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, 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 (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. ☒ 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. ☒ 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). ☒ 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. ☒

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 Act). ☐ Yes ☒ No

Aggregate market value of the Common Stock held by non-affiliates of the registrant as of the close of trading on March 31, 2013: $1,058,992,646.*

> * Based on the New York Stock Exchange closing price on March 28, 2013; March 29, 30 and 31 were not trading days. 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, 2013: 26,490,339.

DOCUMENTS INCORPORATED BY REFERENCE:

1. Portions of the registrant’s Annual Report to Stockholders for its fiscal year ended September 30, 2013 (the “2013 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 17, 2013 (the “2013 Proxy Statement”) are incorporated by reference into Part III.

ESCO TECHNOLOGIES INC.
INDEX TO ANNUAL REPORT ON FORM 10-K

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 timing, success and financial impact of the Aclara sale process; the use of expected proceeds from any sale of Aclara; the amount and timing of 2014 revenues, growth, EPS from continuing operations, and EPS from continuing operations "As Adjusted"; the adequacy of the Company's credit facilities and future cash flows; the timing of and restructuring costs associated with the closure and consolidation of the Crissair facility into the Canyon facility; minimum cash funding required by or a charge to equity connected with the Company's defined benefit plans and other postretirement benefit plans; expected benefits payable from the Company's defined benefit plans and other postretirement benefit plans; the outcome of current litigation, claims and charges; material foreign currency risk; the likelihood that materially different amounts would be reported in connection with the Company's application of the accounting policies described herein; the likelihood that revenue estimates used in the Test and Filtration segments' contracts recorded under the percentage of completion method will change materially; the risk of additional goodwill impairment; the amount of NOLs not realizable; continued reinvestment of foreign earnings and the resulting U.S. tax liability in the event such earnings are repatriated; 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; the valuation of deferred tax assets; 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; 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 2013 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 the information in this Form 10-K 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: the receipt of acceptable offers, the ability to negotiate acceptable terms and conditions, the availability of financing and the receipt of necessary government and customer approvals in connection with the sale of Aclara; the impacts of natural disasters 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; 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; and the Company's successful execution of internal restructuring and consolidation 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. These segments, together with the significant domestic and foreign operating subsidiaries within each segment, are as follows:

<u>Filtration/Fluid Flow ("Filtration"):</u>

Canyon Engineering Products, Inc. ("Canyon")
Crissair, Inc. ("Crissair")
PTI Technologies Inc. ("PTI")
Thermoform Engineered Quality LLC ("TEQ")
VACCO Industries ("VACCO")

<u>RF Shielding and Test ("Test"):</u>

Beijing Lindgren ElectronMagnetic Technology Co., Ltd.
ETS-Lindgren GmbH (name changed from EMV Elektronische Messgeräte Vertriebs-GmbH in 2013)
ETS Lindgren Engineering India Pvt. Ltd.
ETS-Lindgren Inc. ("ETS-Lindgren") (successor to ETS-Lindgren, L.P. and formerly known as Lindgren R.F. Enclosures, Inc. – see below)
ETS Lindgren Japan, Inc.
ETS Lindgren Limited
ETS-Lindgren OY

<u>Utility Solutions Group ("Utility Solutions"):</u>

Doble Engineering Company
Doble Lemke GmbH (shut down during fiscal 2013)
Doble PowerTest Ltd.
Doble TransiNor AS
(Aclara Technologies LLC, formerly a part of this segment, is now characterized as discontinued operations and/or assets held for sale. See the discussion in the sections below.)

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

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 2013 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. 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., and during fiscal 2013 it consolidated the Test segment's four domestic manufacturing facilities into three, closing the facility in Glendale Heights, Illinois. On April 17, 2013, the Company announced plans to close its Doble Lemke manufacturing operation in Germany and relocate the manufacture of its Partial Discharge products to existing lower-cost locations in Europe; this closure was substantially completed by the end of fiscal 2013.

ESCO is also continually seeking opportunities to supplement its growth by making strategic acquisitions. 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 the Finepoint business since the date of acquisition are included within Doble Engineering Company in the USG segment.

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 operating results for the Felix Tool business since the date of acquisition are included within PTI Technologies Inc. in the Filtration segment.

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. Since the acquisition, the Metrum business has been considered part of Aclara and is now therefore included in discontinued operations and/or assets/liabilities held for sale.

On June 26, 2013, the Company acquired the stock of Canyon for $9.2 million in cash and purchased Canyon's 70,000 square foot manufacturing facility located in Valencia, California for $7 million. Canyon designs and manufactures precision fluid control devices primarily for the aerospace industry. Canyon's products, technology and customers are very similar to those of Crissair, Inc., and the operating results for Canyon since the date of acquisition are included as part of Crissair within ESCO's Filtration segment. During fiscal 2014 the Company expects to consolidate Crissair's operations into Canyon's facility.

Discontinued Operations/Assets Held for Sale

During the third quarter of fiscal 2013, the Company's Board of Directors approved the initiation of a process to sell that portion of the Company's Utility Solutions business segment represented by Aclara Technologies LLC ("Aclara"). Aclara's assets and liabilities constitute a disposal group to be classified as held for sale and Aclara constitutes a component of the Company with operations and cash flows that are clearly distinguishable, operationally and for financial reporting purposes, from the rest of the entity.

Accordingly, for financial reporting purposes Aclara is reflected as discontinued operations and/or assets/liabilities held for sale for all periods presented; and Registrant's financial statements for prior periods have been appropriately restated. Unless otherwise specifically stated, all operating results presented in this report are exclusive of discontinued operations.

Products

The Company's principal products are described below. See Note 14 of the Notes to Consolidated Financial Statements in the 2013 Annual Report, incorporated by reference herein, for financial information regarding business segments and 10% customers.

Filtration

The Filtration segment accounted for approximately 44%, 41% and 37% of the Company's total revenue in fiscal years 2013, 2012 and 2011, respectively.

PTI is a leading supplier of filtration and fluid control products serving the commercial aerospace, military aerospace and various industrial markets. 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 for use in the space, military aerospace, defense missile systems, U.S. Navy and commercial industries. Applications include 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 multi-fab technology and capabilities to produce products for use in space and U.S. Navy applications.

Crissair and Canyon supply a wide variety of custom and standard valves, actuators, manifolds and other various components to the aerospace, defense, automotive and commercial industries. Product applications include hydraulic, fuel and air filtration systems for commercial and military fixed wing and rotary aircraft, defense missile systems and commercial engines. Crissair and Canyon supply 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.

Test

The Test segment accounted for approximately 34%, 37% and 39% of the Company's total revenue in fiscal years 2013, 2012 and 2011, 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, RF measurement systems 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's test labs are accredited by the following organizations: American Association for Laboratory Accreditation, National Voluntary Laboratory Accreditation Program and CTIA-The Wireless Association Accredited Test Lab. ETS-Lindgren serves the acoustics, medical, health and safety, electronics, wireless communications, automotive and defense markets.

Utility Solutions

Revenue from Doble's products and services, which may be considered a class of similar products and services, accounted for approximately 22%, 23% and 24% of the Company's total revenue in fiscal years 2013, 2012 and 2011, respectively.

Doble develops, manufactures, and delivers diagnostic testing solutions for electrical equipment comprising the electric power grid, and enterprise management systems, that are designed to optimize electrical power assets and system performance, minimize risk and improve operations. It combines three core elements for customers – diagnostic test and monitoring instruments, expert consulting, and testing services – and provides access to its large reserve of related empirical knowledge. Doble flagship solutions include protection diagnostics with the Doble Protection Suite and F6000 series, the M4100 and new transformational patent-pending technology of the M7100 Doble Tester, and the recently announced dobleARMS™ asset risk management system solutions.

Doble has been operating for over 90 years, and serves over 5,500 companies in over 110 countries. It has five offices in the United States and nine international offices including offices recently opened in Brazil and Dubai.

Discontinued Operations

Aclara is a leading supplier of proprietary Two-Way Automatic Communications System ("TWACS®") technology for the electric utility industry. TWACS technology comprises equipment (primarily meter modules and equipment for central stations and substations), software and support services for the transmission of data over power lines. They 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. With its acquisition of Metrum, Aclara launched a new public network-based AMI technology. This low-latency, high-bandwidth system has improved Aclara's product offering by enhancing the network with critical distribution automation controls and the ability to provide single point communication nodes. In fiscal years 2013, 2012 and 2011, revenue from TWACS systems, which may be considered a class of similar products, accounted for approximately 10%, 21% and 23%, respectively, of the Company's total revenue including revenue from discontinued operations.

Aclara provides wireless radio frequency ("RF") data communications systems to gas and water utilities for AMI applications through its STAR® networks. STAR networks provide 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. 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. In fiscal years 2013, 2012 and 2011, revenue from STAR network products, which may be considered a class of similar products, accounted for approximately 14%, 7% and 10%, respectively, of the Company's total revenue including revenue from discontinued operations.

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.

On April 17, 2013 Aclara announced plans to shut down its manufacturing facility in Solon, Ohio and transition the manufacture of its RF AMI products to a fully outsourced basis over a period of approximately 9 to 12 months; after the transition is completed, Aclara will maintain its current engineering and administrative functions in the Solon facility but in a much smaller footprint.

Marketing and Sales

Continuing Operations. The Filtration and Test segments' products, as well as Doble's products, generally are distributed to customers through a domestic and foreign network of distributors, sales representatives, direct sales teams and in-house sales personnel.

The Company's international sales accounted for approximately $154 million (31%), $162 million (34%) and $132 million (29%) of the Company's total revenue in fiscal years 2013, 2012 and 2011, respectively. See Note 14 of the Notes to Consolidated Financial Statements in the 2013 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 21%, 13% and 16% of the Company's total revenue in fiscal years 2013, 2012 and 2011, respectively.

Discontinued Operations. 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.

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."

Continuing Operations. 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.

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.

In the Utility Solutions segment, many of the products are based on patented or otherwise proprietary technology, and the 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. Doble is pursuing patent protection on improvements to its line of diagnostic equipment. Doble also 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.

The Company considers its patents and other intellectual property to be of significant value in each of its segments.

Discontinued Operations. Aclara's TWACS technology is 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 Aclara's operations. Aclara's 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, Aclara is pursuing patent applications on improvements to the TWACS technology that, if granted, will be in force beyond 2017. Aclara protects the TWACS NG™ software code as a trade secret, although certain discrete features and functionality have been or may be patented. Aclara's STAR network communications system is protected by two significant patents, which will expire in 2015 and 2016.

Backlog

Total Company backlog of firm orders from continuing operations at September 30, 2013 was $272.1 million, representing an increase of $26.5 million (11%) from the beginning of the fiscal year backlog of $245.6 million. The backlog at September 30, 2013 and September 30, 2012, respectively, was: $157.7 million and $139.7 million for Filtration; $90.4 million and $79.4 million for Test; and $24.0 million and $26.5 million for Utility Solutions. As of September 30, 2013, it is estimated that domestic customers accounted for approximately 73% of the Company's total firm orders, and international customers accounted for approximately 27%. Of the total Company backlog at September 30, 2013, approximately 72% is expected to be completed in the fiscal year ending September 30, 2014.

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 two 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."

Continuing Operations. 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 and gaseous helium, important raw materials for our Filtration segment subsidiaries, may at times be in short supply.

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

Discontinued Operations. Aclara has contracts with three independent manufacturers which produce and supply a significant amount of its RF 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.

Competition

Continuing Operations. 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 and Utility Solutions 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. 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 the Filtration segment include Pall Corporation, Moog, Inc., SoFrance, Clarcor Inc. and PneuDraulics.

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.

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.

Discontinued Operations. 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. 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.

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.

Continuing Operations. Total Company-sponsored research and development expenses were approximately $12.7 million, $14.3 million and $14.9 million for fiscal years 2013, 2012 and 2011, respectively. Total customer-sponsored research and development expenses were approximately $15.0 million, $9.2 million and $8.5 million for fiscal years 2013, 2012 and 2011, respectively. All of the foregoing expense amounts exclude certain engineering costs primarily associated with product line extensions, modifications and maintenance, which amounted to approximately $7.7 million, $12.2 million and $7.4 million for fiscal years 2013, 2012 and 2011, respectively.

Discontinued Operations. Aclara's research and development expenses were approximately $19.9 million, $21.2 million and $2.7 million for fiscal years 2013, 2012 and 2011, respectively; it had no customer-sponsored research and development expenses for those years.

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; the uncertain level of the Company's responsibility for any contamination; 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 contracts with the U.S. Government and subcontracts with prime contractors of the U.S. Government. Although VACCO has significant “cost-plus” Government contracts, the Company’s Government contracts 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, 2013, the Company employed approximately 2,620 persons, of which approximately 2,065 were employed in continuing operations.

Financing

The Company maintains a $450 million revolving credit facility with JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, N.A., as syndication agent, and eight other participating lenders, with a maturity date of May 14, 2017 (the “Credit Facility”). 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, 2013, the Company had approximately $265 million available to borrow under the credit facility, and a $250 million increase option, in addition to approximately $43 million cash on hand. At September 30, 2013, the Company had $172 million of outstanding borrowings under the credit facility and outstanding letters of credit of $13 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, 2013, the Company was in compliance with all debt covenants.

The Company’s sale of Aclara is not expected to impact the credit facility’s covenants and amount of availability, but until the final purchase and sale transaction is completed, any impact cannot be fully determined at this time. If an adverse situation were to arise unexpectedly, the Company’s lenders have expressed their willingness to renegotiate the facility, and the Company expects to be able to do so in a timely manner and on satisfactory terms.

