ESCO TECHNOLOGIES INC
Form 10-Q
May 08, 2013

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

FORM 10-Q

(MARK ONE)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ______ TO ______

COMMISSION FILE NUMBER 1-10596

ESCO TECHNOLOGIES INC.
(Exact name of registrant as specified in its charter)

MISSOURI	43-1554045
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9900A CLAYTON ROAD	
ST. LOUIS, MISSOURI	63124-1186
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No _____

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 (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes X No _____

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 X	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 Exchange Act).
Yes ____ No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2013
Common stock, $.01 par value per share	26,436,497 shares

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	2013	2012
Net sales	$166,178	173,863
Costs and expenses:		
Cost of sales	110,681	105,967
Selling, general and administrative expenses	45,751	47,944
Amortization of intangible assets	4,203	3,254
Interest expense, net	668	470
Other expenses (income), net	1,330	(376)
Total costs and expenses	162,633	157,259
Earnings before income taxes	3,545	16,604
Income tax expense	1,986	6,402
Net earnings	$1,559	10,202
Earnings per share:		
Basic – Net earnings	$0.06	0.38
Diluted – Net earnings	$0.06	0.38

See accompanying notes to consolidated financial statements.

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

	Six Months Ended March 31, 2013	2012
Net sales	$311,443	326,788
Costs and expenses:		
Cost of sales	204,719	198,688
Selling, general and administrative expenses	92,690	96,634
Amortization of intangible assets	7,703	6,407
Interest expense, net	1,231	961
Other expenses (income), net	1,258	(848)
Total costs and expenses	307,601	301,842
Earnings before income taxes	3,842	24,946
Income tax expense	2,037	9,537
Net earnings	$1,805	15,409
Earnings per share:		
Basic – Net earnings	$0.07	0.58
Diluted – Net earnings	$0.07	0.57

See accompanying notes to consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Net earnings	$1,559	10,202	1,805	15,409
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(1,786)	1,013	(811)	(543)
Pension adjustment	-	-	(109)	-
Interest rate swap adjustment	-	-	-	2
Total other comprehensive income (loss), net of tax	(1,786)	1,013	(920)	(541)
Comprehensive income (loss)	$(227)	11,215	885	14,868

See accompanying notes to consolidated financial statements.

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

	March 31, 2013 (Unaudited)	September 30, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,880	30,215
Accounts receivable, net	141,154	151,051
Costs and estimated earnings on long-term contracts, less progress billings of $15,214 and $30,534, respectively	15,523	14,567
Inventories	117,497	108,061
Current portion of deferred tax assets	22,706	22,313
Other current assets	38,699	17,237
Total current assets	371,459	343,444
Property, plant and equipment, net	80,699	75,876
Intangible assets, net	244,392	231,473
Goodwill	387,630	361,280
Other assets	21,327	21,680
Total assets	$ 1,105,507	1,033,753
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 51,698	50,000
Accounts payable	50,237	54,049
Advance payments on long-term contracts, less costs incurred of $39,186 and $31,534, respectively	15,967	21,700
Accrued salaries	21,111	25,717
Current portion of deferred revenue	40,149	24,920
Accrued other expenses	30,176	27,819
Total current liabilities	209,338	204,205
Pension obligations	33,984	35,480
Deferred tax liabilities	92,790	88,675
Other liabilities	22,037	9,080
Long-term debt	126,000	65,000
Total liabilities	484,149	402,440
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 30,147,204 and 30,044,486 shares, respectively	302	300
Additional paid-in capital	282,328	279,392
Retained earnings	439,150	441,566
Accumulated other comprehensive loss, net of tax	(26,298)	(25,378)
	695,482	695,880
Less treasury stock, at cost: 3,714,607 and 3,453,249 common shares, respectively	(74,124)	(64,567)

Total shareholders' equity	621,358	631,313
Total liabilities and shareholders’ equity	$ 1,105,507	1,033,753

See accompanying notes to consolidated financial statements.

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

	Six Months Ended March 31, 2013	Six Months Ended March 31, 2012
Cash flows from operating activities:		
Net earnings	$1,805	15,409
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	13,796	12,327
Stock compensation expense	2,434	2,261
Changes in current assets and liabilities	(27,470)	(16,343)
Inventory write down	5,045	-
Effect of deferred taxes	3,722	140
Change in deferred revenue and costs, net	3,811	(1,580)
Pension contributions	(1,755)	(1,340)
Other	676	(9)
Net cash provided by operating activities	2,064	10,865
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(28,247)	(1,345)
Additions to capitalized software	(7,665)	(6,751)
Capital expenditures	(10,117)	(6,152)
Net cash used by investing activities	(46,029)	(14,248)
Cash flows from financing activities:		
Proceeds from long-term debt	77,698	39,365
Principal payments on long-term debt	(15,000)	(38,000)
Dividends paid	(4,244)	(4,268)
Purchases of common stock into treasury	(9,703)	-
Proceeds from exercise of stock options	1,739	(326)
Other	(49)	68
Net cash provided (used) by financing activities	50,441	(3,161)
Effect of exchange rate changes on cash and cash equivalents	(811)	(543)
Net increase (decrease) in cash and cash equivalents	5,665	(7,087)
Cash and cash equivalents, beginning of period	30,215	34,158
Cash and cash equivalents, end of period	$35,880	27,071

See accompanying notes to consolidated financial statements.

