of deferred tax assets		**22,313**	20,630
Other current assets		**17,237**	19,523
Total current assets		**343,444**	328,354
Property, plant and equipment:			
Land and land improvements		**4,984**	4,986
Buildings and leasehold improvements		**53,278**	52,648
Machinery and equipment		**93,663**	85,440
Construction in progress		**5,135**	2,779
		157,060	145,853
Less accumulated depreciation and amortization		**81,184**	72,786
Net property, plant and equipment		**75,876**	73,067
Intangible assets, net		**231,473**	231,848
Goodwill		**361,280**	361,864
Other assets		**21,680**	16,704
Total Assets	$	**1,033,753**	1,011,837

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands) Years ended September 30,		2012		2011
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current maturities of long-term debt	**$**	**50,000**	$	50,000
Accounts payable		**54,049**		54,037
Advance payments on long-term contracts, less costs incurredof $31,534 and $30,925 in 2012 and 2011, respectively		**21,700**		23,667
Accrued salaries		**25,717**		26,040
Current portion of deferred revenue		**24,920**		24,499
Accrued other expenses		**27,819**		27,594
Total current liabilities		**204,205**		205,837
Pension obligations		**35,480**		33,439
Deferred tax liabilities		**88,675**		85,313
Other liabilities		**9,080**		11,538
Long-term debt		**65,000**		75,000
Total liabilities		**402,440**		411,127
Shareholders' equity:				
Preferred stock, par value $.01 per share, authorized 10,000,000 shares		**—**		—
Common stock, par value $.01 per share, authorized 50,000,000 shares; Issued 30,044,486 and 29,956,904 shares in 2012 and 2011, respectively		**300**		300
Additional paid-in capital		**279,392**		275,807
Retained earnings		**441,566**		403,241
Accumulated other comprehensive loss, net of tax		**(25,378)**		(19,191)
		695,880		660,157
Less treasury stock, at cost (3,453,249 and 3,320,926 common shares in 2012 and 2011, respectively)		**(64,567)**		(59,447)
Total shareholders' equity		**631,313**		600,710
Total Liabilities and Shareholders' Equity	**$**	**1,033,753**		1,011,837

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, September 30, 2009	29,771	$ 298	265,794	322,878	(11,598)	(60,032)	517,340
Comprehensive income:							
Net earnings	—	—	—	44,846	—	—	44,846
Translation adjustments	—	—	—	—	(1,557)	—	(1,557)
Net unrecognized actuarial loss, net of tax of $1,422	—	—	—	—	(2,234)	—	(2,234)
Interest rate swap, net of tax of $(385)	—	—	—	—	596	—	596
Comprehensive income							41,651
Cash dividends declared ($0.32 per share)	—	—	—	(8,450)	—	—	(8,450)
Stock options and stock compensation plans, net of tax benefit of $(105)	68	—	5,149	—	—	292	5,441
Balance, September 30, 2010	29,839	298	270,943	359,274	(14,793)	(59,740)	555,982
Comprehensive income:							
Net earnings	—	—	—	52,501	—	—	52,501
Translation adjustments	—	—	—	—	(333)	—	(333)
Net unrecognized actuarial loss, net of tax of $2,689	—	—	—	—	(4,354)	—	(4,354)
Interest rate swap, net of tax of $(187)	—	—	—	—	289	—	289
Comprehensive income							48,103
Cash dividends declared ($0.32 per share)	—	—	—	(8,534)	—	—	(8,534)
Stock options and stock compensation plans,net of tax benefit of $(55)	118	2	4,864	—	—	293	5,159
Balance, September 30, 2011	29,957	300	275,807	403,241	(19,191)	(59,447)	600,710
Comprehensive income:							
Net earnings	**—**	**—**	**—**	**46,879**	**—**	**—**	**46,879**
Translation adjustments	**—**	**—**	**—**	**—**	**(2,018)**	**—**	**(2,018)**
Net unrecognized actuarial loss, net of tax of $2,769	**—**	**—**	**—**	**-—**	**(4,171)**	**—**	**(4,171)**
Interest rate swap, net of tax of $(1)	**—**	**—**	**—**	**—**	**2**	**—**	**2**
Comprehensive income							**40,692**
Cash dividends declared ($0.32 per share)	**—**	**—**	**—**	**(8,554)**	**—**	**—**	**(8,554)**
Stock options and stock compensation plans, net of tax benefit of $(123)	**87**	**—**	**3,585**	**—**	**—**	**283**	**3,868**
Purchases into treasury	**—**	**—**	**—**	**—**	**—**	**(5,403)**	**(5,403)**
Balance, September 30, 2012	**30,044**	**$ 300**	**279,392**	**441,566**	**(25,378)**	**(64,567)**	**631,313**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands) Years ended September 30,	**2012**	2011	2010
Cash flows from operating activities:			
Net earnings	**$ 46,879**	52,501	44,846
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	**24,782**	23,521	22,137
Stock compensation expense	**4,602**	4,670	4,558
Changes in current assets and liabilities	**(17,614)**	(1,542)	(9,615)
Effect of deferred taxes on tax provision	**4,381**	3,551	4,059
Change in acquisition earnout obligation	**(4,459)**	(7,595)	—
Pension contributions	**(4,800)**	(5,230)	(1,368)
Change in deferred revenue and costs, net	**549**	2,565	329
Amortization of prepaid debt fees	**1,030**	772	257
Change in uncertain tax positions	**(1,738)**	294	765
Other	**(448)**	2,359	1,055
Net cash provided by operating activities	**53,164**	75,866	67,023
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	**(3,345)**	(4,982)	(32,316)
Change in restricted cash (acquisition escrow)	**1,367**	1,361	2,041
Capital expenditures	**(14,754)**	(13,709)	(13,438)
Additions to capitalized software	**(13,080)**	(14,151)	(8,827)
Net cash used by investing activities	**(29,812)**	(31,481)	(52,540)
Cash flows from financing activities:			
Proceeds from long-term debt	**192,455**	49,370	40,000
Principal payments on long-term debt	**(202,455)**	(78,370)	(66,467)
Dividends paid	**(8,554)**	(8,534)	(6,335)
Purchases of shares into treasury	**(5,403)**	—	—
Deferred financing costs	**(1,937)**	—	—
Other	**617**	1,132	1,755
Net cash used by financing activities	**(25,277)**	(36,402)	(31,047)
Effect of exchange rate changes on cash and cash equivalents	**(2,018)**	(333)	(1,558)
Net (decrease) increase in cash and cash equivalents	**(3,943)**	7,650	(18,122)
Cash and cash equivalents at beginning of year	**34,158**	26,508	44,630
Cash and cash equivalents at end of year	**$ 30,215**	34,158	26,508
Changes in current assets and liabilities:			
Accounts receivable, net	**$ (6,968)**	(1,786)	(27,960)
Costs and estimated earnings on long-term contracts, net	**(1,593)**	(231)	(1,985)
Inventories	**(11,075)**	(12,459)	5,926
Other assets	**4,075**	35	(2,397)
Accounts payable	**12**	(6,118)	10,597
Advance payments on long-term contracts, net	**(1,967)**	17,938	2,889
Accrued expenses	**(98)**	1,079	3,315
	$ (17,614)	(1,542)	(9,615)
Supplemental cash flow information:			
Interest paid	**$ 1,588**	1,959	3,536
Income taxes paid (including state & foreign)	**16,544**	21,895	21,378

See accompanying Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of ESCO Technologies Inc. (ESCO) and its wholly owned subsidiaries (the Company). All significant intercompany transactions and accounts have been eliminated in consolidation.

B. BASIS OF PRESENTATION

Fair values of the Company's financial instruments are estimated by reference to quoted prices from market sources and financial institutions, as well as other valuation techniques. The estimated fair value of each class of financial instruments approximated the related carrying value at September 30, 2012, and 2011.

C. NATURE OF OPERATIONS

The Company has three reportable segments: Utility Solutions Group (USG), RF Shielding and Test (Test), and Filtration/Fluid Flow (Filtration).

USG: Aclara is a proven supplier of special purpose fixed-network communications systems for electric, gas and water utilities, including hardware and software to support advanced metering applications. Doble provides high-end, intelligent, diagnostic test solutions for the electric power delivery industry.

Test: The EMC Group is an industry leader in providing its customers with the ability to identify, measure and contain magnetic, electromagnetic and acoustic energy.