See also “Management’s Discussion and Analysis – Bank Credit Facility” in the 2013 Annual Report, and Note 9 of the Notes to Consolidated Financial Statements in the 2013 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, 2013 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.	56	Chairman of the Board of Directors and Chief Executive Officer since April 2003; President since October 2006[1]
Gary E. Muenster	53	Executive Vice President and Chief Financial Officer since February 2008; Director since February 2011
Alyson S. Barclay	54	Senior Vice President, Secretary and General Counsel since 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 2013 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:

We may not be able to sell Aclara, or we may not be able to sell it at a price which will avoid significant additional impairment charges.

Although we have determined to sell Aclara, as described in "Item 1, Business – Discontinued Operations/Assets Held for Sale," above, there can be no assurance that the sale will be effected in a timely manner. In that event, we may be required to again reflect Aclara's business as part of our continuing operations for financial accounting and reporting purposes. Such a change would also require us to restate our financial statements retroactively for all reportable periods, which would change the information being reported herein and in our other filings for those periods. Because Aclara incurred an operating loss for fiscal 2013, such a change would negatively affect the Company's fiscal 2013 results from continuing operations.

In addition, in the fourth quarter of fiscal 2013 we significantly wrote down Aclara's carrying value on our books, as described in our fiscal 2013 Financial Statements included in the 2013 Annual Report and incorporated herein by reference. However, if Aclara were sold, it is possible that the purchase price could be less than its current carrying value on our books, which would require us to take an additional impairment charge against our earnings in the amount of the difference. Depending on the net realized value from the sale, the potential additional charge could be significant.

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 experienced in certain 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 2013, approximately 31% of our sales from continuing operations 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 depends on a small number of third-party suppliers.

A significant part of our manufacturing operations 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 the Filtration segment, aerospace-grade titanium and gaseous helium, important raw materials for VACCO, Crissair, Canyon and PTI, may at times be in short supply. 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.

In addition, our reliance on sole or limited sources of supply of raw materials and components in each of our 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.

A significant portion of our revenues from discontinued operations may be generated by a limited number of large contracts.

A significant portion of Aclara'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 Aclara's sales are to or for the utility industry, known for long sales cycles and uncertainty, which could affect the timing of revenue.

Most of Aclara'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. 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 Aclara's future revenue.

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

During the past three fiscal years, from 9% to 15% of our revenues from continuing operations 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 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, 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 in both Discontinued Operations and the Utility Solutions segment 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 as well as dobleARMS™ and Protection Suite. 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 segment 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, Aclara's 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, or should a finished product contain a defect, we could incur significant costs for repairs, re-work and/or removal and replacement of the defective product.

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 and other business reorganizations.

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 determined to close Aclara's manufacturing facility in Solon, Ohio and to fully outsource the manufacturing of its RF AMI products. We are also planning to relocate and consolidate Crissair's operations, currently in a leased facility in Palmdale, California, into Canyon's owned facility in Valencia, California. Implementation of these changes, 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 and close 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 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.

The Company's principal properties comprise approximately 1,307,800 square feet of floor space, as described in the table below. Approximately 784,800 square feet are owned by the Company and approximately 523,000 square feet are leased. See also Note 7 to the Consolidated Financial Statements in the 2013 Annual Report, which Note is incorporated herein by reference.

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	10/1/2018 (two 5-year renewal options)	Management, Engineering & Manufacturing (Discontinued Operations/Assets Held for Sale)
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)
Valencia, CA	71,700	Owned		Management, Engineering & Manufacturing (Filtration)
Hazelwood, MO	71,600	Leased	3/31/2017	Management & Engineering (Discontinued Operations/ Assets Held for Sale)
South El Monte, CA	42,000	Leased	6/30/2016	Management, Engineering & Manufacturing (Filtration)
Eura, Finland	40,900	Owned		Management, Engineering & Manufacturing (Test)
Beijing, China	40,200	Leased	12/31/2014	Manufacturing (Test)
Palmdale, CA *	39,100	Leased	7/31/2015 (five 1-year renewal options)	Management, Engineering & Manufacturing (Filtration)
Hazelwood, MO	33,000	Owned		Management & Engineering (Discontinued Operations/ Assets Held for Sale)
Minocqua, WI	30,200	Owned		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	9/30/2015 (3 year option to renew)	Management & Engineering (Discontinued Operations/ Assets Held for Sale)
Tijuana, Mexico	17,000	Leased	7/31/2018 (one 5-year renewal option)	Manufacturing (Filtration)
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	9/30/2015	Management & Manufacturing (Filtration)
Marlborough, MA	11,200	Leased	6/30/2020	Management & Engineering (Utility Solutions)
Wood Dale IL	9,000	Leased	5/1/2020	Management & Engineering (Test)

* The Company expects to vacate this facility during fiscal 2014 as a result of the consolidation of Crissair into Canyon's location in Valencia, CA.

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

The Company did not repurchase any shares of its common stock during the fourth quarter of fiscal 2013. The remainder of the information required by this item is incorporated herein by reference to Notes 10, 11 and 16 of the Notes to Consolidated Financial Statements in the 2013 Annual Report, and to "Common Stock Market Price" and "Shareholders' Summary – Capital Stock Information" in the 2013 Annual Report.

Item 6. Selected Financial Data

The information required by this item is incorporated herein by reference to "Five-Year Financial Summary" and Notes 2 and 3 of the Notes to Consolidated Financial Statements in the 2013 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 2013 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 2013 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, an independent registered public accounting firm, in the 2013 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, 2013. 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, 2013 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 2013 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 “Securities Ownership – Section 16(a) Beneficial Ownership Reporting Compliance” in the 2013 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 2013 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 2013 Proxy Statement.

The following table summarizes certain information regarding shares of Company common stock that may be issued by the Company pursuant to its equity compensation plans existing as of September 30, 2013:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (1)
Equity compensation plans approved by security holders (2)	574,429(3)	$ 37.39(4)	1,449,107(5)(6)
Equity compensation plans not approved by security holders	17,400(7)	N/A	126,958(7)
Total	591,829	$ 37.39(4)	1,576,065

(1) Number of shares is subject to adjustment for any future changes in capitalization for stock splits, stock dividends and similar events.

(2) Consists of the Company's 2001 Stock Incentive Plan, 2004 Incentive Compensation Plan and 2013 Incentive Compensation Plan. The 2001 Stock Incentive Plan and 2004 Incentive Compensation Plan have been amended without shareholder approval in accordance with their respective terms, as follows:

(i) The 2001 Stock Incentive Plan was amended to authorize the Human Resources and Compensation Committee ("Committee") of the Company's Board of Directors to delegate to any employee the power to extend a stock option beyond termination of employment for persons who are not "officers" as defined in Rule 16a-1 under the Exchange Act, and to authorize the Committee to delegate to the Chief Executive Officer the power to grant stock options to persons who are not such "officers," with the limitation of 10,000 shares per award and 100,000 shares awarded in the aggregate in any fiscal year;

(ii) The 2001 Stock Incentive Plan was amended to limit the maximum period of time for an option extension to the original option term;

(iii) The 2001 Stock Incentive Plan and the 2004 Incentive Compensation Plan were amended with respect to performance share distributions to eliminate the participant's options to pay cash for tax withholding and receive all shares due and to defer the distribution; and in the case of the 2004 Incentive Compensation Plan, to eliminate the Committee's discretion to determine the percentage of the distribution to be made in Shares or to be withheld for tax payments;

(iv) The 2001 Stock Incentive Plan and the 2004 Incentive Compensation Plan were amended to remove the restriction that stock issued pursuant to options must be held for investment purposes only; and

(v) The 2001 Stock Incentive Plan and the 2004 Incentive Compensation Plan were amended in accordance with Section 409A of the Code, to eliminate the Committee's discretion to grant alternative stock appreciation rights to stock option holders covering additional shares, and in the case of the 2004 Plan, to restrict the payment of dividend equivalents to recipients of restricted stock awards to the time when the shares to which the dividend equivalents apply are delivered to the recipients.

(3) Includes 156,186 and 350,893 shares issuable in connection with the vesting and distribution of outstanding performance-accelerated restricted share awards under the 2001 Stock Incentive Plan and 2004 Incentive Compensation Plan, respectively.

(4) Does not include the shares listed in footnote (3) above, for which there are no exercise prices.

(5) Represents shares currently available for awards under the 2013 Incentive Compensation Plan. No shares remain available for issuance under the 2001 Stock Incentive Plan or the 2004 Incentive Compensation Plan.

(6) Does not include shares that may be purchased on the open market pursuant to the Company's Employee Stock Purchase Plan (the "ESPP"). Under the ESPP, participants may elect to have up to 10% of their current salary or wages withheld and contributed to one or more independent trustees for the purchase of shares. At the discretion of an officer of the Company, the Company or a domestic subsidiary or division may contribute cash in an amount not to exceed 20% of the amounts contributed by participants; however, the total number of shares purchased with the Company's matching contributions after October 15, 2003 may not exceed 200,000. As of September 30, 2013, 539,694 shares had been purchased with the Company's matching funds of which 127,672 were purchased after October 15, 2003.

(7) Represents shares issuable pursuant to the Company's Compensation Plan for Non-Employee Directors (the "Director Compensation Plan"), which provides for each director to be paid (in addition to other fees) an annual retainer fee payable partially in cash and partially in shares. Periodically, the Committee determines the amount of the retainer fee and the allocation of the fee between cash and shares. The maximum number of Shares available for issuance under the Director Compensation Plan is 400,000 shares; as of September 30, 2013, 255,642 shares had been issued and 17,400 had been elected by one director to be issued on a deferred basis. The stock portion of the retainer fee is distributable in quarterly installments. Directors may elect to defer receipt of all of their cash compensation and/or all of the stock portion of the retainer fee. The deferred amounts are credited to the director's deferred compensation account in stock equivalents. Deferred amounts are distributed in shares or cash at such future dates as specified by the director unless distribution is accelerated in certain circumstances, including a change in control of the Company. The stock portion which has been deferred may only be distributed in shares.

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 2013 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 2013 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 2013 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		Bylaws	Filed herewith (Note: The Bylaws filed herewith are restated without substantive change from those previously filed)
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
10.1		Form of Indemnification Agreement with each of ESCO's non-employee directors	Exhibit 10.1 to the Company's Form 10-K for the fiscal year ended September 30, 2012
10.2(a)	*	First Amendment to the ESCO Electronics Corporation Supplemental Executive Retirement Plan, effective August 2, 1993 (comprising restatement of entire Plan)	Exhibit 10.2(a) to the Company's Form 10-K for the fiscal year ended September 30, 2012
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	Exhibit 10.3(a) to the Company's Form 10-K for the fiscal year ended September 30, 2012
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
10.3(e)	*	Fourth Amendment to Directors' Extended Compensation Plan, effective August 7, 2013	Filed herewith
10.4(a)	*	Compensation Plan For Non-Employee Directors, as amended and restated effective November 9, 2005	Exhibit 10.4(a) to the Company's Form 10-K for the fiscal year ended September 30, 2012
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

Exhibit No.		Description	Document Location
10.4(e)	*	Executive Committee Action Regarding Death Benefit for Director J. M. McConnell, June 2013	Exhibit 10.1 to the Company’s Form 10-Q for the fiscal quarter ended June 30, 2013
10.5(a)	*	2001 Stock Incentive Plan	Exhibit B to the Company’s Schedule 14A Proxy Statement filed December 11, 2000
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.5(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
10.6(a)	*	2004 Incentive Compensation Plan	Appendix B to the Company’s Schedule 14A Proxy Statement filed December 29, 2003
10.6(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

Exhibit No.		Description	Document Location
10.6(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
10.6(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
10.6(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
10.6(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
10.6(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
10.6(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
10.6(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
10.6(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
10.6(k)	*	Form of Notice of Award—Performance– Accelerated Restricted Stock under 2004 Incentive Compensation Plan	Exhibit 10 to the Company’s Form 10-Q for the fiscal quarter ended December 31, 2010
10.7(a)	*	2013 Incentive Compensation Plan	Appendix A to the Company’s Schedule 14A Proxy Statement filed December 19, 2012
10.7(b)	*	Form of Notice of Award – Performance-Accelerated Restricted Stock (2013 Incentive Compensation Plan)	Filed herewith
10.8(a)	*	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
10.8(b)	*	Seventh Amendment to Employee Stock Purchase Plan effective as of February 6, 2013	Filed herewith
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	Exhibit 10.9 to the Company’s Form 10-K for the fiscal year ended September 30, 2012
10.10	*	Incentive Compensation Plan for Executive Officers, adopted November 9, 2005, as amended and restated through August 8, 2012	Exhibit 10.10 to the Company’s Form 10-K for the fiscal year ended September 30, 2012

Exhibit No.		Description	Document Location
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
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

Exhibit No.		Description	Document Location
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)
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, 2013: · Management's Discussion and Analysis (pp. 12-22) · Consolidated Financial Statements and the Notes thereto (pp. 23-44) · Management's Report on Internal Control over Financial Reporting (p. 46) · Report of Independent Registered Public Accounting Firm (p. 47) · Five-year Financial Summary (p. 48) · Common Stock Market Price (p. 48) · Shareholders' Summary – Capital Stock Information (p. 50)	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

Exhibit No.		Description	Document Location
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
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).