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

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements, in the opinion of management, include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the results for the interim periods presented. The consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all the disclosures required for annual financial statements by accounting principles generally accepted in the United States of America (GAAP). For further information, refer to the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012.

The Company's business is typically not impacted by seasonality; however, the results for the three and six-month periods ended March 31, 2013 are not necessarily indicative of the results for the entire 2013 fiscal year. References to the second quarters of 2013 and 2012 represent the fiscal quarters ended March 31, 2013 and 2012, respectively.

In preparing the financial statements, the Company uses estimates and assumptions that may affect reported amounts and disclosures. 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, and claims, litigation and other loss contingencies. Actual results could differ from those estimates.

2. ACQUISITIONS

On December 31, 2012, the Company acquired the assets of Metrum Technologies LLC (Metrum) for a purchase price of $25 million in cash plus contingent consideration based on future revenues over the next four years. Metrum is a leading provider of wireless public network communications products for electric utility customers and also offers communications products and devices for distribution automation and demand response applications. Metrum's operating results, since the date of acquisition, are included within Aclara Technologies LLC in the USG segment. The Company recorded approximately $25 million of goodwill, $11.2 million of amortizable identifiable intangible assets consisting primarily of customer relationships and patents / technology and contingent consideration valued at $13.7 million.

On December 21, 2012, the Company acquired the assets of Felix Tool & Engineering, Inc. (Felix Tool) for a purchase price of $1.2 million in cash. Felix Tool is engaged in the design, manufacture and sale of customized perforated tubes for filtration applications in the aerospace and fluid power industry. The purchase price was allocated to property, plant and equipment and inventory based on fair market value at the date of acquisition and there were no intangible assets recorded upon the transaction. The operating results for Felix Tool, since the date of acquisition, are included within PTI Technologies Inc. in the Filtration segment.

On December 10, 2012, the Company acquired the assets of Finepoint Marketing, Inc. (Finepoint) for a purchase price of $2.5 million. Finepoint is the electric power industry's leading conference provider focused on medium and high voltage circuit breakers, as well as related substation and switchgear topics. The operating results for Finepoint, since the date of acquisition, are included within Doble Engineering Company in the USG segment. The Company recorded approximately $1.3 million of goodwill as a result of the transaction and $1.2 million of amortizable identifiable intangible assets consisting of customer relationships.

3. EARNINGS PER SHARE (EPS)

Basic EPS is calculated using the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the weighted average number of common shares outstanding during the period plus shares issuable upon the assumed exercise of dilutive common share options and vesting of performance-accelerated restricted shares (restricted shares) by using the treasury stock method. The number of shares used in the calculation of earnings per share for each period presented is as follows (in thousands):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Weighted Average Shares Outstanding - Basic	26,417	26,706	26,460	26,689
Dilutive Options and Restricted Shares	328	279	303	251
Adjusted Shares - Diluted	26,745	26,985	26,763	26,940

Options to purchase 124,654 shares of common stock at prices ranging from $35.69 - $45.20 were outstanding during the three-month periods ended March 31, 2012, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares. The options expire at various periods through 2014. There were no options outstanding during the three-month period ended March 31, 2013 that were not included in the computation of diluted EPS. Approximately 192,000 and 232,000 restricted shares were excluded from the computation of diluted EPS for the three-month periods ended March 31, 2013 and 2012, respectively, based upon the application of the treasury stock method.

4. 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 fair value of each option award is estimated as of the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the Company’s stock calculated over the expected term of the option. 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. The expected dividend yield is based on historical dividend rates. There were no stock option grants during the first six months of fiscal 2013. Pretax compensation expense related to stock option awards was less than $0.1 million for the three and six-month periods ended March 31, 2013 and 2012, respectively.

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

	Shares	Weighted Average Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Life
Outstanding at October 1, 2012	125,816	$36.29		

Granted	--	$–		
Exercised	(50,816)	$34.68	$0.3	
Cancelled / Expired	(5,850)	$37.24		
Outstanding at March 31, 2013	69,150	$37.40	$0.2	.5 year
Exercisable at March 31, 2013	69,150	$37.40	$0.2	

Performance-Accelerated Restricted Share Awards
Pretax compensation expense related to the restricted share awards was $1.1 million and $2.1 million for the three and six-month periods ended March 31, 2013, respectively, and $1.0 million and $2.0 million for the respective prior year periods. There were 507,079 non-vested shares outstanding as of March 31, 2013.