Filtration: The companies within this segment primarily design and manufacture specialty filtration products including hydraulic filter elements used in commercial aerospace applications, unique filter mechanisms used in micro-propulsion devices for satellites and custom designed filters for manned aircraft and submarines.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Company regularly evaluates the estimates and assumptions related to the allowance for doubtful trade receivables, inventory obsolescence, warranty reserves, value of equity-based awards, goodwill and purchased intangible asset valuations, asset impairments, employee benefit plan liabilities, income tax liabilities and assets and related valuation allowances, uncertain tax positions, estimates on long-term contracts, and litigation and other loss contingencies. Actual results could differ from those estimates.

E. REVENUE RECOGNITION

USG Segment: Within the USG segment, approximately 65% of the segment's revenue arrangements (approximately 30% of consolidated revenues) contain software components and/or multiple element arrangements. These revenue arrangements are divided into separate units of accounting if the delivered item(s) has value to the customer on a stand-alone basis, there is objective and reliable evidence of the fair value of the undelivered item(s) and delivery/performance of the undelivered item(s) is probable. The segment's revenue arrangements within Aclara generally include multiple products and services, or "elements" consisting of meter and substation hardware, meter reading system software, program management support during the deployment period and software support (post-contract customer support or "PCS"). These arrangements typically require the Company to deliver software at the inception of the arrangement while the hardware and program management support are delivered over the contractual deployment period. Software support is provided during deployment and subsequent thereto. The Company allocates consideration to each deliverable in an arrangement based on its relative selling price. When arrangements have both software and non-software elements, the Company allocates consideration to each element using vendor-specific objective evidence (VSOE), if it exists, otherwise third-party evidence (TPE) is utilized. If neither VSOE nor TPE of selling price exists for a unit of accounting, the Company uses estimated selling price (ESP). The VSOE of the fair value of undelivered elements is determined based on the historical evidence of stand-alone sales of these elements to customers or, if applicable, the stated renewal rate in the agreement. TPE is determined by the prices charged by the Company's competitors for a similar deliverable when sold separately. The objective of ESP is to determine the price at which the Company would transact if the product or service were sold on a stand-alone basis. The application of these

principles requires judgment, including the determination of whether a software arrangement includes multiple elements and estimates of the fair value of the elements.

Hardware is considered a specified element in the software arrangement and VSOE has been established for this element. VSOE for the hardware element is determined based on the price when sold separately to customers. Hardware revenues are generally recognized at the time of shipment or receipt by customer depending upon contract terms. VSOE generally does not exist for the software element; therefore, the Company uses TPE or ESP based on the number of endpoints. The Company has established VSOE for the PCS element by a consistent pricing of PCS and PCS renewals as a percentage of the software license fees or by reference to contractual renewals, when the renewal terms are substantive. Revenues for PCS are recognized ratably over the maintenance term specified in the contract (generally in 12 monthly increments). Revenues for program management support are recognized when services have been provided. The Company determines VSOE for program management support based on hourly rates when services are performed separately. Approximately 35% of segment revenues (approximately 15% of consolidated revenues) are recognized when products are delivered (when title and risk of ownership transfers), when services are performed for unaffiliated customers or on a straight-line basis over the lease term.

Test Segment: Within the Test segment, approximately 40% of revenues (approximately 10% of consolidated revenues) are recognized when products are delivered (when title and risk of ownership transfers) or when services are performed for unaffiliated customers. Certain arrangements contain multiple elements generally consisting of materials and installation services used in the construction and installation of standard shielded enclosures to measure and contain magnetic and electromagnetic energy. The installation process does not involve changes to the features or capabilities of the equipment and does not require proprietary information about the equipment in order for the installed equipment to perform to specifications. There is objective and reliable evidence of fair value for each of the units of accounting, and, as a result, the arrangement revenue is allocated to the separate units of accounting based on their relative fair values. Typically, fair value is the price of the deliverable when it is regularly sold on a stand-alone basis. Approximately 60% of the segment’s revenues (approximately 15% of consolidated revenues) are recorded under the percentage-of-completion method due to the complex nature of the enclosures that are designed and produced under these contracts. Products accounted for under this guidance include the construction and installation of complex test chambers to a buyer’s specifications that provide its customers with the ability to measure and contain magnetic, electromagnetic and acoustic energy. As discussed above, for arrangements that are accounted for under this guidance, the Company estimates profit as the difference between total estimated revenue and total estimated cost of a contract and recognizes these revenues and costs based on either (a) units delivered or (b) contract milestones. If a reliable measure of output cannot be established (which applies in less than 10% of Test segment revenues or 2% of consolidated revenues), input measures (e.g., costs incurred) are used to recognize revenue. Given the nature of the Company’s operations related to these contracts, costs incurred represent an appropriate measure of progress towards completion.

The percentage-of-completion method of accounting involves the use of various techniques to estimate expected costs at completion. These estimates are based on Management’s judgment and the Company’s substantial experience in developing these types of estimates.

Filtration Segment: Within the Filtration segment, approx-imately 65% of revenues (approximately 20% of consolidated revenues) are recognized when products are delivered (when title and risk of ownership transfers) or when services are performed for unaffiliated customers.

Approximately 35% of segment revenues (approximately 10% of consolidated revenues) are recorded under the percentage-of-completion method. Products accounted for under this guidance include the design, development and manufacture of complex fluid control products, quiet valves, manifolds and systems primarily for the aerospace and military markets. For arrangements that are accounted for under this guidance, the Company estimates profit as the difference between total estimated revenue and total estimated cost of a contract and recognizes these revenues and costs based on units delivered. The percentage-of-completion method of accounting involves the use of various techniques to estimate expected costs at completion.

F. CASH AND CASH EQUIVALENTS

Cash equivalents include temporary investments that are readily convertible into cash, such as money market funds.

G. ACCOUNTS RECEIVABLE

Accounts receivable have been reduced by an allowance for amounts that the Company estimates are uncollectible in the future. This estimated allowance is based on Management's evaluation of the financial condition of the customer and historical write-off experience.

H. COSTS AND ESTIMATED EARNINGS ON LONG-TERM CONTRACTS

Costs and estimated earnings on long-term contracts represent unbilled revenues, including accrued profits, accounted for under the percentage-of-completion method, net of progress billings.

I. INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out) or market value. Inventories are regularly reviewed for excess quantities and obsolescence based upon historical experience, specific identification of discontinued items, future demand, and market conditions. Inventories under long-term contracts reflect accumulated production costs, factory overhead, initial tooling and other related costs less the portion of such costs charged to cost of sales and any unliquidated progress payments.

J. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation and amortization are computed primarily on a straight-line basis over the estimated useful lives of the assets: buildings, 10-40 years; machinery and equipment, 3-10 years; and office furniture and equipment, 3-10 years. Leasehold improvements are amortized over the remaining term of the applicable lease or their estimated useful lives, whichever is shorter. Long-lived tangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on fair value.

K. GOODWILL AND OTHER LONG-LIVED ASSETS

Goodwill represents the excess of purchase costs over the fair value of net identifiable assets acquired in business acquisitions. Management annually reviews goodwill and other long-lived assets with indefinite useful lives for impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the Company determines that the carrying value of the long-lived asset may not be recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value.

Fair value is measured based on a discounted cash flow method using a discount rate determined by Management to be commensurate with the risk inherent in the Company's current business model. Other intangible assets represent costs allocated to identifiable intangible assets, principally capitalized software, patents, trademarks, and technology rights. See Note 3 regarding goodwill and other intangible assets activity.

L. CAPITALIZED SOFTWARE

The costs incurred for the development of computer software that will be sold, leased, or otherwise marketed are charged to expense when incurred as research and development until technological feasibility has been established for the product. Technological feasibility is typically established upon completion of a detailed program design. Costs incurred after this point are capitalized on a project-by-project basis in accordance with FASB ASC Topic 985, *Software*. Capitalized costs consist of internal and external development costs. Upon general release of the product to customers, the Company ceases capitalization and begins amortization, which is calculated on a project-by-project basis as the greater of (1) the ratio of current gross revenues for a product to the total of current and anticipated future gross revenues for the product or (2) the straight-line method over the estimated economic life of the product. The Company generally amortizes the software development costs over a three-to-ten year period based upon the estimated future economic life of the product. Factors considered in determining the estimated future economic life of the product include anticipated future revenues, and changes in software and hardware technologies. Management annually reviews the carrying values of capitalized costs for impairment or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If expected cash flows are insufficient to recover the carrying amount of the asset, then an impairment loss is recognized to state the asset at its net realizable value.

M. INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences

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

N. RESEARCH AND DEVELOPMENT COSTS

Company-sponsored research and development costs include research and development and bid and proposal efforts related to the Company's products and services. Company-sponsored product development costs are charged to expense when incurred. Customer-sponsored research and development costs incurred pursuant to contracts are accounted for similarly to other program costs. Customer-sponsored research and development costs refer to certain situations whereby customers provide funding to support specific contractually defined research and development costs.

O. FOREIGN CURRENCY TRANSLATION

The financial statements of the Company's foreign operations are translated into U.S. dollars in accordance with FASB ASC Topic 830, *Foreign Currency Matters*. The resulting translation adjustments are recorded as a separate component of accumulated other comprehensive income.

P. 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 vesting of performance-accelerated restricted shares using the treasury stock method.

The number of shares used in the calculation of earnings per share for each year presented is as follows:

(In thousands)	**2012**	2011	2010
Weighted Average Shares Outstanding — Basic	**26,699**	26,588	26,450
Dilutive Options and Performance- Accelerated Restricted Stock	**331**	315	288
Shares — Diluted	**27,030**	26,903	26,738

Options to purchase 126,787 shares at prices ranging from $35.69-$45.81 were outstanding during the year ended September 30, 2012, but were not included in the respective computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. Options to purchase 372,653 shares at prices ranging from $32.55-$54.88 were outstanding during the year ended September 30, 2011, but were not included in the respective computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. Options to purchase 569,363 shares at prices ranging from $32.55-$54.88 were outstanding during the year ended September 30, 2010, but were not included in the respective computation 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 2014.

Approximately 175,000, 173,000 and 214,000 restricted shares were outstanding but unearned at September 30, 2012, 2011 and 2010, respectively, and, therefore, were not included in the respective years' computations of diluted EPS.

Q. SHARE-BASED COMPENSATION

The Company provides compensation benefits to certain key employees under several share-based plans providing for employee stock options and/or performance-accelerated restricted shares (restricted shares), and to non-employee directors under a non-employee directors compensation plan. Share-based payment expense is measured at the grant date based on the fair value of the award and is recognized on a straight-line basis over the requisite service period (generally the vesting period of the award).

R. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss of $(25.4) million at September 30, 2012, consisted of $(28.7) million related to the pension net actuarial loss; and $3.3 million related to currency

translation adjustments. Accumulated other comprehensive loss of $(19.2) million at September 30, 2011, consisted of $(24.5) million related to the pension net actuarial loss; and $5.3 million related to currency translation adjustments.

S. DEFERRED REVENUE AND COSTS

Deferred revenue and costs are recorded when products or services have been provided but the criteria for revenue recognition have not been met. If there is a customer acceptance provision or there is uncertainty about customer acceptance, revenue and costs are deferred until the customer has accepted the product or service.

T. DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are reported on the balance sheet at fair value. The accounting for changes in fair value of a derivative instrument depends on whether it has been designated and qualifies as a hedge and on the type of hedge. For each derivative instrument designated as a cash flow hedge, the effective portion of the gain or loss on the derivative is deferred in accumulated other comprehensive income until recognized in earnings with the underlying hedged item. For each derivative instrument designated as a fair value hedge, the gain or loss on the derivative and the offsetting gain or loss on the hedged item are recognized immediately in earnings. Regardless of type, a fully effective hedge will result in no net earnings impact while the derivative is outstanding. To the extent that any hedge is ineffective at offsetting cash flow or fair value changes in the underlying hedged item, there could be a net earnings impact.

U. NEW ACCOUNTING STANDARDS

In July 2012, the FASB issued Accounting Standards Update No. 2012-02, *Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment* (ASU 2012-02). This ASU updates the rules on testing indefinite-lived intangible assets other than goodwill for impairment and permits the option to perform a qualitative assessment of the fair value of indefinite-lived intangible assets. This update is effective for fiscal years, and interim periods within those years, beginning after September 15, 2012, and is not expected to have a material impact on the Company’s financial statements.

2. Acquisitions

2012

During 2012, the Company acquired a minority interest in Calico Energy, Inc. (Calico) for $3.3 million in cash. Calico, headquartered in Seattle, Washington, is a provider of demand response software used in smart grid deployments and will be offered in connection with Aclara’s Smart Communications Network solution. This investment is accounted for under the cost method and is classified as a long-term Other asset on the Company’s consolidated balance sheet at September 30, 2012.

2011

On February 28, 2011, the Company acquired the capital stock of EMV Elektronische Messgerate Vertriebs - GmbH, together with its subsidiary EMSCREEN Electromagnetic Screening GmbH (collectively, EMV) for a purchase price of approximately $5 million, inclusive of cash acquired. EMV, with operations in Taufkirchen, Germany, provides turnkey systems and shielded environments for research, development and quality assurance testing of electronic equipment. EMV’s operating results, since the date of acquisition, are included within the Test segment and the Company recorded approximately $4.8 million of goodwill as a result of the transaction.

2010

Effective July 31, 2010, the Company acquired the capital stock of Crissair, Inc. (Crissair) for a purchase price of approximately $27 million, net of cash acquired. Crissair, headquartered in Palmdale, California, is a manufacturer of high-quality hydraulic, fuel and pneumatic system components for the aerospace industry. The operating results for Crissair, since the date of acquisition, are included within the Filtration segment. The Company recorded approximately $9 million of goodwill as a result of the transaction, $4.3 million of trade names and $7.4 million of amortizable identifiable intangible assets consisting of customer relationships.

On September 3, 2010, the Company acquired the capital stock of Xtensible Solutions, Inc. (Xtensible) for a purchase price of approximately $4 million in cash plus contingent consideration. Xtensible is a provider of information management and integration solutions to the utility industry worldwide and its operating results, since the date of acquisition, are included within the USG segment (as part of Aclara through 2012). The agreement includes contingent consideration based on target revenues to be earned and paid out over the three and a half year period from the date of acquisition. The Company recorded approximately $15 million of goodwill as a result of

the transaction. The Company revalued the earnout obligation based on current forecasted revenues and recorded income of $4.5 million and $7.6 million in Other (income) expenses, net in 2012 and 2011, respectively.

All of the Company's acquisitions have been accounted for using the purchase method of accounting and accordingly, the respective purchase prices were allocated to the assets (including intangible assets) acquired and liabilities assumed based on estimated fair values at the date of acquisition. The financial results from these acquisitions have been included in the Company's financial statements from the date of acquisition. Pro forma financial information related to the Company's acquisitions was not presented as it was not significant to the Company's results of operations. None of the goodwill recorded as part of the acquisitions mentioned above is expected to be deductible for U.S. Federal or state income tax purposes except for the goodwill recorded in connection with the Xtensible acquisition.

3. Goodwill and Other Intangible Assets

Included on the Company's Consolidated Balance Sheets at September 30, 2012, and 2011 are the following intangible assets gross carrying amounts and accumulated amortization:

(Dollars in millions)		2012	2011
Goodwill	$	**361.3**	361.9
Intangible assets with determinable lives:			
Patents			
Gross carrying amount	$	**13.5**	13.5
Less: accumulated amortization		**13.3**	13.3
Net	$	**0.2**	0.2
Capitalized software			
Gross carrying amount	$	**129.8**	116.7
Less: accumulated amortization		**67.0**	57.4
Net	$	**62.8**	59.3
Customer Relationships			
Gross carrying amount	$	**61.4**	61.4
Less: accumulated amortization		**14.7**	11.6
Net	$	**46.7**	49.8
Other			
Gross carrying amount	$	**10.3**	10.3
Less: accumulated amortization		**10.3**	9.6
Net	$	**—**	0.7
Intangible assets with indefinite lives:			
Trade names	$	**121.7**	121.8

The Company performed its annual evaluation of goodwill and intangible assets for impairment during the fourth quarter of fiscal 2012 and concluded no impairment existed at September 30, 2012.