(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 27, 2013

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 27, 2013
/s/ G.E. Muenster G.E. Muenster	Executive Vice President, Chief Financial Officer (Principal Accounting Officer) and Director	November 27, 2013
/s/ L.W. Solley L.W. Solley	Director	November 27, 2013
/s/ J.M. Stolze J.M. Stolze	Director	November 27, 2013
/s/ D.C. Trauscht D.C. Trauscht	Director	November 27, 2013
/s/ J.D. Woods J.D. Woods	Director	November 27, 2013

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
3.2	Bylaws
10.3(e)	Fourth Amendment to Directors' Extended Compensation Plan, effective August 7, 2013
10.7(b)	Form of Notice of Award – Performance-Accelerated Restricted Stock (2013 Incentive Compensation Plan)
10.8(b)	Seventh Amendment to Employee Stock Purchase Plan effective as of February 6, 2013
13	The following sections of the Company's Annual Report to Stockholders for the year ended September 30, 2013:
	§ Management's Discussion and Analysis (pp. 12-22)
	§ Consolidated Financial Statements and the Notes thereto (pp. 23-44)
	§ Management's Report on Internal Control over Financial Reporting (p. 46)
	§ Report of Independent Registered Public Accounting Firm (p. 47)
	§ Five-year Financial Summary (p. 48)
	§ Common Stock Market Price (p. 48)
	§ Shareholders' Summary--Capital Stock Information (p. 50)
21	Subsidiaries of the Company
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer
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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

BYLAWS
OF
ESCO TECHNOLOGIES INC.

(As Amended Through November 9, 2007)

ARTICLE ONE
OFFICES

Section 1.1 Registered Office. The registered office of the Corporation in Missouri shall be located at 8888 Ladue Road, Suite 200, St. Louis, Missouri, 63124, or at such other address within the State of Missouri as the Board of Directors may from time to time authorize by duly adopted resolution.

Section 1.2 Other Offices. The Corporation may maintain such other offices both within and without the State of Missouri as the business of the Corporation may from time to time require or as the Board of Directors may determine.

ARTICLE TWO
SHAREHOLDERS' MEETINGS

Section 2.1 Annual Meetings. The annual meeting of shareholders for the election of Directors and for the transaction of such other business as properly may come before such meeting shall be held at such place within or without the State of Missouri as the Board of Directors may direct In the notice of such meeting, on the first Monday in February of each year if not a legal holiday or, if a legal holiday, on the next succeeding business day not a legal holiday, commencing with February 4, 1991; provided, however, the day fixed for such meeting in any year may be changed, by resolution of the Board of Directors, to such other day which is not a legal holiday, as the Board of Directors may deem to be desirable or appropriate, subject to any applicable limitations of law. Every meeting of the shareholders shall be convened at the hour stated in the notice for the meeting and continue until declared adjourned by a vote of the shareholders present or declared adjourned by the presiding officer.

Section 2.2 Special Meetings. Special meetings of the shareholders or of the holders of any special class of stock of the Corporation, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called only by the affirmative vote of a majority of the entire Board of Directors or by the Chairman of the Board of Directors, any Vice Chairman of the Board of Directors or the President by request of such a meeting in writing. Such request shall be delivered to the Secretary of the Corporation and shall state the purpose or purposes of the proposed meeting. Upon such direction or request, subject to any requirements or limitations imposed by the Corporation's Articles of Incorporation, by these Bylaws or by law, it shall be the duty of the Secretary to call a special meeting of the shareholders to be held at such time as is specified in the request.

Section 2.3 Notice of Meetings. Written or printed notice of each meeting of shareholders, stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered or given not less than 10 nor more than 70 days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary to each shareholder of record entitled to vote at such meeting. Attendance of a shareholder at any meeting shall constitute a waiver of notice of such meeting except where such shareholder attends the meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any notice of a shareholders' meeting sent by mail shall be deemed to be delivered when deposited In the United States mail with first class postage thereon prepaid, addressed to the shareholder at such shareholder's address as it appears on the records of the Corporation.

Section 2.4 Quorum; Adjournment. A majority of the outstanding shares entitled to vote at any meeting, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders; provided, that in no event shall a quorum consist of less than a majority of the outstanding shares entitled to vote, but less than such quorum shall have the right successively to adjourn the meeting to a specified date not longer than 90 days after such adjournment, and no notice need be given of such adjournment to shareholders not present at the meeting.

Section 2.5 Voting. Subject to the rights of any holders of preferred stock, each outstanding share entitled to vote under the provisions of the Articles of Incorporation shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares is required by the Corporation's Articles of Incorporation, by these Bylaws or by law. No person shall be admitted to vote on any shares belonging or hypothecated to the Corporation. A shareholder may vote either in person or by proxy, executed in writing by the shareholder or by his duly authorized attorney-in-fact, or by electronic (internet and/or telephone) voting.

Section 2.6 Action by Consent. Unless otherwise prescribed by the Articles of Incorporation, any action required or permitted to be taken by the shareholders of the Corporation may, if otherwise allowed by law, be taken without a meeting of shareholders only if consents in writing, setting forth the action so taken, are signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE THREE
BOARD OF DIRECTORS

Section 3.1 Number, Election and Term.

(a) The Board of Directors shall consist of a minimum of three persons and a maximum of ten persons; provided, however, that except as otherwise provided In the Articles of Incorporation the number of Directors may be determined from time to time only by the affirmative vote of a majority of the Board of Directors; and provided, further, that any change in the number of Directors shall be reported to the Secretary of State of the State of Missouri within 30 calendar days of such change.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as possible. In the event of any increase in the number of Directors, any additional Directors shall be added to such classes as may be necessary so that all classes shall be as nearly equal in number as possible. In the event of any decrease in the number of Directors, all classes of Directors shall be decreased as nearly equally as may be possible. No reduction in the number of Directors shall affect the term of office of any incumbent Director. Subject to the foregoing, the Board of Directors shall determine the class or classes to which any additional Directors shall be added and the class or classes which shall be decreased in the event of any decrease in the number of Directors.

(c) With respect to the initial Board of Directors of the Corporation, the first class of Directors shall hold office until the first annual meeting of shareholders, the second class of Directors shall hold office until the second annual meeting of shareholders and the third class of Directors shall hold office until the third annual meeting of shareholders. Thereafter, Directors shall be elected to hold office for a term of three years, and at each annual meeting of shareholders, the successors to the class of Directors whose terms shall then expire shall be elected for a term expiring at the third succeeding annual meeting after that election.

Section 3.2 Powers. The property and business of the Corporation shall be managed and controlled by or under the direction of the Board of Directors, which shall exercise or direct the exercise of all of the powers of the Corporation and do or cause to be done all acts and things as are not, by the Corporation's Articles of Incorporation, by these Bylaws or by law, directed or required to be done or exercised by the shareholders.

Section. 3.3 Meetings; Quorum. Regular meetings of the Board of Directors shall be held at such places, within or without the State of Missouri, and on such days and at such times as shall be fixed from time to time by the Board of Directors. Rules of procedure for the conduct of such meetings may be adopted by resolution of the Board of Directors. Notice of such regular meetings need not be given. A majority of members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but a lesser number may adjourn a meeting to another time or day if a quorum is not present. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Corporation's Articles of Incorporation, by these Bylaws or by law. Special meetings of the Board of Directors may be held at any time and place, within or without the State of Missouri, upon the call of the Chairman of the Board of Directors, the President or Secretary of the Corporation by oral, written, telefax or telegraphic notice duly given, sent or mailed to each Director, at such Director's last known address, not less than twenty-four hours before such meeting; provided, however, that any director may, at any time, in writing or by telegram, waive notice of any meeting at which he may not be or may not have been present. Attendance of a Director at any meeting shall constitute a waiver of notice of the meeting except where a Director attends a meeting for the sole and express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Members of the Board of Directors or of any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

Section 3.4 Action by Consent. Any action which is required to be or may be taken at a meeting of the Directors may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all the Directors. Any action which is required to be or may be taken at a meeting of a committee of Directors may be taken without a meeting if consents in writing, setting forth the action so taken, are signed by all the members of the committee.

Section 3.5 Resignation of Directors. Any Director of the Corporation may resign at any time by giving written notice of such resignation to the Board of Directors, the Chairman of the Board of Directors, the President, or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if no time be specified, upon receipt thereof by the Board of Directors or one of the above-named Officers; and, unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.6 Compensation of Directors. Directors, as such, may receive such compensation and be reimbursed for expenses of attendance at any meeting of the Board of Directors as shall be determined by resolution of the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.7 Committees; General Rules. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate two or more Directors to constitute a committee. Each committee, to the extent provided in such resolution, shall have and may exercise the authority of the Board of Directors, as so delegated in the resolution, in the management of the Corporation. Each committee of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. Vacancies in the membership of each committee shall be filled by the Board of Directors at any regular or special meeting of the Board of Directors. At all meetings of a committee, a majority of the committee members then in office shall constitute a quorum for the purpose of transacting business, and the acts of a majority of the committee members present at any meeting at which there is a quorum shall be the acts of the committee. A Director who may be disqualified, by reason of personal interest, from voting on any particular matter before a meeting of a committee may nevertheless be counted for the purpose of constituting a quorum of the committee.

Section 3.8 Qualifications. No person shall be qualified to be elected and to hold office as a Director if such person is determined by a majority of the Board of Directors to have acted in a manner contrary to the best interests of the Corporation, including, but not limited to, the violation of either Federal or State law, or breach of any agreement between that Director and the Corporation relating to his services as a Director, employee or agent of the Corporation. A Director need not be a shareholder.

Section 3.9 Directors Emeritus and Advisory Directors. The Board of Directors may from time to time create one or more positions of Director Emeritus and Advisory Director, and may fill such position or positions for such terms as the Board of Directors deems proper. Each Director Emeritus and Advisory Director shall, upon the invitation of the Board of Directors, have the privilege of attending meetings of the Board of Directors but shall do so solely as an observer. Notice of meetings of the Board of Directors to a Director Emeritus or Advisory Director shall not be required under any applicable law, the Articles of Incorporation or these Bylaws. Each Director Emeritus and Advisory Director shall be entitled to receive such compensation as may be fixed from time to time by the Board of Directors. No Director Emeritus or Advisory Director shall be entitled to vote on any business coming before the Board of Directors, nor shall they be counted as members of the Board of Directors for the purpose of determining the number of Directors necessary to constitute a quorum, for the purpose of determining whether a quorum is present, or for any other purpose whatsoever. In the case of a Director Emeritus or Advisory Director, the occurrence of any event which in the case of a Director would create a vacancy on the Board of Directors, shall be deemed to create a vacancy in such position; but the Board of Directors may declare the position terminated until such time as the Board of Directors shall again deem it proper to create and to fill the position.

ARTICLE FOUR
OFFICERS

Section 4.1 Number, Election and Term. The officers of the Corporation shall be a Chairman of the Board, a President and a Secretary who shall be chosen by the Board of Directors at its first meeting after each annual meeting of shareholders. The Board of Directors may also choose one or more Vice-Chairmen of the Board of Directors, one or more Vice Presidents, a Treasurer, one or more Assistant Secretaries and Assistant Treasurers and such other officers as the Board of Directors may deem appropriate. Any two or more offices may be held by the same person. Officers of the Corporation may be given distinctive designations such as Executive Vice President, Group Vice President, Senior Vice President, Chief Operating Officer and Chief Administrative Officer. All officers, unless sooner removed, shall hold their respective offices until the first meeting of the Board of Directors after the next succeeding election of the Board of Directors and until their successors shall have been duly elected and qualified.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause whenever, in its judgment, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 4.2 Chairman of the Board. The Chairman shall be the Chief Executive Officer of the Corporation. In addition to his duties as Chairman and Chief Executive Officer, he shall be responsible for the general and active management of the business and affairs of the Corporation, subject only to the control of the Board of Directors, shall have full authority In respect to the signing and execution of deeds, bonds, mortgages, contracts and other instruments of the Corporation. Unless otherwise determined by the Board of Directors, he shall also be, ex officio, a member of all standing Committees of the Board of Directors, shall preside at all meetings of the shareholders and Directors at which he is present and shall perform any other duties prescribed by the Board of Directors or these Bylaws.

Section 4.3 President. The President shall, In the absence or disability of the Chairman and Vice Chairman, perform the duties and exercise the powers of the Chairman, including presiding at all meetings of the shareholders and directors at which he is present. He shall perform any duties prescribed by the Chairman of the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect.

The President shall have equal authority with the Chairman and any Vice-Chairman to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 4.4 Vice Chairmen of the Board. Vice Chairmen, if any, may but need not be executive officers of the Corporation. The Vice Chairman, or, if there shall be more than one, the Vice Chairmen in order of seniority, shall, in the absence or disability of the Chairman, perform the duties and exercise the powers of the Chairman, and shall perform such other duties, and have such other powers as the Chairman or the Board of Directors may, from time to time, prescribe. Each Vice Chairman shall have equal authority with the Chairman and the President with respect to the signing and execution of deeds, bonds, mortgages, contracts and other instruments of the Corporation.

Section 4.5 Vice Presidents. The Vice Presidents, if any, in the order of their seniority shall, In the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform any other duties prescribed by the Chairman, the President or the Board of Directors.

Section 4.6 Secretary and Assistant Secretaries. The Secretary shall keep or cause to be kept a record of all meetings of the shareholders and the Board of Directors and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform any other duties prescribed by the Board of Directors or the President, under whose supervision he shall be. He shall keep In safe custody the seal of the Corporation and shall affix the same to any instrument requiring it.

The Assistant Secretaries, if any, in order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform any other duties prescribed by the Chairman, the President or the Board of Directors.