Non-Employee Directors Plan
Pretax compensation expense related to the non-employee director grants was $0.2 million and $0.3 million for the three and six-month periods ended March 31, 2013, respectively, and $0.1 million and $0.2 million for the respective prior year periods.

The total share-based compensation cost that has been recognized in results of operations and included within selling, general and administrative expenses (SG&A) was $1.3 million and $2.4 million for the three and six-month periods ended March 31, 2013, respectively, and $1.1 million and $2.3 million for the three and six-month periods ended March 31, 2012. The total income tax benefit recognized in results of operations for share-based compensation arrangements was $0.1 million and $0.2 million for the three and six-month periods ended March 31, 2013 and $0.4 million and $0.9 million for the three and six-month periods ended March 31, 2012. As of March 31, 2013, there was $4.2 million of total unrecognized compensation cost related to share-based compensation arrangements. That cost is expected to be recognized over a remaining weighted-average period of 1.7 years.

5. INVENTORIES

Inventories consist of the following:

(In thousands)	March 31, 2013	September 30, 2012
Finished goods	$40,706	30,250
Work in process, including long-term contracts	34,223	30,372
Raw materials	42,568	47,439
Total inventories	$117,497	108,061

6. BUSINESS SEGMENT INFORMATION

The Company is organized based on the products and services that 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. Doble provides high-end, intelligent diagnostic test solutions for the electric power delivery industry and is a leading supplier of partial discharge testing instruments used to assess the integrity of high voltage power delivery equipment. Test segment operations consist of ETS-Lindgren Inc. (ETS-Lindgren). 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. ETS-Lindgren is an industry leader in providing its customers with the ability to identify, measure and contain magnetic, electromagnetic and acoustic energy. The Filtration segment's operations consist of PTI Technologies Inc. (PTI), VACCO Industries (VACCO), Crissair, Inc. (Crissair) and Thermoform Engineered Quality LLC (TEQ). 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 and unmanned aircraft.

Management evaluates and measures the performance of its operating segments based on "Net Sales" and "EBIT", which are detailed in the table below. EBIT is defined as earnings from continuing operations before interest and taxes. The table below is presented on the basis of continuing operations and excludes discontinued operations.

(In thousands)	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Six Months Ended March 31, 2013	Six Months Ended March 31, 2012
NET SALES				
USG	$72,731	74,475	135,349	144,824
Test	39,821	50,483	76,116	89,837
Filtration	53,626	48,905	99,978	92,127
Consolidated totals	$166,178	173,863	311,443	326,788
EBIT				
USG	$(2,423)	9,101	(4,631)	14,067
Test	2,559	4,775	3,078	6,722
Filtration	10,894	9,468	19,695	17,704
Corporate (loss)	(6,817)	(6,270)	(13,069)	(12,586)
Consolidated EBIT	4,213	17,074	5,073	25,907
Less: Interest expense	(668)	(470)	(1,231)	(961)
Earnings before income taxes	$3,545	16,604	3,842	24,946

Non-GAAP Financial Measures

The financial measure "EBIT" is presented in the above table and elsewhere in this Report. EBIT on a consolidated basis is a non-GAAP financial measure. Management believes that EBIT is useful in assessing the operational profitability of the Company's business segments because it excludes interest and taxes, which are generally accounted for across the entire Company on a consolidated basis. EBIT is also one of the measures used by management in determining resource allocations within the Company as well as incentive compensation.

The Company believes that the presentation of EBIT provides important supplemental information to investors by facilitating comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. However, the Company's non-GAAP financial measures may not be comparable to other companies' non-GAAP financial performance measures. Furthermore, the use of non-GAAP financial measures is not intended to replace any measures of performance determined in accordance with GAAP.

7. DEBT

The Company's debt is summarized as follows:

(In thousands)	March 31, 2013	September 30, 2012
Total borrowings	$177,698	115,000
Short-term borrowings and current portion of long-term debt	(51,698)	(50,000)
Total long-term debt, less current portion	$126,000	65,000

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 March 31, 2013, the Company had approximately $260 million available to borrow under the credit facility, and a $250 million increase option, in addition to $35.9 million cash on hand. At March 31, 2013, the Company had $176 million of outstanding borrowings under the credit facility and outstanding letters of credit of $13.9 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 March 31, 2013, the Company was in compliance with all debt covenants.

8. INCOME TAX EXPENSE

The second quarter 2013 effective income tax rate was 56.0% compared to 38.6% in the second quarter of 2012. The effective income tax rate in the first six months of 2013 was 53.0% compared to 38.2% in the prior year period. The income tax expense in the second quarter and first six months of 2013 was unfavorably impacted by an adjustment to the foreign valuation allowance increasing the second quarter and year-to-date effective tax rate by 50.1% and 46.2%, respectively. The income tax expense in the second quarter and first six months of 2013 was favorably impacted by the extension of the research credit as a result of the American Taxpayer Relief Act of 2012 reducing the second quarter and year-to-date effective tax rate by 27.6% and 25.5%, respectively. The income tax expense in the second quarter and first six months of 2012 was unfavorably impacted by a purchase accounting adjustment increasing the second quarter and year-to-date effective tax rate by 3.2% and 2.1%, respectively. The Company estimates the fiscal 2013 effective tax rate will be approximately 37%.