The changes in the carrying amount of goodwill attributable to each business segment for the years ended September 30, 2012, and 2011 are as follows:

(Dollars in millions)		USG	Test	Filtration	Total
Balance as of September 30, 2010	$	296.1	30.5	29.1	355.7
Acquisitions/adjustments		1.7	4.3	0.2	6.2
Balance as of September 30, 2011		297.8	34.8	29.3	361.9
Acquisitions/adjustments		(0.5)	(0.1)	—	(0.6)
Balance as of September 30, 2012	**$**	**297.3**	**34.7**	**29.3**	**361.3**

Amortization expense related to intangible assets with determinable lives was $13.3 million, $12 million and $11.6 million in 2012, 2011 and 2010, respectively. The Company recorded $4.7 million, $4.7 million and $4.5 million of amortization expense related to Aclara PLS's TWACS NG software in 2012, 2011 and 2010, respectively. Patents are amortized over the life of the patents, generally 17 years. Capitalized software is amortized over the estimated useful life of the software, generally three to seven years. Customer relationships are generally amortized over twenty years. Intangible asset amortization for fiscal years 2013 through 2017 is estimated at approximately $12 million per year.

4. Accounts Receivable

Accounts receivable, net of the allowance for doubtful accounts, consist of the following at September 30, 2012, and 2011:

(Dollars in thousands)		2012	2011
Commercial	$	**147,685**	137,498
U.S. Government and prime contractors		**3,366**	6,585
Total	$	**151,051**	144,083

5. Inventories

Inventories consist of the following at September 30, 2012, and 2011:

(Dollars in thousands)	2012	2011
Finished goods	$ 30,250	30,192
Work in process — including long-term contracts	30,372	23,139
Raw materials	47,439	43,655
Total	$ 108,061	96,986

6. Property, Plant and Equipment

Depreciation expense of property, plant and equipment for the years ended September 30, 2012, 2011 and 2010 was $11.4 million, $11.5 million and $10.5 million, respectively.

The Company leases certain real property, equipment and machinery under noncancelable operating leases. Rental expense under these operating leases for the years ended September 30, 2012, 2011 and 2010 was $8.3 million, $8.1 million and $7.7 million, respectively. Future aggregate minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of September 30, 2012, are:

(Dollars in thousands)	
Years ending September 30:	
2013	$ 7,585
2014	6,096
2015	4,811
2016	3,291
2017 and thereafter	2,251
Total	$ 24,034

7. Income Tax Expense

Total income tax expense (benefit) for the years ended September 30, 2012, 2011 and 2010 was allocated to income tax expense from continuing operations.

The components of income before income taxes consisted of the following for the years ended September 30:

(Dollars in thousands)	2012	2011	2010
United States	$ 67,297	73,275	66,639
Foreign	4,387	3,683	3,026
Total income before income taxes	$ 71,684	76,958	69,665

The principal components of income tax expense (benefit) for the years ended September 30, 2012, 2011 and 2010 consist of:

(Dollars in thousands)	2012	2011	2010
Federal			
Current	$ 16,868	15,708	17,585
Deferred	4,084	5,578	4,199
State and local:			
Current	1,659	2,218	2,193
Deferred	531	580	230
Foreign:			
Current	1,897	3,104	1,130
Deferred	(234)	(2,731)	(518)
Total	$ 24,805	24,457	24,819

The actual income tax expense (benefit) for the years ended September 30, 2012, 2011 and 2010 differs from the expected tax expense for those years (computed by applying the U.S. Federal corporate statutory rate) as follows:

	2012	2011	2010
Federal corporate statutory rate	35.0%	35.0%	35.0%
State and local, net of Federal benefits	3.3	3.6	3.1
Foreign	0.1	(2.2)	(1.5)
Research credit	(0.4)	(2.0)	0.3
Domestic production deduction	(2.4)	(2.5)	(1.9)
Change in uncertain tax positions	(2.6)	(0.5)	0.1
Purchase accounting adjustment	0.7	—	—
Other, net	0.9	0.4	0.5
Effective income tax rate	34.6%	31.8%	35.6%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at September 30, 2012, and 2011 are presented below.

(Dollars in thousands)		2012	2011
Deferred tax assets:			
Inventories, long-term contract accounting, contract cost reserves and other	$	**7,819**	6,029
Pension and other postretirement benefits		**13,437**	11,341
Net operating loss carryforward — domestic		**562**	687
Net operating loss carryforward — foreign		**3,841**	3,419
Capital loss carryforward		**240**	240
Other compensation-related costs and other cost accruals		**17,589**	17,316
State credit carryforward		**997**	1,240
Total deferred tax assets		**44,485**	40,272
Deferred tax liabilities:			
Plant and equipment, depreciation methods, acquisition asset allocations, and other		**(109,905)**	(104,082)
Net deferred tax liabilities before valuation allowance		**(65,420)**	(63,810)
Less valuation allowance		**(942)**	(873)
Net deferred tax liabilities	$	**(66,362)**	(64,683)

The Company has a foreign net operating loss carryforward of $12.5 million at September 30, 2012, which reflects tax loss carryforwards in Brazil, Germany and the United Kingdom. These losses have no expiration date. The Company also has net state research and other credit carryforwards of $1 million of which $0.6 million expires between 2022 and 2027. The remaining $0.4 million does not have an expiration date.

At September 30, 2012, the Company has established a valuation allowance of $0.2 million against the capital loss carryforward generated in 2008, as such loss carryforward may not be realized in future periods. In addition, the Company has established a valuation allowance against certain net operating loss (NOL) carryforwards in foreign jurisdictions which may not be realized in future periods. The valuation allowance established against the foreign NOL carryforwards was $0.7 million at September 30, 2012, and 2011, respectively. The Company classifies its valuation allowance related to deferred taxes on a pro rata basis.

The Company's foreign subsidiaries have accumulated unremitted earnings of $34 million and cash of $20.9 million at September 30, 2012. No deferred taxes have been provided on the accumulated unremitted earnings because these funds are not needed to meet the liquidity requirements of the Company's U.S. operations and it is the Company's intention to reinvest these earnings indefinitely. In the event these foreign entities' earnings were distributed, it is estimated that U.S. taxes, net of available foreign tax credits, of approximately $5.6 million would be due, which would correspondingly reduce the Company's net earnings. No significant portion of the Company's foreign subsidiaries' earnings was taxed at a very low tax rate.

As of September 30, 2012, the Company had $1.8 million of unrecognized benefits (see table below), which, net of Federal benefit, if recognized, would affect the Company's effective tax rate.

A reconciliation of the Company's unrecognized tax benefits for the years ended September 30, 2012, and 2011 is presented in the table below:

(Dollars in millions)		2012	2011
Balance as of October 1,	$	**3.6**	3.2
Increases related to prior year tax positions		**—**	0.7
Decreases related to prior year tax positions		**(0.3)**	—
Increases related to current year tax positions		**0.1**	0.2
Lapse of statute of limitations		**(1.6)**	(0.5)
Balance as of September 30,	$	**1.8**	3.6

The Company anticipates a $0.2 million reduction in the amount of unrecognized tax benefits in the next 12 months as a result of a lapse of the applicable statute of limitations. The Company's policy is to include interest related to unrecognized tax benefits in income tax expense and penalties in operating expense. As of September 30, 2012, 2011 and 2010, the Company had accrued interest related to uncertain tax positions of $0.1 million, $0.2 million and $0.1 million, respectively, net of Federal income tax benefit, on its Consolidated Balance Sheet. No significant penalties have been accrued.

The principal jurisdictions for which the Company files income tax returns are U.S. Federal and the various city, state, and international locations where the Company has operations. The U.S. Federal tax years for the periods ended September 30, 2009, and forward remain subject to income tax examination. Various state tax years for the periods ended September 30, 2008, and forward remain subject to income tax examinations.

The Company is subject to income tax in many jurisdictions outside the United States, none of which is individually material to the Company's financial position, statements of cash flows, or results of operations.

8. Debt

Debt consists of the following at September 30, 2012, and 2011:

(Dollars in thousands)		2012	2011
Revolving credit facility, including current portion	$	**115,000**	125,000
Current portion of long-term debt		**(50,000)**	(50,000)
Total long-term debt, less current portion	$	**65,000**	75,000

On May 14, 2012, the Company entered into a new $450 million five-year revolving credit facility with JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, N.A., as syndication agent, and eight other participating lenders (the "Credit Facility"). The Credit Facility replaced the Company's $330 million revolving credit facility that would otherwise have matured in November, 2012. Through a credit facility expansion option, the Company may elect to increase the size of the Credit Facility by entering into incremental term loans, in any agreed currency, at a minimum of $25 million each up to a maximum of $250 million aggregate.