Section 4.7 Treasurer and Assistant Treasurers. The Treasurer, if any, shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors and shall perform any other duties prescribed by the Chairman, the President or the Board of Directors.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

The Assistant Treasurers, if any, in the order of their seniority shall, In the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform any other duties prescribed by the Board of Directors.

Section 4.8 Controller and Assistant Controllers. The Controller, if one Is elected by the Board of Directors, shall have charge of the accounting records of the Corporation, shall maintain appropriate internal control and auditing of the Corporation, and shall perform such other duties as directed by the Board of Directors, the Chairman or other senior officers. The Assistant Controllers, if any, in order of their seniority shall, in the absence or disability of the Controller, perform the duties and exercise the powers of the Controller and shall have any other duties prescribed by the Board of Directors.

Section 4.9 Appointed Officers. In addition to the corporate officers elected by the Board of Directors, the Chairman may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers, but may, respectively, be designated with such titles as the Chairman may deem appropriate. The Chairman may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments with or without cause. Such appointments and termination of appointments shall be reported periodically to the Board of Directors.

ARTICLE FIVE
CAPITAL STOCK

Section 5.1 Stock Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate, in any form approved by the Board of Directors, certifying the number and class of shares owned by the shareholder in the Corporation, signed by the Chairman, the President or a Vice President and by the Secretary or Treasurer or an Assistant Secretary or Assistant Treasurer of the Corporation and sealed with the seal of the Corporation. If the certificate is countersigned by a transfer agent other than the Corporation or its employee, or by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile signature, or may be engraved or printed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on the certificate shall have ceased to be an officer, transfer agent or registrar before the certificate is Issued, the certificate may nevertheless be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of Issue.

Section 5.2 Transfer of Stock. The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives. Upon transfer, the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other persons as the Board of Directors may designate, by whom they shall be cancelled and new certificates shall thereupon be issued. Except as otherwise expressly provided by the statutes of the State of Missouri, the Corporation shall be entitled to treat the holder of record of any share or shares of stock as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to or interest in such share or shares on the part of any other person whether or not it or they shall have express or other notice thereof.

Section 5.3 Closing of Transfer Books and Fixing of Record Date. The Board of Directors shall have the power to close the transfer books of the Corporation for a period not exceeding 70 days prior to the date of any meeting of shareholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect. In lieu of so closing the transfer books, the Board of Directors may fix in advance a record date for the determination of the shareholders entitled to notice of and to vote at any meeting and any adjournment thereof, or entitled to receive payment of any dividend or any allotment of rights, or entitled to exercise the rights in respect of any change, conversion or exchange of shares, up to 70 days prior to the date of any meeting of shareholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect. In such case only the shareholders who are shareholders of record on the record date so fixed shall be entitled to receive notice of and to vote at such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the date of closing of the transfer books or the record date fixed as aforesaid. If the Board of Directors does not close the transfer books or set a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders, only the shareholders who are shareholders of record at the close of business on the 20th day preceding the date of the meeting shall be entitled to notice of and to vote at the meeting and upon any adjournment of the meeting, except that if prior to the meeting written waivers of notice of the meeting are signed and delivered to the Corporation by all of the shareholders of record at the time the meeting is convened, only the shareholders who are shareholders of record at the time the meeting is convened shall be entitled to vote at the meeting and any adjournment of the meeting.

Section 5.4 Lost or Destroyed Certificates. The holder of any shares of stock of the Corporation shall immediately notify the Corporation and its transfer agents and registrars, if any, of any loss or destruction of the certificates representing the same. The Corporation may issue a new certificate in place of any certificate theretofore Issued by it which is alleged to have been lost or destroyed and the Board of Directors may require the owner of the lost or destroyed certificate or the owner's legal representative to give the Corporation a bond in a sum and in a form approved by the Board of Directors, and with a surety or sureties which the Board of Directors finds satisfactory, to indemnify the Corporation and its transfer agents and registrars, if any, against any claim or liability that may be asserted against or incurred by it or any transfer agent or registrar on account of the alleged loss or destruction of any certificate or the issuance of a new certificate. A new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is proper so to do. The Board of Directors may delegate to any Officer or Officers of the Corporation any of the powers and authorities contained in this section.

Section 5.5 Transfer Agents and Registrars. The Board of Directors may appoint one or more transfer agents or transfer clerks and one or more registrars which may be banks, trust companies or other financial Institutions located within or without the State of Missouri; may define the authority of such transfer agents and registrars of transfers; may require all stock certificates to bear the signature of a transfer agent or a registrar of transfers, or both; and may change or remove any such transfer agent or registrar of transfers.

Section 5.6 Book-Entry Ownership and Transfer of Stock. As an alternative to stock ownership and transfer by certificate, the stock of the Corporation may be included in a direct registration system operated by a securities depository and available for stocks traded on the New York Stock Exchange, under which the stock may be issued, recorded, owned and transferred electronically in book-entry form.

ARTICLE SIX
CORPORATE SEAL

The corporate seal shall be circular in form and shall bear the name of the Corporation, the year of Its Incorporation and the words "Corporate Seal" and "Missouri" and otherwise shall be such form as shall be approved from time to time by the Board of Directors.

ARTICLE SEVEN
FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of October of each year.

EXHIBIT 10.3(e)

FOURTH AMENDMENT TO ESCO TECHNOLOGIES INC.
DIRECTORS' EXTENDED COMPENSATION PLAN

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WHEREAS, ESCO Technologies Inc. ("Company") adopted the ESCO Technologies Inc. Directors' Extended Compensation Plan ("Plan"); and

WHEREAS, the Plan provides that payment of 50% of the annual benefit payable to the director shall continue to be paid to the director's surviving spouse for the life of such spouse; and

WHEREAS, certain benefits under the Plan are not subject to Section 409A of the Internal Revenue Code of 1986, as amended ("Code"), because they were deferred before January 1, 2005 and the Plan has not been materially modified after October 3, 2004 ("grandfathered benefits"); and

WHEREAS, a director may (in accordance with the requirements of Code Section 409A, to the extent applicable) elect to receive the actuarial equivalent of the director's entire benefit under the Plan in a single lump sum; and

WHEREAS, all benefits payable under the Plan to current directors of the Company have been fully earned and vested and either are grandfathered benefits or are subject to a lump sum election that was made in accordance with the requirements of Code Section 409A; and

WHEREAS, the Human Resources and Compensation Committee ("HRCC") of the Board of Directors of the Company has 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; and

WHEREAS, pursuant to such authority, the HRCC has interpreted the foregoing provisions of the Plan to provide for payment of a lump sum benefit equal to the actuarial equivalent of 50% of a director's entire benefit upon separation of service of the director on account of death; and

WHEREAS, the Company desires to amend applicable provisions of the Plan to provide for the payment of such benefit (1) with respect to grandfathered benefits, in a manner that complies with the requirements of Code Section 409A, effective as of the date hereof, and (2) with respect to those benefits subject to a lump sum election, in accordance with the otherwise applicable provisions of the Plan and (a) in accordance with an interpretation of such provisions that complies with the requirements of Code Section 409A, effective as of January 1,. 2013, and (b) the provisions of Treasury Regulations Section 1.409A-3(j)(2) permitting the addition of death as a potentially earlier alternative payment event to an amount previously deferred, effective as of the date hereof;

NOW, THEREFORE, effective as of the dates set forth in the preceding paragraph, the Plan is amended by adding the following sentence at the end Paragraph 4 of Section III:

> If a director's separation from service (as interpreted in accordance with the requirements of Code Section 409A) is on account of death, the actuarial equivalent of 50% of the director's entire benefit, determined as if the director retired on the day immediately prior to the date of the director's death, shall be paid to the director's surviving spouse in a lump sum in the first quarter following the date of the director's death (or, at the sole discretion of the Company, on an earlier date that is no more than 30 days prior to the first day of such quarter).

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 7th day of August, 2013.

EXHIBIT 10.7(b)

NOTICE OF AWARD

To: ______________

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

Subject: ESCO Technologies Inc. 2013 Incentive Compensation Plan ("Plan") – 2014 Award

1. Award. On ________, 20__ the Committee awarded to you ____ shares of Performance-Accelerated Restricted Stock under the terms of the Plan ("Award") which entitles you to receive _____ shares of Common Stock of ESCO Technologies Inc. (the "Company") upon satisfaction of the terms hereinafter set forth. The Award is subject to all of the terms of this Notice of Award and of the Plan, a copy of which has been delivered to you.

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

(a) The Period of the Award is five years commencing on October 1, 20__ and ending on September 30, 20__. During the period commencing on October 1, 20__ and ending September 30, 20__ (the "Initial Period"), no portion of this Award may be earned.

(b) If, during the period commencing October 1, 20__ and ending on September 30, 20__ (the "Performance Period"), the Average Value Per Share of Company Stock reaches the amount set forth in column (A), a percentage of the Award will be accelerated equal to the amount set forth under column (B) subject to the limitations set forth in paragraph 2(d) and provided you comply with the other terms of this Award.

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

(c) If you are still employed by the Company or a subsidiary of the Company on September 30, 20__ and have been continuously so employed since the date hereof, you will earn 100% of the portion of the Award not yet accelerated.

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

(i) During the Performance Period, up to one hundred percent (100%) of the total Award may be accelerated as provided in paragraph 2(b).

(ii) Once a portion of the Award is accelerated under paragraph 2(b), you must remain employed with the Company or a subsidiary of the Company until the March 31st following the end of the Fiscal Year in which that portion of the Award was accelerated. If you terminate employment (voluntarily or involuntarily) prior to such time, you will forfeit that portion of the Award. Provided, however, that if your employment is terminated on account of death, or total and permanent disability the foregoing employment requirement shall not apply.

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

(A) Notwithstanding the foregoing provisions of this subparagraph (iii), in the event a certified public accounting firm designated by the Committee (the “Accounting Firm”) determines that any payment (whether paid or payable pursuant to the terms of this Award or otherwise and each such payment hereinafter defined as a “Payment” and all Payments in the aggregate hereinafter defined as the “Aggregate Payment”), would subject you to tax under Section 4999 of the Internal Revenue Code of 1986 (“Code”) then such Accounting Firm shall determine whether some amount of payments would meet the definition of a “Reduced Amount”. If the Accounting Firm determines that there is a Reduced Amount, payments shall be reduced so that the Aggregate Payments shall equal such Reduced Amount. For purposes of this subparagraph, the “Reduced Amount” shall be the largest Aggregate Payment which (a) is less than the sum of all Payments and (b) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if Payments were made without regard to this paragraph 2(c). “Net After Tax Receipt” means the Present Value (defined under Section 280G(d)(4) of the Code) of a Payment net of all taxes imposed on you under Section 1 and 4999 of the Code by applying the highest marginal rate under Section 1 of the Code.

(B) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination of the Accounting Firm hereunder, it is possible that Payments will be made by the Company which should not have been made (the “Overpayments”) or that additional Payments which the Company has not made could have been made (the “Underpayments”), in each case consistent with the calculations of the Accounting Firm. In the event that the Accounting Firm, based either upon (A) the assertion of a deficiency by the Internal Revenue Service against the Company or you which the Accounting Firm believes has a high probability of success or (B) controlling precedent or other substantial authority, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to you which you shall repay to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no amount shall be payable by you to the Company if and to the extent such payment would not reduce the amount which is subject to taxation under Section 1 and Section 4999 of the Code or if the period of limitations for assessment of tax has expired. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to you together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

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

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

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

(b) “Cause” shall mean:

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

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

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

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

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

(c) "Change of Control" shall mean:

(i) 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 Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of 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 securities entitled to vote generally in the election of directors; or

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

(iii) Approval by the stockholders of the Company of a reorganization, merger or consolidation, in each 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 elections of directors of the reorganized, merged or consolidated corporations' 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.

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

(e) "Fiscal Year" shall mean the fiscal year of the Company which, as of the date hereof, is the twelve month period commencing October 1 and ending September 30.

(f) "Good Reason" shall mean:

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

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

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

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

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

7. Covenants.

(a) You agree that for the period beginning on the first day of the Period of Award and ending two (2) years after the expiration of the Period of the Award, you will not do any of the following:

(i) 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 carry on any business or become 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 you were engaged in the course of your employment with the Company (or any affiliate of the Company); notwithstanding the foregoing, nothing herein shall prevent you from being a 2% or less shareholder of a publicly traded corporation;

(ii) 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 recruit, solicit or hire, or assist anyone else in recruiting, soliciting or hiring, any employee of the Company (or any affiliate of the Company);

(iii) induce or attempt to induce, or assist 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);

(iv) engage in the unauthorized use or disclosure of confidential information or trade secrets of the Company or its affiliates resulting in harm to the Company or its affiliates; or

(v) engage in intentional misconduct resulting in a financial restatement or in an increase in your incentive or equity compensation.

(b) In the event of a breach or threatened breach of the covenants described in this paragraph 7, the Company shall be entitled, in addition to any other legal or equitable remedies it may have:

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

(ii) to cancel this Award; and/or

(iii) to recover from you (1) any shares of stock transferred to you under this Award during any period(s) (A) that you were in breach of any of the above described covenants or (B) in the case of intentional misconduct resulting in a financial restatement during the periods that required statement, but in either case not to exceed three years , and (2) the proceeds from any sales of such shares received under this Award during the above time periods to the extent such shares transferred to you under this Award have been sold or retained by the Company to pay your taxes. The Committee shall have sole discretion in determining the amount that shall be recovered from you under this subparagraph (iii).