There was no material change in the unrecognized tax benefits of the Company during the three-month period ended March 31, 2013. The Company does not anticipate a material change in the amount of unrecognized tax benefits in the next twelve months.

9. RETIREMENT PLANS

A summary of net periodic benefit expense for the Company's defined benefit plans for the three and six-month periods ended March 31, 2013 and 2012 is shown in the following table. Net periodic benefit cost for each period presented is comprised of the following:

	Three Months Ended March 31,		Six Months Ended March 31,	
(In thousands)	2013	2012	2013	2012
Defined benefit plans				
Interest cost	$915	905	1,829	1,810
Expected return on assets	(1,075)	(1,021)	(2,149)	(2,042)
Amortization of:				
Prior service cost	3	3	6	6
Actuarial loss	492	363	984	726
Net periodic benefit cost	$335	250	670	500

10. RECENTLY ISSUED 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.

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

RESULTS OF OPERATIONS

The following discussion refers to the Company's results from continuing operations, except where noted. References to the second quarters of 2013 and 2012 represent the fiscal quarters ended March 31, 2013 and 2012, respectively.

OVERVIEW

In the second quarter of 2013, sales, net earnings and diluted earnings per share were $166.2 million, $1.6 million, and $0.06 per share, respectively, compared to $173.9 million, $10.2 million and $0.38 per share in the second quarter of 2012. In the first six months of 2013, sales, net earnings and diluted earnings per share were $311.4 million, $1.8 million, and $0.07 per share, respectively, compared to $326.8 million, $15.4 million and $0.57 per share in the first six months of 2012. The Company's results reflect lower sales and margins relating to project timing and product mix. Net earnings results also reflect certain previously announced write downs and restructuring charges intended to improve future operating profit. On April 17, 2013, the Company announced additional restructuring plans. Refer to the "Outlook" section below.

NET SALES

Net sales decreased $7.7 million, or 4.4% to $166.2 million in the second quarter of 2013 from $173.9 million for the second quarter of 2012. Net sales decreased $15.4 million, or 4.7%, to $311.4 million for the first six months of 2013 from $326.8 million in the first six months of 2012. The decrease in net sales in the second quarter of 2013 as compared to the prior year quarter was due to a $10.7 million decrease in the Test segment and a $1.7 million decrease in the USG segment; partially offset by a $4.7 million increase in the Filtration segment.

-Utility Solutions Group (USG)
Net sales decreased $1.7 million, or 2.3%, to $72.7 million for the second quarter of 2013 from $74.5 million for the second quarter of 2012. Net sales decreased $9.5 million, or 6.6%, to $135.3 million for the first six months of 2013 from $144.8 million in the first six months of 2012. The sales decrease in the second quarter of 2013 as compared to the prior year second quarter was mainly due to: a $1.4 million decrease in net sales from Aclara mainly driven by lower Advanced Metering Infrastructure (AMI) product deliveries to the electric utility cooperatives (COOP's) of $17.6 million due to timing of projects; partially offset by an $11.0 million increase in net sales to SoCalGas due to the ramp up of this project and a $2.2 million increase in net sales to the Puerto Rico Electric Power Authority (PREPA) . The sales decrease in the first six months of 2013 as compared to the first six months of 2012 was primarily due to: a $8.6 million decrease in net sales from Aclara mainly driven by lower AMI product deliveries to the COOP's of $31.4 million due to timing of projects; partially offset by a $19.0 million increase in net sales to SoCalGas and a $3.0 million increase in net sales to Pacific Gas & Electric. The Company has been experiencing timing-related softness in the domestic AMI market as some customers extend project decisions and launch dates.

-Test
For the second quarter of 2013, net sales of $39.8 million were $10.7 million, or 21.2%, lower than the $50.5 million of net sales recorded in the second quarter of 2012. Net sales decreased $13.7 million, or 15.3%, to $76.1 million in the first six months of 2013 from $89.8 million in the first six months of 2012. The sales decrease for the second quarter of 2013 as compared to the prior year second quarter was mainly due to: an $8.7 million decrease in net sales from the segment's U.S. operations primarily due to a large satellite chamber project completed in the prior year second quarter; a $2.3 million decrease in net sales from the segment's Asian operations due to timing of projects; partially offset by a $0.3 million increase in net sales from the segment's European operations. The sales decrease for the first six months of 2013 compared to the first six months of 2012 was due to: a $9.1 million decrease in net sales from the segment's U.S. operations; a $0.5 million decrease in net sales from the segment's Asian operations; partially offset by a $0.7 million increase in net sales from the segment's European operations, due to the reasons mentioned above.