At September 30, 2012, the Company had approximately $320 million available to borrow under the Credit Facility, plus a $250 million increase option, in addition to $30.2 million cash on hand. The Company classified $50 million as the current portion of long-term debt as of September 30, 2012, as the Company intends to repay this amount within the next twelve months; however, the Company has no contractual obligation to repay such amount during the next twelve months. The Company's ability to access the additional $250 million increase option of the Credit Facility is subject to acceptance by participating or other outside banks.

The credit facility requires, as determined by certain financial ratios, a facility fee ranging from 17.5 to 35.0 basis points per annum on the unused portion. The terms of the facility provide that interest on borrowings may be calculated at a spread over the London Interbank Offered Rate (LIBOR) or based on the prime rate, at the Company's election. The facility is secured by the unlimited guaranty of the Company's material domestic subsidiaries and a 65% pledge of the material foreign subsidiaries' share equity. The financial covenants of the Credit Facility include a leverage ratio and an interest coverage ratio. During 2012 and 2011, the maximum aggregate short-term borrowings at any month-end were $141 million and $159 million, respectively; the average aggregate short-term borrowings outstanding based on month-end balances were $126 million and $143 million, respectively; and the weighted average interest rates were 1.20%, 1.40%, and 1.87% for 2012, 2011 and 2010, respectively. The letters of credit issued and outstanding under the Credit Facility totaled $15.3 million and $15 million at September 30, 2012, and 2011, respectively.

9. Capital Stock

The 30,044,486 and 29,956,904 common shares as presented in the accompanying Consolidated Balance Sheets at September 30, 2012, and 2011 represent the actual number of shares issued at the respective dates. The Company held 3,453,249 and 3,320,926 common shares in treasury at September 30, 2012, and 2011, respectively.

In August 2012, the Company's Board of Directors authorized an expanded stock repurchase program whereby Management may repurchase shares of its outstanding common stock in the open market and otherwise throughout the period ending September 30, 2013. The total value authorized is the lesser of $100 million, or the dollar limitation imposed by Section 6.07 of the Company's Credit Agreement dated May 14, 2012. The previous authorization was set to expire September 30, 2012. The Company repurchased approximately 150,000 shares during 2012 and there were no stock repurchases in 2011 or 2010.

10. Share-Based Compensation

The Company provides compensation benefits to certain key employees under several share-based plans providing for employee stock options and/or performance-accelerated restricted shares (restricted shares), and to non-employee directors under a non-employee directors compensation plan.

Stock Option Plans

The Company's stock option awards are generally subject to graded vesting over a three-year service period. All outstanding options were granted at prices equal to fair market value at the date of grant. The options granted prior to September 30, 2003, have a 10-year contractual life from date of issuance, expiring in various periods through 2013.

Beginning in fiscal 2004, the options granted have a five-year contractual life from date of issuance. The Company recognizes compensation cost on a straight-line basis over the requisite service period for the entire award.

The fair value of each option award is estimated as of the date of grant using the Black-Scholes option pricing model. The weighted average assumptions for the periods indicated are noted below. Expected volatility is based on historical volatility of ESCO's stock calculated over the expected term of the option. The Company utilizes historical company data to develop its expected term assumption. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the date of grant. There were no stock option grants during 2012 or 2011. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2010: expected dividend yield of 0.9%; expected volatility of 48.1%; risk-free interest rate of 1.9%; and expected term of 3.9 years.

Information regarding stock options awarded under the option plans is as follows:

	FY2012			FY2011			FY2010		
	Shares		**Estimated Weighted Avg. Price**	Shares		Estimated Weighted Avg. Price	Shares		Estimated Weighted Avg. Price
October 1,	**435,054**	**$**	**35.58**	761,931	$	35.15	891,826	$	33.63
Granted	**—**		**—**	—		—	2,000	$	32.55
Exercised	**(100,872)**	**$**	**14.98**	(104,912)	$	13.18	(73,765)	$	12.03
Cancelled	**(208,366)**	**$**	**45.18**	(221,965)	$	44.67	(58,130)	$	41.17
September 30,	**125,816**	**$**	**36.29**	435,054	$	35.58	761,931	$	35.15
At September 30,									
Reserved for future grant	**1,301,090**			1,115,776			949,062		
Exercisable	**125,149**	**$**	**36.31**	397,073	$	35.42	677,538	$	34.88

The aggregate intrinsic value of options exercised during 2012, 2011 and 2010 was $2 million, $2.4 million and $1.3 million, respectively. The aggregate intrinsic value of stock options outstanding and exercisable at September 30, 2012, was $0.3 million. The weighted-average contractual life of stock options outstanding at September 30, 2012, was 0.9 years. The weighted-average fair value of stock options per share granted in 2012, 2011 and 2010 was zero, zero, and $11.90, respectively.

Summary information regarding stock options outstanding at September 30, 2012, is presented below:

Options Outstanding

Range of Exercise Prices	**Number Outstanding at Sept. 30, 2012**	**Weighted-Average Remaining Contractual Life**		**Weighted Average Exercise Price**
$17.29 - $32.55	**8,000**	**0.8 years**	**$**	**21.11**
$35.69 - $36.70	**15,000**	**0.2 years**	**$**	**35.82**
$37.54 - $37.98	**102,816**	**1.0 years**	**$**	**37.54**
	125,816	**0.9 years**	**$**	**36.29**

Exercisable Options Outstanding

Range of Exercise Prices	**Number Exercisable at Sept. 30, 2012**		**Weighted Average Exercise Price**
$17.29 - $32.55	**7,333**	**$**	**20.06**
$35.69 - $36.70	**15,000**	**$**	**35.82**
$37.54 - $37.98	**102,816**	**$**	**37.54**
	125,149	**$**	**36.31**

Performance-accelerated Restricted Share Awards

The performance-accelerated restricted shares (restricted shares) have a five-year term with accelerated vesting if certain targets based on market conditions are achieved. In these cases, if it is probable that the performance condition will be met, the Company recognizes compensation cost on a straight-line basis over the shorter performance period; otherwise, it will recognize compensation cost over the longer service period. Compensation cost for the majority of the outstanding restricted share awards is being recognized over the longer performance period as it is not probable the performance

condition will be met. The restricted share award grants were valued at the stock price on the date of grant. Pretax compensation expense related to the restricted share awards was $4 million, $3.6 million and $3.6 million for the fiscal years ended September 30, 2012, 2011 and 2010, respectively.

The following summary presents information regarding outstanding restricted share awards as of September 30, 2012, and changes during the period then ended:

	Shares		Weighted Avg. Price
Nonvested at October 1, 2011	486,908	$	33.41
Granted	—	$	—
Vested	(81,835)	$	37.14
Cancelled	(625)	$	38.09
Nonvested at September 30, 2012	404,448	$	32.65

Non-Employee Directors Plan

The non-employee directors compensation plan provides to each non-employee director a retainer of 900 common shares per quarter. Compensation expense related to the non-employee director grants was $0.6 million, $0.6 million and $0.5 million for the years ended September 30, 2012, 2011 and 2010, respectively.

Total Share-Based Compensation

The total share-based compensation cost that has been recognized in results of operations and included within SG&A was $4.6 million, $4.7 million and $4.6 million for the years ended September 30, 2012, 2011 and 2010, respectively. The total income tax benefit recognized in results of operations for share-based compensation arrangements was $1.6 million, $1.8 million and $1.8 million for the years ended September 30, 2012, 2011 and 2010, respectively. The Company has elected to use tax law ordering rules when calculating the income tax benefit associated with its share-based payment arrangements. In addition, the Company elected to use the simplified method of calculating the pool of excess tax benefits available to absorb tax deficiencies recognized. As of September 30, 2012, there was $5.9 million of total unrecognized compensation cost related to share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 1.6 years.