[For Awards to licensed attorneys only]**8. Ethical Obligations.** In recognition of your ethical duties and responsibilities as a licensed attorney, the parties agree that nothing in this Award shall prevent you from providing legal advice or otherwise being engaged in the practice of law; provided, however, that you agree not to breach any ethical obligations you have by virtue of being, or having been, the Company's corporate counsel.

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

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

[Signatures on Following Page]

Executed this ___ day of _______, 20__.

ESCO TECHNOLOGIES INC.	**AGREED TO AND ACCEPTED:**
By: ______________________________	______________________________
Vice President	**Participant**

SEVENTH AMENDMENT TO THE
EMPLOYEE STOCK PURCHASE PLAN OF ESCO TECHNOLOGIES INC.

WHEREAS, ESCO Technologies Inc. ("Company") adopted the Employee Stock Purchase Plan of ESCO Technologies Inc. ("Plan"); and

WHEREAS, the Company reserved the right to amend the Plan pursuant to Section 12 thereof; and

WHEREAS, the Company desires to amend the Plan to (1) update the address of the Company's principal offices, (2) permit the delegation of authority to approve adoption of the Plan by any division or domestic subsidiary of the Company, (3) clarify the definition of compensation for purposes of the Plan, (4) clarify the tax treatment of participant and Company contributions under the Plan, (5) make changes with respect to the limit on the number of shares that may be purchased under the Plan with Company contributions, and (6) permit the delegation of authority to make certain amendments to the Plan;

NOW, THEREFORE, effective as of February 6, 2013, the Plan is amended as follows:

1. The second sentence of Section 1 is amended in its entirety to read as follows:

   ESCO Technologies Inc. (the "Company") is a Missouri corporation with its principal offices located at 9900A Clayton Road, Suite 200, St. Louis, Missouri 63124.

2. The first sentence of Section 3 is amended in its entirety to read as follows:

   A division or domestic subsidiary of the Company may elect to permit its employees to participate in the Plan subject to the approval of the Chairman and Chief Executive Officer of the Company or any other Corporate Officer of the Company to whom such authority has been delegated by the Chairman and Chief Executive Officer of the Company.

3. Section 6 of the Plan is hereby amended in its entirety to read as follows:

   6. *Payments by Participants:* Participant contributions to this Plan may only be through payroll deductions. Participants may authorize the Company to make deductions from their compensation (as defined in the ESCO Employee Savings Investment Plan) to be applied to the purchase of Common Stock of the Company under the terms of the Plan.

   Deductions authorized for such purpose shall be whole percentages of compensation and shall not be less than one percent (1%) nor more than ten percent (10%). Such deductions shall be made on an after-tax basis, subject to applicable income and employment taxes. The Company may establish rules of uniform application regarding a participant's ability to change his deduction authorizations.

4. Section 7(b) is amended in its entirety to read as follows:

   (b) At the discretion of an officer of the Company, the Company or a domestic subsidiary or division may contribute in cash an amount not to exceed twenty percent (20%) of the amounts contributed by participants. The Company's contribution amounts may be separately determined for each division or subsidiary of the Company which participates in the Plan. Amounts contributed under this Section 7(b) shall be included in participants' gross income for purposes of applicable income and employment taxes. Commencing October 15, 2003, the total number of shares of Common Stock that may be purchased under the Plan with the Company's contribution amounts shall not exceed one hundred thousand (100,000) shares. The number of such shares of Common Stock available under the Plan (i) was adjusted effective September 9, 2005 to two hundred thousand (200,000) to reflect the two-for-one stock split in the form of a stock dividend for shareholders of record on that date, and (ii) shall be further adjusted to reflect stock dividends, stock splits, reverse stock splits and similar matters occurring after February 6, 2013 that affect the number of outstanding shares of Common Stock.

5. The first sentence of Section 12 is amended in its entirety to read as follows:

   The Company reserves the right with respect to any or all employees, including those who may be participants under the Plan, to amend or terminate the Plan at any time; provided that, except with respect to termination of the Plan and changes in the amount of contributions by participants under Section 6 or by the Company or a division or domestic subsidiary under Section 7(b), such authority may be delegated to any Corporate Officer of the Company, subject to limitation to those amendments which do not exceed such annual cost to the Company, or which satisfy such other conditions, as the Human Resources and Compensation Committee of the Board of Directors of the Company may determine from time to time.

IN WITNESS WHEREOF, the foregoing Amendment was adopted on the 6th day of February, 2013.

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 and refers to the Company's results from continuing operations, except where noted. In the third quarter of 2013, the Company's Board of Directors approved the initiation of a process to sell that portion of the Utility Solutions Group (USG) segment consisting of Aclara Technologies LLC (Aclara). The Company is still in the midst of the sale process and remains confident it will complete this divestiture. However, the Company can give no assurances as to whether the transaction will be successfully consummated.

Aclara is reflected as discontinued operations and/or assets/liabilities held for sale in the financial statements and related notes for all periods shown. Aclara's pretax (loss) earnings recorded in discontinued operations was $(62.1) million and $19.5 million for the years ended September 30, 2013 and 2012, respectively. Aclara's net sales were $184.5 million and $209.7 million for the years ended September 30, 2013 and 2012, respectively. Aclara's operations were included within the Company's USG segment prior to the classification as discontinued operations. The decrease in Aclara sales volumes in 2013 as compared to the prior year was mainly due to lower AMI product deliveries to electric utility cooperatives, partially offset by an increase in net sales to Southern California Gas Co (SoCalGas). Aclara's pretax loss in 2013 as compared to pretax earnings in the prior year was due to the goodwill impairment charge of $48 million recorded in the fourth quarter of 2013; lower sales volumes; and changes in product mix (higher shipments of lower margin gas products as compared to higher margin electric products). See further discussion of the goodwill impairment in the Critical Accounting Policies section under "Goodwill and Other Long-Lived Assets."

The years 2013, 2012 and 2011 refer to the fiscal years ended September 30, 2013, 2012 and 2011, respectively, and are used throughout the document.

Introduction

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

Ÿ ***Filtration:*** PTI Technologies Inc. (PTI), VACCO Industries (VACCO), Crissair, Inc. (Crissair), Canyon Engineering Products, Inc. (Canyon) and Thermoform Engineered Quality LLC (TEQ),

Ÿ ***Test:*** ETS-Lindgren Inc. (ETS-Lindgren),

Ÿ ***USG:*** Doble Engineering Company (Doble).

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

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

USG: 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.

The Company 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 2013 Continuing Operations

Ÿ Sales, net earnings from continuing operations and diluted earnings per share from continuing operations were $490.1 million, $31.3 million and $1.17 per share, respectively, compared to sales, net earnings and diluted earnings per share of $478.7 million, $34.8 million and $1.29 per share in 2012.

Ÿ Diluted earnings per share from continuing operations on an adjusted basis was $1.47 per share in 2013, which excludes $0.30 per share of restructuring costs related to the Test segment facility consolidation and the closure of the Doble Lemke facility in Germany. These restructuring activities were completed as of September 30, 2013. Management believes EPS As Adjusted is more representative of the Company's 2013 ongoing performance and allows shareholders better visibility into the Company's underlying operations.

Ÿ Net cash provided by operating activities from continuing operations was approximately $37 million in 2013.

Ÿ At September 30, 2013, cash on hand was $42.9 million and outstanding debt was $172 million, for a net debt position of approximately $129 million. (Net debt position is defined as total debt less net cash.)

- 2013 entered orders from continuing operations were $516.7 million resulting in a book-to-bill ratio of 1.05x. Backlog from continuing operations at September 30, 2013, was $272.1 million compared to $245.6 million at September 30, 2012.

- In June 2013, the Company acquired the stock of Canyon for $9.2 million in cash, and additionally, purchased Canyon's 70,000 square foot manufacturing facility located in Valencia, California for $7 million. Canyon designs and manufactures precision fluid control devices primarily for the aerospace industry. The operating results for Canyon, since the date of acquisition, are included as part of Crissair.

- The Company declared dividends of $0.32 per share, totaling $8.5 million in payments during 2013.

Results of Continuing Operations

NET SALES

	Fiscal year ended			**Change 2013**	Change 2012
(Dollars in millions)	**2013**	2012	2011	**vs. 2012**	vs. 2011
Filtration	**$ 214.1**	194.8	167.6	**9.9%**	16.2%
Test	**166.7**	175.9	176.5	**(5.2)%**	(0.3)%
USG	**109.3**	108.0	106.7	**1.2%**	1.2%
Total	**$ 490.1**	478.7	450.8	**2.4%**	6.2%

Net sales increased $11.4 million, or 2.4%, to $490.1 million in 2013 from $478.7 million in 2012. The increase in net sales in 2013 as compared to the prior year was due to: a $19.3 million increase in the Filtration segment; a $1.3 million increase in the USG segment; partially offset by a $9.2 million decrease in the Test segment.

Filtration

The $19.3 million, or 9.9%, increase in net sales in 2013 as compared to the prior year was due to: a $16.2 million increase in net sales from VACCO due to higher shipments of its Space and defense products; a $6.7 million increase in net sales at Crissair (the current year acquisition of Canyon contributed $3.3 million of this increase); partially offset by $3.2 million decrease in net sales at PTI driven by lower shipments of aerospace elements and couplings, and a $0.4 million decrease in net sales at TEQ.

The $27.2 million, or 16.2%, increase in net sales in 2012 as compared to 2011 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.

Test

The sales decrease of $9.2 million, or 5.2%, in 2013 as compared to the prior year was due to: an $8 million decrease in net sales from the segment's European operations due to timing of projects and softness in the European economy; a $6.4 million decrease in net sales from the Company's Asian operations due to timing of chamber projects; partially offset by a $5.2 million increase in net sales from the segment's U.S. operations due to an increase in projects in the EMP (electro-magnetic pulse) market.

The net sales decrease of $0.6 million, or 0.3%, in 2012 as compared to 2011 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; 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.

USG

The net sales increase of $1.3 million, or 1.2%, in 2013 as compared to the prior year and $1.3 million, or 1.2%, in 2012 as compared to 2011 was driven by an increase in services revenue at Doble.

ORDERS AND BACKLOG

New orders received from continuing operations in 2013 were $516.7 million as compared to $484.2 million in 2012, resulting in order backlog of $272.1 million at September 30, 2013, as compared to order backlog of $245.6 million at September 30, 2012. In 2013, the Company recorded $232.1 million of orders related to Filtration products, $177.7 million related to Test products, and $106.9 million related to USG products. Orders are entered into backlog as firm purchase order commitments are received.

In 2012, the Company recorded $203.6 million of orders related to Filtration products, $168.5 million related to Test products, and $112.1 million related to USG products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses (SG&A) were $129.8 million, or 26.5% of net sales in 2013, $128.2 million, or 26.8% of net sales in 2012, and $123.3 million, or 27.4% of net sales in 2011.

The increase in SG&A expenses in 2013 as compared to the prior year was mainly due to an increase in professional fees and acquisition costs incurred at the Corporate level.

The increase in SG&A expenses in 2012 as compared to 2011 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 engineering head count; a $1.9 million increase within the Test segment due to the EMV acquisition (acquired February 28, 2011); partially offset by a $0.5 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.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets was $6.2 million in 2013, $5.7 million in 2012 and $5 million in 2011. Amortization of intangible assets included $3.2 million, $3.8 million and $3.9 million of amortization of acquired intangible assets related to the Company's acquisitions in 2013, 2012 and 2011, 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) expenses, net, was $5.9 million in 2013, ($4.4) million in 2012 and ($7.8) million in 2011, respectively. The principal components in other (income) expenses, net, in 2013 included $4.1 million of restructuring costs related to the closure of the Doble Lemke facility in Germany; $2.6 million of restructuring costs within the Test segment as a result of the closure of the Glendale Heights, Illinois facility; and a $0.8 million gain on the sale of machinery and equipment within the Filtration segment.

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. There were no other individually significant items included in other (income) expenses, net, in 2013, 2012 or 2011.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

The information reported herein includes the financial measures EBIT, EBIT as a percentage of net sales (EBIT margin), and EPS on an adjusted basis from continuing operations. The Company defines EBIT as earnings before interest and taxes from continuing operations, and defines EPS on an adjusted basis from continuing operations as GAAP EPS from continuing operations less defined restructuring charges. EBIT, and EBIT margin on a consolidated basis and EPS on an adjusted basis are not recognized in accordance with U.S. generally accepted accounting principles (GAAP). However, the Company believes that EBIT and EBIT margin provide investors and Management with a valuable 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. The Company believes that the presentation of EBIT, EBIT margin and EPS on an adjusted basis 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. The use of non-GAAP financial measures is not intended to replace any measures of performance determined in accordance with GAAP.

EBIT	Fiscal year ended			**Change 2013**	Change 2012
(Dollars in millions)	**2013**	2012	2011	**vs. 2012**	vs. 2011
Filtration	**$ 42.4**	38.0	30.8	**11.6%**	23.4%
% of net sales	**19.8%**	19.5%	18.4%		
Test	**16.3**	14.0	18.6	**16.4%**	(24.7)%
% of net sales	**9.8%**	8.0%	10.5%		
USG	**21.6**	25.9	30.4	**(16.6)%**	(14.8)%
% of net sales	**19.8%**	24.0%	28.5%		
Corporate	**(28.0)**	(23.2)	(23.3)	**(20.7)%**	0.4%
Total	**$ 52.3**	54.7	56.5	**(4.4)%**	(3.2)%
% of net sales	**10.7%**	11.4%	12.5%		

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

(Dollars in millions)	**2013**	2012	2011
EBIT	**$ 52.3**	54.7	56.5
Less: Interest expense	**(2.7)**	(2.5)	(2.5)
Less: Income taxes	**(18.3)**	(17.4)	(16.9)
Net earnings from continuing operations	**$ 31.3**	34.8	37.1

Filtration

EBIT increased $4.4 million in 2013 as compared to the prior year primarily due to the additional sales volumes at VACCO and Crissair as noted earlier.