-Filtration
For the second quarter of 2013, net sales of $53.6 million were $4.7 million, or 9.6%, higher than the $48.9 million of net sales recorded in the second quarter of 2012. Net sales increased $7.9 million, or 8.6%, to $100.0 million for the first six months of 2013 from $92.1 million for the first six months of 2012. The sales increase during the second quarter of 2013 as compared to the prior year second quarter was mainly due to: a $3.5 million increase in net sales at VACCO due to higher shipments of its Space products and defense spares; a $1.0 million increase in net sales at Crissair mainly due to higher aerospace product shipments; a $0.6 million increase in net sales from TEQ due to higher shipments of its thermoscan probe cover product; partially offset by a $0.4 million decrease in net sales at PTI driven by lower shipments of aerospace couplings. The sales increase for the first six months of 2013 as compared to the first six months of 2012 was mainly due to: a $5.9 million increase in net sales at VACCO; a $1.9 million increase in net sales at Crissair; a $0.5 million increase in net sales from PTI; partially offset by a $0.5 million decrease in net sales at TEQ, and due to the reasons mentioned above.

ORDERS AND BACKLOG
Backlog was $465.2 million at March 31, 2013 compared with $406.9 million at September 30, 2012. The Company received new orders totaling $174.6 million in the second quarter of 2013 compared to $185.3 million in the prior year second quarter. New orders of $79.7 million were received in the second quarter of 2013 related to USG products, $43.1 million related to Test products, and $51.8 million related to Filtration products. New orders of $97.7 million were received in the second quarter of 2012 related to USG products, $34.8 million related to Test products, and $52.8 million related to Filtration products.

The Company received new orders totaling $369.7 million in the first six months of 2013 compared to $389.0 million in the first six months of 2012. New orders of $174.8 million were received in the first six months of 2013 related to

USG products, $85.9 million related to Test products, and $109.0 million related to Filtration products. New orders of $207.4 million were received in the first six months of 2012 related to USG products, $80.4 million related to Test products, and $101.2 million related to Filtration products.

The Company received orders totaling $12.0 million and $56.2 million from SoCalGas for AMI gas products during the second quarter and first six months of 2013, respectively, compared to $0.2 million and $33.3 million for the respective prior year periods. The Company has recorded revenue of $21.4 million from SoCalGas in the first six months of 2013 and $37.7 million in revenue cumulative-to-date through March 31, 2013. SoCalGas' project includes deployment of Aclara's integrated hardware, software and network architecture solution to over six million meters throughout its service territory. Most of the equipment will be ordered by placement of formal purchase orders under the agreement. As of March 31, 2013, total orders received from SoCalGas for AMI gas products were $150.7 million.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the second quarter of 2013 were $45.8 million (27.5% of net sales), compared with $47.9 million (27.6% of net sales) for the prior year second quarter. For the first six months of 2013, SG&A expenses were $92.7 million (29.8% of net sales) compared with $96.6 million (29.6% of net sales) for the first six months of 2012. The decrease in SG&A in the second quarter and first six months of 2013 as compared to the respective prior periods was mainly due to lower engineering expenses in the Filtration segment and lower costs in the USG segment as certain new product development projects were completed and the related products were introduced to the market. In addition, SG&A spending in the Test segment was lower as several cost savings initiatives were realized.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets was $4.2 million and $7.7 million for the second quarter and first six months of 2013, respectively, compared to $3.3 million and $6.4 million for the respective prior year periods. Amortization of intangible assets for the second quarter and first six months of 2013 included $1.1 million, and $2.0 million, respectively, of amortization of acquired intangible assets related to recent acquisitions compared to $1.1 million and $2.3 million for the respective prior year periods. The amortization of these acquired intangible assets is included in Corporate's operating results; see "EBIT – Corporate". During the second quarter and first six months of 2013, the Company recorded $1.2 million and $2.3 million, respectively, of amortization related to Aclara's TWACS NG™ software compared to $1.2 million and $2.3 million for the respective prior year periods. The remaining amortization expenses consist of other identifiable intangible assets (primarily software, patents and licenses).

OTHER EXPENSES (INCOME), NET

Other expenses, net, were $1.3 million compared to other income, net, of $(0.4) million for the second quarters of 2013 and 2012, respectively. Other expenses, net, were $1.3 million and $(0.8) million for the first six months of 2013 and 2012, respectively. The principal component in other expenses (income), net, in the second quarter of 2013 included: $1.0 million of restructuring costs within the Test segment as a result of the previously announced decision to close the Glendale Heights, Illinois facility. The principal components in other expenses (income), net, for the first six months of 2013 included: $2.0 million of restructuring costs within the Test segment due to the facility consolidation mentioned above and a ($0.8) million gain on the sale of machinery and equipment within the Filtration segment. The principal component in other expenses (income), net, in the second quarter and first six months of 2012 was ($0.6) million of income representing a revaluation of the earnout liability related to the Xtensible acquisition.