11. Retirement and Other Benefit Plans

Substantially all domestic employees are covered by a defined contribution pension plan maintained by the Company. Effective December 31, 2003, the Company’s defined benefit plan was frozen and no additional benefits have been accrued after that date. As a result, the accumulated benefit obligation and projected benefit obligation are equal. These frozen retirement income benefits are provided to employees under defined benefit pay-related and flat-dollar plans, which are noncontributory. In conjunction with the acquisition of Doble, the Company assumed responsibility for its defined benefit plan and has frozen the plan effective December 31, 2008, and no additional benefits have been accrued after that date. Effective October 1, 2009, the Company’s defined benefit plan and Doble’s benefit plan were merged into one plan. The annual contributions to the defined benefit retirement plans equal or exceed the minimum funding requirements of the Employee Retirement Income Security Act or applicable local regulations. In addition to providing retirement income benefits, the Company provides unfunded postretirement health and life insurance benefits to certain retirees. To qualify, an employee must retire at age 55 or later and the employee’s age plus service must equal or exceed 75. Retiree contributions are defined as a percentage of medical premiums. Consequently, retiree contributions increase with increases in the medical premiums. The life insurance plans are noncontributory and provide coverage of a flat dollar amount for qualifying retired employees. Effective December 31, 2004, no new retirees are eligible for life insurance benefits.

The Company uses a measurement date of September 30 for its pension and other postretirement benefit plans. The Company has an accrued benefit liability of $0.8 million at September 30, 2012, and 2011, respectively, related to its other postretirement benefit obligations. All other information related to its postretirement benefit plans is not considered material to the Company’s results of operations or financial condition.

The following tables provide a reconciliation of the changes in the pension plans and fair value of assets over the two-year

period ended September 30, 2012, and a statement of the funded status as of September 30, 2012, and 2011:

(Dollars in millions)	2012	2011
Reconciliation of benefit obligation		
Net benefit obligation at beginning of year	$ **83.2**	79.4
Service cost	**0.1**	0.1
Interest cost	**3.8**	3.9
Actuarial loss	**13.4**	4.8
Settlements	**—**	(1.8)
Gross benefits paid	**(3.4)**	(3.2)
Net benefit obligation at end of year	$ **97.1**	83.2

(Dollars in millions)	2012	2011
Reconciliation of fair value of plan assets		
Fair value of plan assets at beginning of year	$ **50.5**	49.2
Actual return on plan assets	**9.0**	0.8
Employer contributions	**5.0**	5.5
Gross benefits paid	**(3.4)**	(3.2)
Settlements	**—**	(1.8)
Fair value of plan assets at end of year	$ **61.1**	50.5

(Dollars in millions)	2012	2011
Funded Status		
Funded status at end of year	$ **(36.0)**	(32.7)
Unrecognized prior service cost	**—**	—
Unrecognized net actuarial (gain) loss	**—**	—
Accrued benefit cost	**(36.0)**	(32.7)
Amounts recognized in the Balance Sheet consist of:		
Noncurrent asset	**—**	—
Current liability	**(0.5)**	(0.2)
Noncurrent liability	**(35.5)**	(32.5)
Accumulated other comprehensive (income)/loss (before tax effect)	**48.3**	41.3
Amounts recognized in Accumulated Other Comprehensive (Income)/Loss consist of:		
Net actuarial loss	**48.2**	41.2
Prior service cost	**0.1**	0.1
Accumulated Other Comprehensive (Income)/Loss	$ **48.3**	41.3

The following table provides the components of net periodic benefit cost for the plans for the years ended September 30, 2012, 2011 and 2010:

(Dollars in millions)	2012	2011	2010
Service cost	$ **0.1**	0.1	0.2
Interest cost	**3.8**	3.9	4.0
Expected return on plan assets	**(4.1)**	(4.2)	(4.1)
Net actuarial loss	**1.5**	1.1	0.9
Settlement gain	**—**	—	(0.5)
Net periodic benefit cost	**1.3**	0.9	0.5
Defined contribution plans	**4.5**	3.7	4.3
Total	$ **5.8**	4.6	4.8

The discount rate used in measuring the Company's pension obligations was developed by matching yields of actual high-quality corporate bonds to expected future pension plan cash flows (benefit payments). Over 400 Aa-rated, non-callable bonds with a wide range of maturities were used in the analysis. After using the bond yields to determine the present value of the plan cash flows, a single representative rate that resulted in the same present value was developed. The expected long-term rate of return on plan assets assumption was determined by reviewing the actual investment return of the plans since inception and evaluating those returns in relation to expectations of various investment organizations to determine whether long-term future returns are expected to differ significantly from the past.

The following weighted-average assumptions were used to determine the net periodic benefit cost for the pension plans:

	2012	2011	2010
Discount rate	**4.50%**	5.00%	5.50%
Rate of increase in compensation levels	**N/A**	N/A	N/A
Expected long-term rate of return on assets	**7.5%**	8.00%	8.00%

The following weighted-average assumptions were used to determine the net periodic benefit obligations for the pension plans:

	2012	2011
Discount rate	**3.75%**	4.5%
Rate of increase in compensation levels	**N/A**	N/A

The assumed rate of increase in compensation levels is not applicable in 2012, 2011 and 2010 as the plan was frozen in earlier years.

The asset allocation for the Company's pension plans at the end of 2012 and 2011, the Company's acceptable range and the target allocation for 2013, by asset category, follows:

	Target Allocation	Acceptable Range	Percentage of Plan Assets at Year-end	
Asset Category	2013		**2012**	2011
Equity securities	60%	50-70%	**59%**	56%
Fixed income	40%	30-50%	**39%**	43%
Cash/cash equivalents	0%	0-5%	**2%**	1%

The Company's pension plan assets are managed by outside investment managers and assets are rebalanced when the target ranges are exceeded. Pension plan assets consist principally of marketable securities including common stocks, bonds, and interest-bearing deposits. The Company's investment strategy with respect to pension assets is to achieve a total rate of return (income and capital appreciation) that is sufficient to accomplish the purpose of providing retirement benefits to all eligible and future retirees of the pension plan. The Company regularly monitors performance and compliance with investment guidelines.

FAIR VALUE OF FINANCIAL MEASUREMENTS

The fair values of the Company's defined benefit plan investments as of September 30, 2012, by asset category, are as follows:

(Dollars in millions)	Level 1	Level 2	Level 3	Total
Investments at Fair Value:				
Cash and Cash Equivalents	$ 0.8	—	—	0.8
Common and Preferred Stock Funds:				
Domestic large capitalization	9.3	0.5	—	9.8
Domestic small/mid capitalization	9.3	0.5	—	9.8
International funds	9.3	0.5	—	9.8
Fixed Income Funds	3.1	24.8	—	27.9
Real Estate Investments	2.9	0.1	—	3.0
Total Investments at Fair Value	$ 34.7	26.4	—	61.1

For assets that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs, which have been determined to be immaterial. Assets that are measured using significant other observable inputs are primarily valued by reference to quoted prices of markets that are not active. The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying value of cash represents fair value as it consists of actual currency, and is classified as Level 1.

Common and preferred stock funds: The plans' common and preferred stock funds primarily consist of investments in listed U.S. and international companies' stocks. The stock investments are valued using quoted prices from the various public markets. Most equity securities trade on formal exchanges, both domestic and foreign (e.g. NYSE, NASDAQ, LSE), and can be accurately described as active markets. The observable valuation inputs are unadjusted quoted prices that represent active market trades and are classified as Level 1 or Level 2.

Fixed income funds: Fixed income funds consist of investments in U.S. and foreign corporate credit, U.S. and foreign government issues (including agencies and mortgages), U.S. Treasuries, U.S. state and municipal securities and asset-

backed securities. These investments are generally priced by institutional bids, which reflect estimated values based on underlying model frameworks at various dealers and vendors, or are formally listed on exchanges, where dealers exchange bid and ask offers to arrive at most executed transaction prices. These investments are classified as Level 1 or Level 2.

Real estate investments: The plan invests in U.S. real estate through indirect ownership entities, which are structured as limited partnerships or private real estate investment trusts (REITs). These real estate investments are classified as Level 1 or Level 2.