EBIT increased $7.2 million in 2012 as compared to 2011 mainly due to the additional sales volumes at all operating units within the segment as noted earlier.

Test

The $2.3 million increase in EBIT in 2013 as compared to 2012 was due to product price increases and the savings being realized from the domestic facility consolidation. The increase was partially offset by approximately $3.4 million of restructuring costs consisting mainly of a facility lease termination charge, severance and relocation expenses and manufacturing inefficiencies resulting from the disruption, which are now completed.

The $4.6 million decrease in EBIT in 2012 as compared to 2011 was due to: a $4 million decrease related to the segment’s U.S. operations driven by lower sales volumes within the U.S.; 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.

USG

The $4.3 million decrease in EBIT in 2013 as compared to the prior year was mainly due to $2.6 million of restructuring costs related to the closure of the manufacturing operation in Germany (Doble Lemke GmbH) and relocation of its partial discharge products and intellectual property to its existing lower cost locations in Europe. These shut-down costs consisted of personnel costs, asset impairment charges, and move related costs. In addition, a $4.5 million gain was recorded in 2012 related to the revaluation of the earnout liability related to the Xtensible acquisition.

The $4.5 million decrease in EBIT in 2012 as compared 2011 was primarily due to a $3.1 million decrease in EBIT related to the revaluation of the earnout liability related to the Xtensible acquisition.

Corporate

Corporate operating charges included in consolidated EBIT increased to $28 million as compared to $23.2 million in 2012 mainly due to a $1.5 million pretax write-down of a Doble Lemke trade name and an increase in professional fees and acquisition costs.

The “Reconciliation to Consolidated Totals (Corporate)” in Note 14 to the Consolidated Financial Statements represents Corporate office operating charges.

INTEREST EXPENSE, NET

Interest expense was $2.7 million in 2013, compared to $2.5 million in 2012 and 2011, respectively. The increase in interest expense in 2013 as compared to the prior year was due to higher average interest rates (1.6% vs. 1.2%) and higher average outstanding borrowings ($171 million vs. $126 million).

INCOME TAX EXPENSE

The effective tax rate from continuing operations for fiscal years 2013, 2012 and 2011 was 37.0%, 33.4% and 31.3%, respectively. The increase in the 2013 effective tax rate as compared to the prior year was primarily due to: an adjustment to the foreign valuation allowance which increased the 2013 effective tax rate by 3.3%; the extension of the research tax credit as a result of the American Taxpayer Relief Act of 2012 which reduced the 2013 effective tax rate by 2.2%; a purchase accounting charge which increased the 2012 effective tax rate by 1.0%; and the release of accruals related to uncertain tax positions as a result of the lapse of statute of limitations which reduced the 2012 effective tax rate by 3.7%.

The increase in the 2012 effective tax rate as compared to 2011 was mainly due to: the December 31, 2011, expiration of the research tax credit which increased the 2012 effective tax rate by 1.0%; the repatriation of foreign subsidiary earnings which increased the 2012 effective tax rate by 1.2%; releasing a foreign valuation allowance which reduced the 2011 effective tax rate by 1.9%; a purchase accounting charge increased the 2012 effective tax rate by 1.0%; and the release of accruals related to uncertain tax positions as a result of the lapse of statute of limitations which reduced the 2012 effective tax rate by 3.0%.

The Company’s foreign subsidiaries have accumulated unremitted earnings of $33.3 million and cash of $25.3 million at September 30, 2013. No deferred taxes have been provided on these 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 indefinitely reinvest these earnings in continuing international operations. In the event these foreign entities’ earnings were distributed, it is estimated that U.S. taxes, net of available foreign tax credits, of approximately $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 $163.6 million at September 30, 2013, from $139.2 million at September 30, 2012, mainly due to higher accounts receivable and inventory balances. The $8.6 million increase in accounts receivable at September 30, 2013, was mainly due to: a $5.8 million increase within the Test segment and a $3 million increase in the USG segment due to the increase of sales in the fourth quarter. The $8.2 million increase in inventory at September 30, 2013, was mainly due to an $8 million increase in the Filtration segment due to: timing and volume of sales and accelerated material receipts for various programs at VACCO and $2.4 million due to the Canyon acquisition.

Net cash provided by operating activities was $47.2 million, $53.2 million and $74.6 million in 2013, 2012 and 2011, respectively. The decrease in 2013 as compared to the prior year was due to a decrease in net earnings and higher operating working capital requirements.

Capital expenditures from continuing operations were $13.9 million, $10.8 million and $11.3 million in 2013, 2012 and 2011, respectively. The increase in 2013 as compared to the prior year was mainly due to the purchase of the ETS-Lindgren facility in Minocqua, Wisconsin for $1.2 million and an increase in manufacturing equipment within the Filtration segment of approximately $2 million mainly due to the Felix Tool acquisition. There were no commitments outstanding that were considered material for capital expenditures at September 30, 2013. In addition, the Company incurred expenditures for capitalized software of $8.4 million, $5.3 million and $5.5 million in 2013, 2012 and 2011, respectively. The increase in 2013 as compared to the prior year was mainly attributable to the Test segment's software development.

The Company made required pension contributions of $3.9 million, $4.8 million and $5.2 million in 2013, 2012 and 2011, respectively.

POTENTIAL SALE OF ACLARA

The Company anticipates that the cash proceeds of the expected divestiture of Aclara will be used to accelerate the Company's repayment of existing debt, while providing additional liquidity for acquisitions around its core businesses. See Item 1A. Risk Factors in our Annual Report on Form 10-K.

ACQUISITIONS

2013

On June 26, 2013, the Company acquired the stock of Canyon Engineering Products, Inc. (Canyon) for $9.2 million in cash, and additionally, purchased Canyon's 70,000 square foot manufacturing facility located in Valencia, California for $7 million. Canyon designs and manufactures precision fluid control devices primarily for the aerospace industry and Canyon's products, technology and customers are very similar to Crissair, Inc. The operating results for Canyon, since the date of acquisition, are included as part of Crissair, Inc. within the Company's Filtration segment. The Company recorded approximately $1.3 million of goodwill related to the transaction and $1.7 million of amortizable identifiable intangible assets consisting primarily of customer relationships.

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. 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 approximately $13 million. The operating results for the business, since the date of acquisition, are included within Aclara which is included in discontinued operations and/or assets/liabilities held for sale.

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 the business, since the date of acquisition, are included within PTI 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 the business, since the date of acquisition, are included as part of Doble 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.

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.

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, 2013, the Company had approximately $265 million available to borrow under the credit facility, plus a $250 million increase option, in addition to $42.9 million cash on hand. The Company classified $50 million as the current portion of long-term debt as of September 30, 2013, 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 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, 2013, 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 $8.5 million, $8.6 million and $8.5 million in 2013, 2012 and 2011, respectively.

OUTLOOK — 2014

Management continues to see strong growth in 2014 across the business. Management expects 2014 EPS from Continuing Operations – As Adjusted in the range of $1.50 to $1.60 per share, which excludes restructuring charges described below with EPS from Continuing Operations in the range of $1.45 to $1.55 per share. In addition, the 2014 effective tax rate from continuing operations is projected to be approximately 35%. On a quarterly basis, Management expects 2014 revenues and EPS to be more slightly balanced but still more second-half weighted. First quarter EPS from Continuing Operations – As Adjusted is expected to be in the range of $0.24 to $0.29 per share. During 2014, the Company plans to complete the exit and relocation of Crissair's Palmdale, California operation into the Canyon facility in Valencia, California. This move is expected to be completed by September 30, 2014. The restructuring costs are expected to be approximately $2 million, or $0.05 per share.

CONTRACTUAL OBLIGATIONS

The following table shows the Company's contractual obligations as of September 30, 2013:

(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	$ 172.0	—	—	172.0	—
Estimated Interest Payments(1)	6.4	2.6	3.8	—	—
Operating Lease Obligations	15.0	5.0	6.7	2.6	0.7
Purchase Obligations(2)	5.1	4.8	0.3	—	—
Total	$ 198.5	12.4	10.8	174.6	0.7

(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 and excludes the effect of any Aclara sale consummation.

(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, 2013, the Company had $2.2 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, 2013.

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. This program was extended by the Company's Board of Directors through September 30, 2014. 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. During 2013, the Company repurchased $9.7 million or approximately 270,000 shares. During 2012, the Company repurchased $5.4 million or approximately 150,000 shares. There were no stock repurchases during 2011.

PENSION FUNDING REQUIREMENTS

The minimum cash funding requirements related to the Company's defined benefit pension plans are estimated to be approximately $2.8 million in 2014, approximately $3.4 million in 2015 and approximately $2.7 million in 2016.

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, intellectual property and general corporate 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. There were no outstanding derivative instruments at September 30, 2013. 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, 2013.

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 $153.7 million, $162.1 million, and $132.2 million in 2013, 2012 and 2011, respectively. The Company occasionally 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 2013, 2012 and 2011).

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

Filtration Segment: Within the Filtration segment, approximately 60% of segment revenues (approximately 26% 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 40% of segment revenues (approximately 18% 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.

Test Segment: Within the Test segment, approximately 65% of revenues (approximately 22% 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 35% of the segment’s revenues (approximately 12% 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.

USG Segment: Within the USG segment, approximately 100% of the segment’s revenues (approximately 22% of consolidated revenues) represent products and services 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.

Discontinued Operations (Aclara): Approximately 100% of Aclara’s revenue arrangements contain software components and/or multiple element arrangements. The application of generally accepted accounting principles 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.

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, 2013, the Company has determined that no reporting units in continuing operations are at risk of material goodwill impairment as the fair value of each reporting unit substantially exceeded its carrying value.

At September 30, 2013, the Company completed its preliminary annual goodwill impairment evaluation using the two-step goodwill impairment test and determined that a portion of the goodwill related to Aclara was impaired. In the first step of the analysis, the Company compared the estimated fair value of the Aclara reporting unit to its carrying value, including goodwill. The fair value of the reporting unit was determined based on a weighting of income and market approaches. Since the carrying value of the Aclara reporting unit exceeded the estimated fair value, the Company performed the second step of the impairment analysis in order to determine the implied fair value of the reporting unit over the fair value amounts assigned to all of the assets and liabilities of the reporting unit as if it were to be acquired in a business combination and the current fair value of the reporting unit (as calculated in the first step) was the purchase price. The implied fair value of the reporting unit's goodwill was then compared to the carrying value of the goodwill and any excess of carrying value over the implied fair value represents the non-cash impairment charge. The impairment of Aclara's goodwill was impacted by Aclara's expected operating results and the range of bids from potential buyers. The results of the second step preliminary analysis showed that the implied fair value of goodwill was $58 million related to Aclara. Therefore, in the fourth quarter of 2013, the Company recorded a goodwill impairment charge of $48 million and is included within discontinued operations.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and are 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 2014, the Company could be required to record a charge to other comprehensive income/loss. In addition, if the discount rate was decreased by 25 basis points from 4.75% to 4.5%, the projected benefit obligation for the defined benefit plan would increase by approximately $2.6 million and result in an additional after-tax charge to other comprehensive income/loss of approximately $1.6 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

The Company is currently involved in various stages of investigation and remediation relating to environmental matters, intellectual property and general corporate 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.

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. There were no outstanding derivative instruments at September 30, 2013. 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 did not 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 timing, success and financial impact of the Aclara sale process, the use of expected proceeds from any sale of Aclara, amount and timing of 2014 revenues, growth, EPS from Continuing Operations, and EPS from Continuing Operations – As Adjusted, adequacy of the Company’s credit facilities and future cash flows, the timing of and restructuring costs associated with the closure and consolidation of the Crissair facility into the Canyon facility, minimum cash funding required by or a charge to equity connected with the Company’s defined benefit plans and other postretirement benefit plans, expected benefits payable from the Company’s defined benefit plans and other postretirement benefit plans, outcome of current litigation, claims and charges, material foreign currency risk, the likelihood that materially different amounts would be reported in connection with the Company’s application of the accounting policies described herein, the likelihood that revenue estimates used in the Test and Filtration segments’ contracts recorded under the percentage-of-completion method will change materially, the amount of NOLs not realizable, continued reinvestment of foreign earnings and the resulting U.S. tax liability in the event such earnings are repatriated, 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, valuation of deferred tax assets, 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, 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 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 under “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and the following: the receipt of acceptable offers, the ability to negotiate acceptable terms and conditions, available financing and the receipt of necessary government and customer approvals in connection with the sale of Aclara; the impacts of natural disasters 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 and consolidation plans.