EBIT

The Company evaluates the performance of its operating segments based on EBIT, and provides EBIT on a consolidated basis, which is a non-GAAP financial measure. Please refer to the discussion of non-GAAP financial measures in Note 6 to the Consolidated Financial Statements, above. EBIT was $4.2 million (2.5% of net sales) for the second quarter of 2013 and $17.1 million (9.8% of net sales) for the second quarter of 2012. For the first six months of 2013, EBIT was $5.1 million (1.6% of net sales) compared with $25.9 million (7.9% of net sales) for the first six months of 2012.

The following table presents a reconciliation of EBIT to net earnings from continuing operations.

(In thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2013	2012	2013	2012
Consolidated EBIT	4,213	17,074	5,073	25,907
Less: Interest expense, net	(668)	(470)	(1,231)	(961)
Less: Income tax expense	(1,986)	(6,402)	(2,037)	(9,537)
Net earnings	$1,559	10,202	1,805	15,409

-Utility Solutions Group
The EBIT loss in the second quarter of 2013 was $(2.4) million compared to EBIT of $9.1 million in the prior year second quarter. For the first six months of 2013, the EBIT loss was $(4.6) million compared to EBIT of $14.1 million in the first six months of 2012. The decrease in EBIT in the second quarter and first six months of 2013 as compared to the prior year periods was primarily due to lower sales volumes as mentioned above and changes in product mix (higher shipments of lower margin gas products as compared to higher margin electric products). In addition, Aclara recorded a $5.0 million inventory write down during the second quarter of 2013 mainly related to its Acendant Network product line. The Acendant inventory was purchased from Firetide, Inc. in anticipation of its deployment at a major gas customer who subsequently chose to deploy an alternative back-haul system.

-Test
EBIT in the second quarter of 2013 was $2.6 million (6.4% of net sales) as compared to $4.8 million (9.5% of net sales) in the prior year second quarter. For the first six months of 2013, EBIT was $3.1 million (4.0% of net sales) compared to $6.7 million (7.5% of net sales) in the first six months of 2012. EBIT decreased as compared to the prior year second quarter and first six months of 2012 mainly due to the approximately $3.0 million of restructuring costs incurred in the first six months of 2013 consisting mainly of a facility lease termination charge, severance and relocation expenses and manufacturing inefficiencies resulting from the disruption; and lower margins from the segment's U.S. and Asian operations driven by lower sales volumes mentioned above. Total restructuring costs are expected to be approximately $3.5 million with $0.5 million expected to be incurred in the third quarter ending June 30, 2013. As a result of these actions, the partial year cost savings in 2013 are expected to be approximately $1 million (excluding restructuring costs), and once completed, are expected to yield recurring annual savings of approximately $3 million in 2014 and beyond.

-Filtration
EBIT in the second quarter of 2013 was $10.9 million (20.3% of net sales) compared to $9.5 million (19.4% of net sales) in the prior year second quarter. For the first six months of 2013, EBIT was $19.7 million (19.7% of net sales) compared to $17.7 million (19.2% of net sales) in the first six months of 2012. The $1.4 million increase in EBIT in the second quarter of 2013 as compared to the prior year second quarter and the $2.0 million increase in EBIT in the first six months of 2013 as compared to the first six months of 2012 was primarily driven by the increase in sales volumes mentioned above.

-Corporate
Corporate costs included in EBIT were $6.8 million and $13.1 million for the second quarter and first six months of 2013, respectively, compared to $6.3 million and $12.6 million for the respective prior year periods. The increase in Corporate costs in the second quarter and first six months of 2013 as compared to the respective prior year periods was mainly due to an increase in acquisition transaction costs.

INTEREST EXPENSE, NET

Interest expense was $0.7 million and $1.2 million for the second quarter and first six months of 2013, respectively, and $0.5 million and $1.0 million for the respective prior year periods. The increase in interest expense in the first six months of 2013 as compared to the first six months of 2012 was due to higher average interest rates and higher average outstanding borrowings under the Company's revolving credit facility.

INCOME TAX EXPENSE

The second quarter 2013 effective income tax rate was 56.0% compared to 38.6% in the second quarter of 2012. The effective income tax rate in the first six months of 2013 was 53.0% compared to 38.2% in the prior year period. The income tax expense in the second quarter and first six months of 2013 was unfavorably impacted by an adjustment to the foreign valuation allowance increasing the second quarter and year-to-date effective tax rate by 50.1% and 46.2%, respectively. The income tax expense in the second quarter and first six months of 2013 was favorably impacted by the extension of the research credit as a result of the American Taxpayer Relief Act of 2012 reducing the second quarter and year-to-date effective tax rate by 27.6% and 25.5%, respectively. The income tax expense in the second quarter and first six months of 2012 was unfavorably impacted by a purchase accounting adjustment increasing the second quarter and year-to-date effective tax rate by 3.2% and 2.1%, respectively. The Company estimates the fiscal 2013 effective tax rate will be approximately 37%.