FASB ASC 825, *Financial Instruments*, establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

EXPECTED CASH FLOWS

Information about the expected cash flows for the pension and other postretirement benefit plans follows:

(Dollars in millions)	Pension Benefits	Other Benefits
Expected Employer Contributions — 2013	$ 4.6	0.1
Expected Benefit Payments		
2013	4.2	0.1
2014	4.1	0.1
2015	4.2	—
2016	4.7	—
2017	4.6	0.1
2018-2022	$ 26.2	0.3

12. Other Financial Data

Items charged to operations during the years ended September 30, 2012, 2011 and 2010 included the following:

(Dollars in thousands)	**2012**	2011	2010
Salaries and wages (including fringes)	**$ 197,642**	187,214	160,780
Maintenance and repairs	**5,389**	4,530	3,440
Research and development (R&D) costs:			
Company-sponsored	**30,067**	33,574	32,199
Customer-sponsored	**9,171**	8,527	4,035
Total R&D	**$ 39,238**	42,101	36,234
Other engineering costs	**17,646**	11,490	13,250
Total R&D and other engineering costs	**$ 56,884**	53,591	49,484
As a % of net sales	**8.3%**	7.7%	8.1%

A reconciliation of the changes in accrued product warranty liability for the years ended September 30, 2012, 2011 and 2010 is as follows:

(Dollars in thousands)	**2012**	2011	2010
Balance as of October 1,	**$ 3,834**	3,877	4,370
Additions charged to expense	**2,357**	3,275	1,813
Deductions	**(2,711)**	(3,318)	(2,306)
Balance as of September 30,	**$ 3,480**	3,834	3,877

13. Business Segment Information

The Company is organized based on the products and services it offers. Under this organizational structure, the Company has three reporting segments: Utility Solutions Group (USG), RF Shielding and Test (Test) and Filtration/Fluid Flow (Filtration).

The USG segment's operations consist of: Aclara Technologies LLC (Aclara) and Doble Engineering Company (Doble). Aclara is a proven supplier of special purpose fixed-network communications systems for electric, gas and water utilities, including hardware and software to support advanced metering applications. Aclara's STAR® Network system and TWACS®

technology provide advanced radio-frequency and power-line based fixed-network technologies proven to meet the wide-ranging data communications requirements of utilities worldwide. Aclara Software applications add value across the utility enterprise, addressing meter and energy data management, distribution planning and operations, customer service, revenue management and integration solutions. Doble provides high-end, intelligent diagnostic test solutions for the electric power delivery industry and is a leading supplier of power factor and partial discharge testing instruments used to assess the integrity of high-voltage power delivery equipment.

Test segment operations represent the EMC Group, consisting primarily of ETS-Lindgren L.P. and Lindgren R.F. Enclosures, Inc. The EMC Group is an industry leader in providing its customers with the ability to identify, measure and contain magnetic, electromagnetic and acoustic energy. The EMC Group also manufactures radio frequency shielding products and components used by manufacturers of medical equipment, communications systems, electronic products, and shielded rooms for high-security data processing and secure communication.

The Filtration segment’s operations consist of: PTI Technologies Inc., VACCO Industries, Crissair, Inc. and Thermoform Engineered Quality LLC. The companies within this segment design and manufacture specialty filtration products including hydraulic filter elements used in commercial aerospace applications, unique filter mechanisms used in micro-propulsion devices for satellites and custom designed filters for manned aircraft and submarines.

Accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 to the Consolidated Financial Statements. The operating units within each reporting segment have been aggregated because of similar economic characteristics and meet the other aggregation criteria of FASB ASC 280.

The Company evaluates the performance of its operating units based on EBIT, which is defined as: Earnings Before Interest and Taxes. Intersegment sales and transfers are not significant. Segment assets consist primarily of customer receivables, inventories, capitalized software and fixed assets directly associated with the production processes of the segment. Segment depreciation and amortization is based upon the direct assets listed above.

NET SALES

(Dollars in millions)

Year ended September 30,	**2012**	2011	2010
Utility Solutions	$ **317.7**	349.6	348.3
Test	**175.9**	176.5	138.4
Filtration	**194.8**	167.6	120.8
Consolidated totals	$ **688.4**	693.7	607.5

No customers exceeded 10% of sales in 2012, 2011 or 2010.

EBIT

(Dollars in millions)

Year ended September 30,	**2012**	2011	2010
Utility Solutions	$ **46.2**	54.3	67.4
Test	**14.0**	18.6	12.2
Filtration	**38.0**	30.8	19.5
Reconciliation to consolidated totals (Corporate)	**(24.2)**	(24.2)	(25.5)
Consolidated EBIT	**74.0**	79.5	73.6
Less: interest expense	**(2.3)**	(2.5)	(3.9)
Earnings before income tax	$ **71.7**	77.0	69.7

IDENTIFIABLE ASSETS

(Dollars in millions)

Year ended September 30,	**2012**	2011
Utility Solutions	**$ 234.8**	203.6
Test	**92.8**	100.6
Filtration	**98.4**	88.6
Corporate	**607.8**	619.0
Consolidated totals	**$ 1,033.8**	1,011.8

Corporate assets consist primarily of goodwill, deferred taxes, acquired intangible assets and cash balances.

CAPITAL EXPENDITURES

(Dollars in millions)

Year ended September 30,	**2012**	2011	2010
Utility Solutions	**$ 7.6**	8.9	5.3
Test	**2.2**	1.5	1.9
Filtration	**4.4**	3.3	6.2
Corporate	**0.6**	—	—
Consolidated totals	**$ 14.8**	13.7	13.4

In addition to the above amounts, the Company incurred expenditures for capitalized software of $13.1 million, $14.2 million and $8.8 million in 2012, 2011 and 2010, respectively.

DEPRECIATION AND AMORTIZATION

(Dollars in millions)

Year ended September 30,	**2012**	2011	2010
Utility Solutions	**$ 13.7**	13.1	12.2
Test	**2.5**	2.2	2.3
Filtration	**3.9**	3.3	2.7
Corporate	**4.7**	4.9	4.9
Consolidated totals	**$ 24.8**	23.5	22.1

GEOGRAPHIC INFORMATION

Net sales

(Dollars in millions)

Year ended September 30,	**2012**	2011	2010
United States	**$ 501.9**	512.4	466.1
Asia	**67.4**	45.9	54.2
Europe	**61.7**	57.1	36.7
Canada	**22.0**	19.6	13.6
Mexico	**6.4**	38.0	9.5
Other	**29.0**	20.7	27.4
Consolidated totals	**$ 688.4**	693.7	607.5

Long-lived assets

(Dollars in millions)

Year ended September 30,	**2012**	2011
United States	**$ 70.3**	67.3
Europe	**2.6**	3.4
Other	**3.0**	2.4
Consolidated totals	**$ 75.9**	73.1

Net sales are attributed to countries based on location of customer. Long-lived assets are attributed to countries based on location of the asset.

14. Commitments and Contingencies

At September 30, 2012, the Company had $15.3 million in letters of credit outstanding as guarantees of contract performance. As a normal course of business in which the Company is engaged, various claims, charges and litigation are asserted or commenced against the Company. With respect to claims and litigation asserted or commenced against the Company, it is the opinion of Management that final judgments, if any, which might be rendered against the Company are adequately reserved, covered by insurance, or are not likely to have a material adverse effect on its financial condition or results of operation.

15. Quarterly Financial Information (Unaudited)

(Dollars in thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
2012					
Net sales	**$ 152,925**	**173,863**	**169,449**	**192,166**	**688,403**
Net earnings	**5,207**	**10,202**	**13,791**	**17,679**	**46,879**
Basic earnings per share:					
Net earnings	**0.20**	**0.38**	**0.52**	**0.66**	**1.76**
Diluted earnings per share:					
Net earnings	**0.19**	**0.38**	**0.51**	**0.65**	**1.73**
Dividends declared per common share	**$ 0.08**	**0.08**	**0.08**	**0.08**	**0.32**
2011					
Net sales	$ 159,936	166,748	176,326	190,701	693,711
Net earnings	10,813	13,227	13,078	15,383	52,501
Basic earnings per share:					
Net earnings	0.41	0.50	0.49	0.58	1.97
Diluted earnings per share:					
Net earnings	0.40	0.49	0.49	0.57	1.95
Dividends declared per common share	$ 0.08	0.08	0.08	0.08	0.32

See Note 2 of Notes to Consolidated Financial Statements for discussion of acquisition activity.
During the fourth quarter of 2011, the Company recorded a $6.5 million charge related to the write-down of certain Aclara inventory which was determined to be obsolete as next generation AMI products are currently being offered for sale and a $6.6 million gain representing the revaluation of a contingent consideration liability related to a previous acquisition.

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company’s Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of September 30, 2012, using criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the Company maintained effective internal control over financial reporting as of September 30, 2012, based on these criteria.

Our internal control over financial reporting as of September 30, 2012, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its report which is included herein.