Consolidated Statements of Operations

(Dollars in thousands, except per share amounts) Years ended September 30,		2013	2012	2011
Net sales	$	**490,079**	478,699	450,816
Costs and expenses:				
Cost of sales		**295,863**	294,655	273,845
Selling, general and administrative expenses		**129,809**	128,152	123,293
Amortization of intangible assets		**6,179**	5,674	4,988
Interest expense, net		**2,693**	2,469	2,493
Other (income) expenses, net		**5,940**	(4,433)	(7,808)
Total costs and expenses		**440,484**	426,517	396,811
Earnings before income tax		**49,595**	52,182	54,005
Income tax expense		**18,335**	17,408	16,922
Net earnings from continuing operations		**31,260**	34,774	37,083
(Loss) earnings from discontinued operations, net of tax (benefit) expense of $(5,215), $7,397 and $7,535, in 2013, 2012 and 2011, respectively		**(56,863)**	12,105	15,418
Net (loss) earnings	$	**(25,603)**	46,879	52,501
Earnings (loss) per share:				
Basic:				
Continuing operations	$	**1.18**	1.30	1.39
Discontinued operations		**(2.15)**	0.46	0.58
Net (loss) earnings	$	**(0.97)**	1.76	1.97
Diluted:				
Continuing operations	$	**1.17**	1.29	1.38
Discontinued operations		**(2.13)**	0.44	0.57
Net (loss) earnings	$	**(0.96)**	1.73	1.95
Average common shares outstanding (in thousands):				
Basic		**26,450**	26,699	26,588
Diluted		**26,802**	27,030	26,903

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income (Loss)

(Dollars in thousands) Years ended September 30,		2013	2012	2011
Net (loss) earnings	$	**(25,603)**	46,879	52,501
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments		**644**	(2,018)	(333)
Amortization of prior service costs and actuarial gains (losses)		**8,078**	(4,171)	(4,354)
Change in fair value of interest rate swap		**—**	2	289
Total other comprehensive income (loss), net of tax		**8,722**	(6,187)	(4,398)
Comprehensive (loss) income	$	**(16,881)**	40,692	48,103

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(Dollars in thousands) Years ended September 30,		2013	2012
ASSETS			
Current assets:			
Cash and cash equivalents	$	**42,850**	30,215
Accounts receivable, less allowance for doubtful accounts of $1,124 and $1,217 in 2013 and 2012, respectively		**91,980**	83,414
Costs and estimated earnings on long-term contracts, less progress billings of $30,887 and $30,534 in 2013 and 2012, respectively		**20,717**	14,567
Inventories		**90,228**	82,063
Current portion of deferred tax assets		**23,349**	22,313
Other current assets		**15,930**	12,940
Assets held for sale – current		**108,867**	97,932
Total current assets		**393,921**	343,444
Property, plant and equipment:			
Land and land improvements		**7,178**	4,984
Buildings and leasehold improvements		**54,316**	47,624
Machinery and equipment		**74,948**	69,293
Construction in progress		**3,426**	3,039
		139,868	124,940
Less accumulated depreciation and amortization		**(64,332)**	(62,389)
Net property, plant and equipment		**75,536**	62,551
Intangible assets, net		**180,217**	176,486
Goodwill		**282,949**	279,640
Other assets		**9,469**	9,638
Assets held for sale - other		**150,236**	161,994
Total Assets	$	**1,092,328**	1,033,753

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(Dollars in thousands) Years ended September 30,	2013	2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ **50,000**	50,000
Accounts payable	**38,537**	35,253
Advance payments on long-term contracts, less costs incurred of $23,853 and $31,534 in 2013 and 2012, respectively	**17,543**	21,700
Accrued salaries	**21,730**	19,613
Current portion of deferred revenue	**17,508**	16,332
Accrued other expenses	**21,453**	20,577
Liabilities held for sale – current	**63,585**	40,730
Total current liabilities	**230,356**	204,205
Pension obligations	**19,089**	35,480
Deferred tax liabilities	**99,795**	88,675
Other liabilities	**3,348**	947
Long-term debt	**122,000**	65,000
Liabilities held for sale – other	**16,026**	8,133
Total liabilities	**490,614**	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 30,147,504 and 30,044,486 shares in 2013 and 2012, respectively	**301**	300
Additional paid-in capital	**284,565**	279,392
Retained earnings	**407,512**	441,566
Accumulated other comprehensive loss, net of tax	**(16,656)**	(25,378)
	675,722	695,880
Less treasury stock, at cost (3,707,407 and 3,453,249 common shares in 2013 and 2012, respectively)	**(74,008)**	(64,567)
Total shareholders' equity	**601,714**	631,313
Total Liabilities and Shareholders' Equity	$ **1,092,328**	1,033,753

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

(In thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
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
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
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
Comprehensive income (loss):							
Net (loss) earnings	**—**	**—**	**—**	**(25,603)**	**—**	**—**	**(25,603)**
Translation adjustments	**—**	**—**	**—**	**—**	**644**	**—**	**644**
Net unrecognized actuarial gain, net of tax of $(5,468)	**—**	**—**	**—**	**—**	**8,078**	**—**	**8,078**
Cash dividends declared ($0.32 per share)	**—**	**—**	**—**	**(8,451)**	**—**	**—**	**(8,451)**
Stock options and stock compensation plans, net of tax benefit of $(84)	**104**	**1**	**5,173**	**—**	**—**	**262**	**5,436**
Purchases into treasury	**—**	**—**	**—**	**—**	**—**	**(9,703)**	**(9,703)**
Balance, September 30, 2013	**30,148**	**$ 301**	**284,565**	**407,512**	**(16,656)**	**(74,008)**	**601,714**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Dollars in thousands) Years ended September 30,		2013	2012	2011
Cash flows from operating activities:				
Net (loss) earnings	$	**(25,603)**	46,879	52,501
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Net loss (earnings) from discontinued operations, net of tax		**56,863**	(12,105)	(15,418)
Depreciation and amortization		**14,805**	14,495	13,476
Stock compensation expense		**4,577**	4,356	4,470
Changes in current assets and liabilities		**(19,031)**	(3,451)	(5,596)
Effect of deferred taxes on tax provision		**10,084**	1,086	3,551
Change in acquisition earnout obligation		**—**	(4,459)	(7,595)
Pension contributions		**(3,900)**	(4,800)	(5,230)
Change in deferred revenue and costs, net		**913**	2,373	(300)
Other		**(1,626)**	1,694	2,007
Net cash provided by operating activities – continuing operations		**37,082**	46,068	41,866
Net cash provided by discontinued operations		**10,069**	7,096	32,750
Net cash provided by operating activities		**47,151**	53,164	74,616
Cash flows from investing activities:				
Acquisition of businesses, net of cash acquired		**(19,452)**	—	(3,732)
Change in restricted cash (acquisition escrow)		**—**	1,367	1,361
Capital expenditures		**(13,862)**	(10,799)	(11,315)
Additions to capitalized software		**(8,408)**	(5,344)	(5,492)
Net cash used by investing activities – continuing operations		**(41,722)**	(14,776)	(19,178)
Net cash used by investing activities – discontinued operations		**(35,031)**	(15,036)	(11,053)
Net cash used by investing activities		**(76,753)**	(29,812)	(30,231)
Cash flows from financing activities:				
Proceeds from long-term debt		**122,000**	192,455	49,370
Principal payments on long-term debt		**(65,000)**	(202,455)	(78,370)
Dividends paid		**(8,451)**	(8,554)	(8,534)
Purchases of shares into treasury		**(9,703)**	(5,403)	—
Deferred financing costs		**—**	(1,937)	—
Proceeds from exercise of stock options		**1,750**	(184)	762
Other		**998**	801	370
Net cash provided (used) by financing activities		**41,594**	(25,277)	(36,402)
Effect of exchange rate changes on cash and cash equivalents		**643**	(2,018)	(333)
Net increase (decrease) in cash and cash equivalents		**12,635**	(3,943)	7,650
Cash and cash equivalents at beginning of year		**30,215**	34,158	26,508
Cash and cash equivalents at end of year	$	**42,850**	30,215	34,158
Changes in current assets and liabilities:				
Accounts receivable, net	$	**(6,377)**	8,881	(14,078)
Costs and estimated earnings on long-term contracts, net		**(6,150)**	(1,593)	(231)
Inventories		**(5,219)**	(8,590)	(13,136)
Other assets		**(2,513)**	4,186	(1,159)
Accounts payable		**3,120**	(1,535)	325
Advance payments on long-term contracts, net		**(4,157)**	(1,967)	17,977
Accrued expenses		**2,265**	(2,833)	4,706
	$	**(19,031)**	(3,451)	(5,596)
Supplemental cash flow information:				
Interest paid	$	**2,573**	1,588	1,959
Income taxes paid (including state & foreign)		**11,680**	16,544	21,895

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, 2013, and 2012.

The assets of Aclara Technologies LLC (Aclara) are classified as held for sale and are accounted for as discontinued operations in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior period amounts have been reclassified to conform to the current period presentation. See Note 2.

C. NATURE OF CONTINUING OPERATIONS

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

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

Test: 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.

USG: Doble Engineering Company (Doble) provides high-end, intelligent, diagnostic test solutions for the electric power delivery industry.

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

Filtration Segment: Within the Filtration segment, approximately 60% of revenues (approximately 26% 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 40% of segment revenues (approximately 18% 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.

Test Segment: Within the Test segment, approximately 65% of revenues (approximately 22% 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 35% of the segment's revenues (approximately 12% 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 5% 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.

USG Segment: Within the USG segment, approximately 100% of segment revenues (approximately 22% 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.

Discontinued Operations (Aclara): Approximately 100% of Aclara's revenue arrangements 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 revenue arrangements 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.

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. See Note 2.

Other intangible assets represent costs allocated to identifiable intangible assets, principally capitalized software, patents, trademarks, and technology rights. See Note 4 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. 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-seven 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)	**2013**	2012	2011
Weighted Average Shares Outstanding — Basic	**26,450**	26,699	26,588
Dilutive Options and Performance- Accelerated Restricted Stock	**352**	331	315
Shares — Diluted	**26,802**	27,030	26,903

Options to purchase 78,166 shares at prices ranging from $36.70-$37.98 were outstanding during the year ended September 30, 2013, 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 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. These options expire in various periods through 2014.

Approximately 156,000, 175,000 and 173,000 restricted shares were outstanding but unearned at September 30, 2013, 2012 and 2011, 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 $(16.7) million at September 30, 2013, consisted of $(20.6) million related to the pension net actuarial loss; and $3.9 million related to currency translation adjustments. 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.

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 did not have a material impact on the Company's financial statements.

2. Assets Held for Sale

As previously disclosed, during the third quarter of 2013, the Company's Board of Directors approved the initiation of a process to sell that portion of the Company's USG segment represented by its subsidiary Aclara Technologies LLC (Aclara). Aclara is a 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 assets and liabilities constitute a disposal group to be classified as held for sale and Aclara constitutes a component of the Company with operations and cash flows that are clearly distinguishable, operationally and for financial reporting purposes, from the rest of the entity. The results of operations of a component of an entity that either has been disposed of or is classified as held for sale shall be reported in discontinued operations. Accordingly, Aclara is reflected as discontinued operations and/or assets/liabilities held for sale in the consolidated financial statements and related notes for all periods presented.

Aclara's pretax (loss) earnings recorded in discontinued operations was $(62.1) million, $19.5 million, and $22.9 million for the years ended September 30, 2013, 2012 and 2011, respectively. The 2013 pretax loss was due to the $48 million goodwill impairment charge recorded in the fourth quarter of 2013; lower sales volumes; and changes in product mix (higher shipments of lower margin gas products as compared to higher margin electric products). Aclara's net sales were $184.5 million, $209.7 million, and $242.9 million for the years ended September 30, 2013, 2012 and 2011, respectively. Aclara's operations were included within the Company's USG segment prior to the classification as discontinued operations.

The major classes of Aclara assets and liabilities held for sale included in the Consolidated Balance Sheets at September 30, 2013 and 2012 are shown below:

(Dollars in millions)	2013	2012
Assets:		
Accounts receivable, net	$ **55.5**	67.6
Inventories	**34.9**	26.0
Other current assets	**18.5**	4.3
Current assets	**108.9**	97.9
Net property, plant & equipment	**14.5**	13.3
Intangible assets, net	**66.0**	55.0
Goodwill	**57.9**	81.6
Other assets	**11.8**	12.1
Total assets	**259.1**	259.9
Liabilities:		
Accounts payable	**22.2**	18.8
Accrued expenses and other current liabilities	**41.4**	21.9
Current liabilities	**63.6**	40.7
Other liabilities	**16.0**	8.1
Total liabilities	$ **79.6**	48.8

The Company completed its preliminary annual goodwill impairment evaluation using the two-step goodwill impairment test and determined that a portion of the goodwill related to Aclara was impaired. In the first step of the analysis, the Company compared the estimated fair value of the Aclara reporting unit to its carrying value, including goodwill. The fair value of the reporting unit was determined based on a weighting of income and market approaches. Since the carrying value of the Aclara reporting unit exceeded the fair value, the Company performed the second step of the impairment analysis in order to determine the implied fair value of the reporting unit over the fair value amounts assigned to all of the assets and liabilities of the reporting unit as if it were to be acquired in a business combination and the current fair value of the reporting unit (as calculated in the first step) was the purchase price. The implied fair value of the reporting units' goodwill was then compared to the carrying value of the goodwill and any excess of carrying value over the implied fair value represents the non-cash impairment charge. The impairment of Aclara's goodwill was impacted by Aclara's expected operating results and the range of bids from potential buyers. The results of the second step preliminary analysis showed that the implied fair value of goodwill was $58 million for the Aclara unit. Therefore, in the fourth quarter of 2013, the Company recorded a goodwill impairment charge of $48 million included within Discontinued Operations.