There was no material change in the unrecognized tax benefits of the Company during the three-month period ended March 31, 2013. The Company does not anticipate a material change in the amount of unrecognized tax benefits in the next twelve months.

The Company's foreign subsidiaries have accumulated unremitted earnings of $36.5 million and cash of $35.9 million at March 31, 2013. 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 remains strong. Working capital (current assets less current liabilities) increased to $162.1 million at March 31, 2013 from $139.2 million at September 30, 2012. Accounts receivable decreased by $9.9 million in the first six months of 2013, primarily in the USG segment driven by the timing of sales and increased cash collections. Inventories increased $9.4 million in the first six months of 2013 due to a $3.1 million increase in the USG segment, a $2.4 million increase in the Test segment, and a $3.9 million increase in the Filtration segment, all to support near term demand. Other current assets increased $21.5 million in the first six months of 2013, mainly due to a $10.6 million increase in an income tax receivable and a $10.1 million increase in deferred costs within the USG segment.

Net cash provided by operating activities was $2.1 million and $10.9 million for the first six months of 2013 and 2012, respectively. The decrease in the first six months of 2013 is mainly due to lower net earnings recorded during the period and higher operating working capital requirements, as discussed above.

Capital expenditures were $10.1 million and $6.2 million in the first six months of 2013 and 2012, respectively. The increase in the first six months of 2013 is mainly due to the purchase of the ETS-Lindgren facility in Minocqua, Wisconsin for approximately $1.2 million and an increase in manufacturing equipment within the USG segment of $1.2 million. In addition, the Company incurred expenditures for capitalized software of $7.7 million and $6.8 million in the first six months of 2013 and 2012, respectively.

During the first six months of 2013 and 2012, the Company made contributions of $1.8 million and $1.3 million to its defined benefit plans.

Acquisitions

On December 31, 2012, the Company acquired the assets of Metrum Technologies LLC (Metrum) for a purchase price of $25 million in cash plus contingent consideration based on future revenues over the next four years. Metrum's operating results, since the date of acquisition, are included within Aclara Technologies LLC in the USG segment. The Company recorded approximately $25 million of goodwill, $11.2 million of amortizable identifiable intangible assets consisting primarily of customer relationships and patents / technology and contingent consideration valued at $13.7 million.

Credit facility

At March 31, 2013, the Company had approximately $260 million available to borrow under the credit facility, and a $250 million increase option, in addition to $35.9 million cash on hand. At March 31, 2013, the Company had $176 million of outstanding borrowings under the credit facility and outstanding letters of credit of $13.9 million. . Cash flow from operations and borrowings under the Company's bank credit facility are expected to meet the Company's capital requirements and operational needs for the foreseeable future. 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.

Dividends

A dividend of $0.08 per share was paid on January 18, 2013 to stockholders of record as of January 4, 2013, totaling $2.1 million. Subsequent to March 31, 2013, the next quarterly dividend of $0.08 per share, or $2.1 million, was paid on April 18, 2013 to stockholders of record as of April 4, 2013.

Share Repurchase Program

On August 8, 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 first quarter of 2013, the Company repurchased approximately 270,000 shares for approximately $9.7 million. No purchases were made in the second quarter of 2013.

OUTLOOK

On April 17, 2013, the Company announced plans to close the manufacturing operation in German (Doble Lemke GmbH) and relocate its partial discharge products and intellectual property to its existing lower cost locations in Europe. Management expects approximately $4 million of non-operational costs to be incurred over the balance of 2013 to complete this closure. These shut-down costs, both cash and non-cash consist of personnel costs, asset impairment charges, and move related costs.

On April 17, 2013, the Company also announced plans to shut-down its manufacturing facility in Solon, Ohio (Aclara RF) and has elected to manufacture its RF AMI product offering on a fully outsourced basis, consistent with Aclara's TWACS® products. Management expects this transition to take approximately 9 to 12 months to fully implement. Aclara will maintain its current engineering and administrative functions in the Solon facility but in a much smaller footprint. Management expects approximately $3 million of non-operational costs to be incurred over the balance of 2013 and into the first half of 2014 to effect this transition, and once completed, expects annual recurring operational cost savings of approximately $4 million based on projected manufacturing levels. As discussed above, the Company recorded a $5 million inventory write down in the second quarter of 2013 in connection with the restructuring actions.

Management continues to see strong and sustainable growth across the Filtration businesses; the Test business is on track to meet its earlier commitments; and Doble is expecting slightly lower revenues while generally maintaining its profit plan. Aclara's water and COOP businesses are expected to be lower than originally planned due to delayed customer decisions in the water market and lower distributor demand impacting the COOP market as distributors reduce their inventory levels. Management continues to believe the issues impacting the water and COOP market are timing related and the overall market remains strong. Based on the lower revenue projections of higher margin products, Management expects 2013 EPS – "As Adjusted" in the range of $1.60 to $1.80 per share.