/s/Victor L. Richey
Victor L. Richey
Chairman, Chief Executive Officer,
and President

/s/Gary E. Muenster
Gary E. Muenster
Executive Vice President,
and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders ESCO Technologies Inc.:

We have audited the accompanying Consolidated Balance Sheets of ESCO Technologies Inc. and subsidiaries as of September 30, 2012, and 2011, and the related Consolidated Statements of Operations, Shareholders' Equity, and Cash Flows for each of the years in the three-year period ended September 30, 2012. We also have audited ESCO Technologies Inc.'s internal control over financial reporting as of September 30, 2012, based on criteria established in *Internal Control — Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). ESCO Technologies Inc.'s Management is responsible for these Consolidated Financial Statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on ESCO Technologies Inc.'s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the Consolidated Financial Statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by Management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of Management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of ESCO Technologies Inc. and subsidiaries as of September 30, 2012, and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2012, in conformity with U.S. generally accepted accounting principles. Also in our opinion, ESCO Technologies Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2012, based on criteria established in *Internal Control — Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP
St. Louis, Missouri
November 29, 2012

(Dollars in millions, except per share amounts)	**2012**	2011	2010	2009	2008
For years ended September 30:					
Net sales	**$ 688.4**	693.7	607.5	619.1	613.6
Net earnings from continuing operations	**46.9**	52.5	44.8	49.3	47.6
Net earnings (loss) from discontinued operations	**—**	—	—	0.1	(0.9)
Net earnings	**46.9**	52.5	44.8	49.4	46.7
Earnings (loss) per share:					
Basic:					
Continuing operations	**$ 1.76**	1.97	1.70	1.88	1.84
Discontinued operations	**—**	—	—	—	(0.04)
Net earnings	**$ 1.76**	1.97	1.70	1.88	1.80
Diluted:					
Continuing operations	**$ 1.73**	1.95	1.68	1.86	1.81
Discontinued operations	**—**	—	—	—	(0.03)
Net earnings	**$ 1.73**	1.95	1.68	1.86	1.78
As of September 30:					
Working capital from continuing operations	**139.2**	122.5	109.4	116.2	100.6
Total assets	**1,033.8**	1,011.8	974.3	923.7	928.1
Total debt	**115.0**	125.0	154.0	180.5	233.7
Shareholders' equity	**631.3**	600.7	556.0	517.3	468.2
Cash dividends declared per common share	**$ 0.32**	0.32	0.32	—	—

See Note 2 of Notes to Consolidated Financial Statements for discussion of acquisition activity.

COMMON STOCK MARKET PRICE

ESCO's common stock is listed on the New York Stock Exchange under the symbol "ESE." The following table summarizes the high and low prices of the common stock for each quarter of fiscal 2012 and 2011.

	2012		2011	
Quarter	**High**	**Low**	High	Low
First	**$ 31.97**	**23.75**	$ 38.83	31.54
Second	**38.37**	**28.48**	40.53	35.00
Third	**36.90**	**32.98**	38.14	33.40
Fourth	**39.50**	**33.05**	38.04	25.50

SHAREHOLDERS' ANNUAL MEETING

The Annual Meeting of Shareholders of ESCO Technologies Inc. will be held at 9:30 a.m. Pacific Time on Wednesday, February 6, 2013, at the headquarters of PTI Technologies Inc., a subsidiary of the Company, located at 501 Del Norte Blvd., Oxnard, CA 93030. You may access this Annual Report as well as the Notice of the meeting and the Proxy Statement on the Company's Annual Meeting website at http://www.cfpproxy.com/5157.

CERTIFICATIONS

Pursuant to New York Stock Exchange (NYSE) requirements, the Company submitted to the NYSE the annual certifications, dated February 22, 2012 and February 24, 2011, by the Company's chief executive officer that he was not aware of any violations by the Company of NYSE's corporate governance listing standards. In addition, the Company filed with the Securities and Exchange Commission the certifications by the Company's chief executive officer and chief financial officer required under Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to the Company's Forms 10-K for its fiscal years ended September 30, 2012 and September 30, 2011.

10-K REPORT

A copy of the Company's 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission is available to shareholders without charge. Direct your written request to Kate Lowrey, Director of Investor Relations, ESCO Technologies Inc., 9900A Clayton Road, St. Louis, Missouri 63124.

The Form 10-K is also available on the Company's website at www.escotechnologies.com.

INVESTOR RELATIONS

Additional investor-related information may be obtained by contacting the Director of Investor Relations at (314) 213-7277 or toll free at (888) 622-3726.

Information is also available through the Company's website at www.escotechnologies.com or via e-mail to klowrey@escotechnologies.com.

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries concerning lost certificates, transfer of shares or address changes should be directed to:

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572
1 (800) 368-5948
E-mail: info@rtco.com

CAPITAL STOCK INFORMATION

ESCO Technologies Inc. common stock shares (symbol ESE) are listed on the New York Stock Exchange. There were approximately 2,358 holders of record of shares of common stock at November 9, 2012.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
10 South Broadway, Suite 900
St. Louis, Missouri 63102

EXHIBIT 21

SUBSIDIARIES OF
ESCO TECHNOLOGIES INC.

Name	State or Jurisdiction of Incorporation or Organization	Name(s) Under Which It Does Business
Aclara Technologies LLC	Ohio	Same; also Aclara Power Line Systems, Aclara RF Systems and Aclara Software
Beijing Lindgren Electron Magnetic Technology Co., Ltd.	People’s Republic of China	Same; also ETS-Lindgren
Crissair, Inc.	California	Same
Distribution Control Systems Caribe, Inc.	Puerto Rico	Same; also Aclara Technologies
Doble Engineering Company	Massachusetts	Same
Doble Lemke AG	Switzerland	Same
Doble Lemke GmbH	Germany	Same
Doble PowerTest Limited	United Kingdom	Same
Doble TransiNor AS	Norway	Same
EMV Elektronische Messgeräte Vertriebs-GmbH	Germany	Same
ESCO Technologies Holding LLC	Delaware	Same
ETS Lindgren Engineering India Private Limited	India	Same
ETS Lindgren Japan, Inc.	Japan	Same
ETS Lindgren Limited	United Kingdom	Same
ETS-Lindgren, L.P.*	Texas	Same; also Acoustic Systems
ETS-Lindgren OY	Finland	Same
Lindgren R.F. Enclosures, Inc.*	Illinois	Same; also ETS-Lindgren and Acoustic Systems
PTI Technologies Inc.	Delaware	Same
Thermoform Engineered Quality LLC	Delaware	Same
VACCO Industries	California	Same

* Effective October 1, 2012, ETS-Lindgren, L.P. was merged into Lindgren R.F. Enclosures, Inc., which simultaneously changed its corporate name to ETS-Lindgren Inc.

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors

ESCO Technologies Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 33-39737, 33-47916, 33-98112,-333-92945, 333-77887, 333-96309, 333-63930, 333-85268 and 333-117953) on Form S-8 of ESCO Technologies Inc. of our report under date of November 29, 2012, with respect to the consolidated balance sheets of ESCO Technologies Inc. and subsidiaries as of September 30, 2012 and 2011, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2012, and the effectiveness of internal control over financial reporting as of September 30, 2012, which report appears in the Annual Report to Stockholders for the fiscal year ended September 30, 2012 and is incorporated by reference in the September 30, 2012 annual report on Form 10-K of ESCO Technologies Inc.

/s/ KPMG LLP

St. Louis, Missouri

November 29, 2012

EXHIBIT 31.1

CERTIFICATION

I, V.L. Richey, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of ESCO Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant, and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit and finance committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2012

/s/ V.L. Richey, Jr.
V.L. Richey, Jr.
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, G.E. Muenster, certify that:

1. I have reviewed this annual report on Form 10-K of ESCO Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant, and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit and finance committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2012

/s/ G.E. Muenster

G.E. Muenster
Exec. Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of ESCO Technologies Inc. (the “Company”) on Form 10-K for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, V. L. Richey, Jr., Chairman, President and Chief Executive Officer of the Company, and G. E. Muenster, Executive Vice President and Chief Financial Officer of the Company, certify, to the best of our knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 29, 2012

/s/ V.L. Richey, Jr.
V.L. Richey, Jr.
Chairman, President and Chief Executive Officer

/s/ G.E. Muenster
G.E. Muenster
Executive Vice President and Chief Financial Officer