CRITICAL ACCOUNTING POLICIES

Management has evaluated the accounting policies used in the preparation of the Company's financial statements and related notes and believes those policies to be reasonable and appropriate. Certain of these accounting policies require the application of significant judgment by Management in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on historical experience, trends in the industry, information provided by customers and information available from other outside sources, as appropriate. The most significant areas involving Management judgments and estimates may be found in the Critical Accounting Policies section of Management's Discussion and Analysis and in Note 1 to the Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012.

OTHER MATTERS

Contingencies

As a normal incident of the business in which the Company is engaged, various claims, charges and litigation are asserted or commenced against the Company. In the opinion of Management, final judgments, if any, which might be rendered against the Company in connection with such claims, charges and litigation are adequately reserved, covered by insurance, or would not have a material adverse effect on its financial statements.

RECENTLY ISSUED 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 STATEMENTS

Statements contained in this Form 10-Q regarding future events and the Company's future results that are based on current expectations, estimates, forecasts, projections and assumptions 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: future growth, revenue and profits; the amount and timing of future COOP and water business received by Aclara and the strength of these markets; 2013 EPS – "As Adjusted"; the amount and timing of the adequacy of the Company's credit facility and the Company's ability to increase it; future cash flows; the anticipated size of the SoCalGas deployment; the outcome of current litigation, claims and charges; continued reinvestment of foreign earnings; income tax liabilities and effective tax rate; changes in the amount of unrecognized tax benefits; the recognition and timing of costs related to share-based compensation arrangements; estimates or projections made in connection with the Company's accounting policies; further share repurchases; the impact of FASB Update No. 2012-02; the costs, timing and anticipated savings resulting from restructuring and performance improvement initiatives including the announced closure and shut-down; 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-Q, 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 in Item 1A, "Risk Factors," of 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 or orders; the 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; the Company's successful execution of internal restructuring plans; and the Company's ability to successfully integrate newly-acquired businesses.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign currency exchange rates. The Company 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 instruments are 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 financial instruments as of March 31, 2013. There has been no material change to the Company's market risks since September 30, 2012. Refer to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2012 for further discussion about market risk.

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision 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 were effective as of that date. 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 (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 has been no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit Number		
3.1	Restated Articles of Incorporation	Incorporated by reference to Form 10-K for the fiscal year ended September 30, 1999, Exhibit 3(a) (File No. 1-10596)
3.2	Amended Certificate of Designation, Preferences and Rights of Series A Participating Cumulative Preferred Stock of the Registrant	Incorporated by reference to Form 10-Q for the fiscal quarter ended March 31, 2000, Exhibit 4(e) (File No. 1-10596)
3.3	Articles of Merger effective July 10, 2000	Incorporated by reference to Form 10-Q for the fiscal quarter ended June 30, 2000, Exhibit 3(c) (File No. 1-10596)
3.4	Bylaws, as amended and restated as of July 10, 2000	Incorporated by reference to Form 10-K for the fiscal year ended September 30, 2003, Exhibit 3.4 (File No. 1-10596)
3.5	Amendment to Bylaws effective as of February 2, 2007	Incorporated by reference to Form 10-Q for the fiscal quarter ended December 31, 2006, Exhibit 3.5 (File No. 1-10596)
3.6	Amendment to Bylaws effective as of November 9, 2007	Incorporated by reference to Current Report on Form 8-K dated November 12, 2007, Exhibit 3.1 (File No. 1-10596)
4.1	Specimen revised Common Stock Certificate	Incorporated by reference to Form 10-Q for the fiscal quarter ended March 31, 2010, Exhibit 4.1
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, JP Morgan 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.	Incorporated by reference to Current Report on Form 8-K dated May 18, 2012, Exhibit 4.1

10.1	2013 Incentive Compensation Plan	Incorporated by reference to Appendix A to the Registrant's Proxy Statement filed with the Commission on December 19, 2012 (File No. 1-10596)
*31.1	Certification of Chief Executive Officer relating to Form 10-Q for period ended March 31, 2013	
*31.2	Certification of Chief Financial Officer relating to Form 10-Q for period ended March 31, 2013	
*32	Certification of Chief Executive Officer and Chief Financial Officer relating to Form 10-Q for period ended March 31, 2013	
*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	

* Denotes filed or furnished herewith.

Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). The financial information contained in the XBRL – related documents is "unaudited" or "unreviewed".

SIGNATURE

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

ESCO TECHNOLOGIES INC.

/s/ Gary E. Muenster
Gary E. Muenster
Executive Vice President and Chief Financial Officer
(As duly authorized officer and principal accounting and financial officer of the registrant)

Dated: May 8, 2013