3. Acquisitions

2013

On June 26, 2013, the Company acquired the stock of Canyon Engineering Products, Inc. (Canyon) for $9.2 million in cash, and additionally, purchased Canyon's 70,000 square foot manufacturing facility located in Valencia, California, for $7 million. Canyon designs and manufactures precision fluid control devices primarily for the aerospace industry and Canyon's products, technology and customers are very similar to Crissair, Inc. The operating results for Canyon, since the date of acquisition, are included as part of Crissair, Inc. within ESCO's Filtration segment. The Company recorded approximately $1.3 million of goodwill related to the transaction and $1.7 million of amortizable identifiable intangible assets consisting primarily of customer relationships.

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. 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 approximately $13 million. The operating results for the business, since the date of acquisition, are included within Aclara which is included in discontinued operations and/or assets held for sale.

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 the business, 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 the business, since the date of acquisition, are included as a part of Doble 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.

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.

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.

4. Goodwill and Other Intangible Assets

Included on the Company's Consolidated Balance Sheets at September 30, 2013, and 2012 are the following intangible assets gross carrying amounts and accumulated amortization:

(Dollars in millions)		**2013**	2012
Goodwill	$	**282.9**	279.6
Intangible assets with determinable lives:			
Patents			
Gross carrying amount	$	**0.9**	0.8
Less: accumulated amortization		**0.6**	0.6
Net	$	**0.3**	0.2
Capitalized software			
Gross carrying amount	$	**32.1**	23.0
Less: accumulated amortization		**15.3**	11.7
Net	$	**16.8**	11.3
Customer Relationships			
Gross carrying amount	$	**64.1**	61.4
Less: accumulated amortization		**17.9**	14.7
Net	$	**46.2**	46.7
Other			
Gross carrying amount	$	**0.4**	0.2
Less: accumulated amortization		**0.2**	0.2
Net	$	**0.2**	—
Intangible assets with indefinite lives:			
Trade names	$	**116.7**	118.2

The Company performed its annual evaluation of goodwill and intangible assets for impairment during the fourth quarter of fiscal 2013 and concluded no impairment existed at September 30, 2013, related to continuing operations.

The changes in the carrying amount of goodwill attributable to each business segment for the years ended September 30, 2013, and 2012 are as follows:

(Dollars in millions)		USG	Test	Filtration	Total
Balance as of					
September 30, 2011	$	216.1	34.8	29.3	280.2
Acquisitions/adjustments		(0.5)	(0.1)	—	(0.6)
Balance as of					
September 30, 2012		215.6	34.7	29.3	279.6
Acquisitions/adjustments		1.7	0.3	1.3	3.3
Balance as of					

September 30, 2013	**$ 217.3**	**35.0**	**30.6**	**282.9**

Amortization expense related to intangible assets with determinable lives was $6.2 million, $5.7 million and $5 million in 2013, 2012 and 2011, 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 2014 through 2018 is estimated at approximately $7 million per year.

5. Accounts Receivable

Accounts receivable, net of the allowance for doubtful accounts, consist of the following at September 30, 2013, and 2012:

(Dollars in thousands)		**2013**	2012
Commercial	**$**	**88,938**	80,048
U.S. Government and prime contractors		**3,042**	3,366
Total	**$**	**91,980**	83,414

6. Inventories

Inventories consist of the following at September 30, 2013, and 2012:

(Dollars in thousands)		**2013**	2012
Finished goods	**$**	**20,925**	19,753
Work in process — including long-term contracts		**30,884**	27,217
Raw materials		**38,419**	35,093
Total	**$**	**90,228**	82,063

7. Property, Plant and Equipment

Depreciation expense of property, plant and equipment for the years ended September 30, 2013, 2012 and 2011 was $8.6 million, $8.1 million and $7.8 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, 2013, 2012 and 2011 was $5 million, $5 million and $8.1 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, 2013, are:

(Dollars in thousands) Years ending September 30:		
2014	$	4,994
2015		4,219
2016		2,519
2017		1,472
2018 and thereafter		1,749
Total	$	14,953

8. Income Tax Expense

Total income tax expense (benefit) for the years ended September 30, 2013, 2012 and 2011 was allocated to income tax expense as follows:

(Dollars in thousands)		**2013**	2012	2011
Income tax expense from Continuing Operations	**$**	**18,335**	17,408	16,922
Income tax (benefit) expense from Discontinued Operations		**(5,215)**	7,397	7,535
Total income tax expense	**$**	**13,120**	24,805	24,457

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

(Dollars in thousands)		**2013**	2012	2011
United States	**$**	**43,159**	46,883	49,702
Foreign		**6,436**	5,299	4,303
Total income before income taxes	**$**	**49,595**	52,182	54,005

The principal components of income tax expense (benefit) from continuing operations for the years ended September 30, 2013, 2012 and 2011 consist of:

(Dollars in thousands)		**2013**	2012	2011
Federal				
Current	**$**	**10,723**	11,144	9,667
Deferred		**2,942**	2,954	4,672
State and local:				
Current		**896**	1,372	1,801

Deferred	**642**	309	464
Foreign:			
Current	**2,033**	1,863	3,049
Deferred	**1,099**	(234)	(2,731)
Total	**$ 18,335**	17,408	16,922

The actual income tax expense (benefit) from continuing operations for the years ended September 30, 2013, 2012 and 2011 differs from the expected tax expense for those years (computed by applying the U.S. Federal corporate statutory rate) as follows:

	2013	2012	2011
Federal corporate statutory rate	**35.0%**	35.0%	35.0%
State and local, net of Federal benefits	**2.7**	3.3	3.7
Foreign	**(1.9)**	(0.7)	(2.3)
Research credit	**(2.5)**	(0.3)	(1.3)
Domestic production deduction	**(2.5)**	(2.4)	(2.2)
Change in uncertain tax positions	**0.1**	(3.6)	(0.5)
Purchase accounting adjustment	**—**	1.0	—
Executive compensation	**1.8**	0.6	0.5
Valuation allowance	**4.0**	0.2	(1.7)
Other, net	**0.3**	0.3	0.1
Effective income tax rate	**37.0%**	33.4%	31.3%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at September 30, 2013, and 2012 are presented below:

(Dollars in thousands)	**2013**	2012
Deferred tax assets:		
Inventories, long-term contract accounting, contract cost reserves and other	**$ 6,825**	7,819
Pension and other postretirement benefits	**7,417**	13,437
Net operating loss carryforward — domestic	**848**	562
Net operating loss carryforward — foreign	**3,955**	3,841
Capital loss carryforward	**240**	240
Other compensation-related costs and other cost accruals	**19,325**	17,589
State credit carryforward	**1,099**	997
Total deferred tax assets	**39,709**	44,485
Deferred tax liabilities:		
Goodwill	**(14,576)**	(12,783)
Acquisition assets	**(61,403)**	(63,323)
Depreciation, software amortization	**(36,396)**	(33,799)
Net deferred tax liabilities before valuation allowance	**(72,666)**	(65,420)
Less valuation allowance	**(3,780)**	(942)
Net deferred tax liabilities	**$ (76,446)**	(66,362)

The Company has a foreign net operating loss carryforward of $14 million at September 30, 2013, which reflects tax loss carryforwards in Brazil, Germany, India, Japan and the United Kingdom. $12.7 million of the tax loss carryforwards have no expiration date while the remaining $1.3 million will expire between 2020 and 2022. The Company has state net operating loss carryforwards of $9.9 million at September 30, 2013 which expire between 2018 and 2033. The Company also has net state research and other credit carryforwards of $1.1 million of which $1 million expires between 2023 and 2028. The remaining $0.1 million does not have an expiration date.

At September 30, 2013, the Company has established a valuation allowance of $0.4 million against state credit carryforwards and $0.4 million against state net operating loss (NOL) carryforwards that are not expected to be realized in future periods. In addition, the Company has established a valuation allowance of $0.2 million at September 30, 2013 and 2012, respectively, against the capital loss carryforward generated in 2008, as such loss carryforward may not be realized in future periods. Lastly, the Company has established a valuation allowance against certain NOL carryforwards in foreign jurisdictions which may not be realized in future periods. The valuation allowance established against the foreign NOL carryforwards was $2.8 million and $0.7 million at September 30, 2013, and 2012, respectively. The Company classifies its valuation allowance related to deferred taxes on a pro rata basis by taxing jurisdiction.

The Company's foreign subsidiaries have accumulated unremitted earnings of $33.3 million and cash of $25.3 million at September 30, 2013. No deferred taxes have been provided on these 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 indefinitely reinvest these earnings in continuing international operations. In the event these foreign entities' earnings were distributed, it is estimated that U.S. taxes, net of available foreign tax credits, of approximately $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, 2013, the Company had $2.2 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, 2013, and 2012 is presented in the table below:

(Dollars in millions)	**2013**	2012
Balance as of October 1,	**$ 1.8**	3.6
Increases related to prior year tax positions	**0.5**	—
Decreases related to prior year tax positions	**—**	(0.3)
Increases related to current year tax positions	**0.2**	0.1
Decreases related to settlements with taxing authorities	**(0.1)**	—
Lapse of statute of limitations	**(0.2)**	(1.6)

Balance as of September 30,	**$ 2.2**	1.8

The Company anticipates a $1.1 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, 2013, 2012 and 2011, the Company had accrued interest related to uncertain tax positions of $0.1 million, $0.1 million and $0.2 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, 2010, and forward remain subject to income tax examination. Various state tax years for the periods ended September 30, 2009, 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.

9. Debt

Debt consists of the following at September 30, 2013, and 2012:

(Dollars in thousands)		**2013**	2012
Revolving credit facility, including current portion	**$**	**172,000**	115,000
Current portion of long-term debt		**(50,000)**	(50,000)
Total long-term debt, less current portion	**$**	**122,000**	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 September 30, 2013, the Company had approximately $265 million available to borrow under the Credit Facility, plus a $250 million increase option, in addition to $42.9 million cash on hand. The Company classified $50 million as the current portion of long-term debt as of September 30, 2013, 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 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 2013 and 2012, the maximum aggregate short-term borrowings at any month-end were $191 million and $141 million, respectively; the average aggregate short-term borrowings outstanding based on month-end balances were $171 million and $126 million, respectively; and the weighted average interest rates were 1.55%, 1.20%, and 1.40% for 2013, 2012 and 2011, respectively. The letters of credit issued and outstanding under the Credit Facility totaled $13 million and $15.3 million at September 30, 2013, and 2012, respectively.

10. Capital Stock

The 30,147,504 and 30,044,486 common shares as presented in the accompanying Consolidated Balance Sheets at September 30, 2013, and 2012 represent the actual number of shares issued at the respective dates. The Company held 3,707,407 and 3,453,249 common shares in treasury at September 30, 2013, and 2012, 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 ended September 30, 2013. This program was extended by the Company's Board of Directors through September 30, 2014. The total value authorized was 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 Company repurchased approximately 270,000 shares in 2013 and 150,000 shares during 2012. There were no stock repurchases in 2011.

11. 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 2013, 2012 or 2011.

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

	FY2013		FY2012		FY2011	
	Shares	**Estimated Weighted Avg. Price**	Shares	Estimated Weighted Avg. Price	Shares	Estimated Weighted Avg. Price
October 1,	**125,816**	**$ 36.29**	435,054	$ 35.58	761,931	$ 35.15
Granted	**—**	**—**	—	—	—	—
Exercised	**(51,116)**	**$ 34.70**	(100,872)	$ 14.98	(104,912)	$ 13.18
Cancelled	**(7,350)**	**$ 37.30**	(208,366)	$ 45.18	(221,965)	$ 44.67
September 30,	**67,350**	**$ 37.39**	125,816	$ 36.29	435,054	$ 35.58
At September 30,						
Reserved for future grant	**500,000**		1,301,090		1,115,776	
Exercisable	**67,350**	**$ 37.39**	125,149	$ 36.31	397,073	$ 35.42

The aggregate intrinsic value of options exercised during 2013, 2012 and 2011 was $0.3 million, $2 million and $2.4 million, respectively. The aggregate intrinsic value of stock options outstanding and exercisable at September 30, 2013, was zero. The weighted-average fair value of stock options per share granted in 2013, 2012 and 2011 and 2010 was zero respectively.

Summary information regarding stock options outstanding at September 30, 2013, is presented below:

	Options Outstanding		
Range of Exercise Prices	**Number Outstanding at Sept. 30, 2013**	**Weighted-Average Remaining Contractual Life**	**Weighted Average Exercise Price**
$32.55	**2,000**	**1.3 years**	**$ 32.55**
$37.54	**65,350**	**.02 years**	**$ 37.54**
	67,350	**.06 years**	**$ 37.39**

	Exercisable Options Outstanding	
Range of Exercise Prices	**Number Exercisable at Sept. 30, 2013**	**Weighted Average Exercise Price**
$32.55	**2,000**	**$ 32.55**
$37.54	**65,350**	**$ 37.54**
	67,350	**$ 37.39**

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 shorter performance period as it is 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 for continuing operations was $4 million, $3.8 million and $3.4 million for the fiscal years ended September 30, 2013, 2012 and 2011, respectively.

The following summary presents information regarding outstanding restricted share awards as of September 30, 2013, and changes during the period then ended:

	Shares	Weighted Avg. Price
Nonvested at October 1, 2012	404,448	$ 32.65
Granted	111,131	$ 38.76
Vested	(81,834)	$ 37.39
Cancelled	(8,500)	$ 34.48
Nonvested at September 30, 2013	425,245	$ 33.29

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 $0.6 million for the years ended September 30, 2013, 2012 and 2011, respectively.

Total Share-Based Compensation

The total share-based compensation cost that has been recognized in results of operations and included within SG&A from continuing operations was $4.6 million, $4.4 million and $4.5 million for the years ended September 30, 2013, 2012 and 2011, respectively. The total income tax benefit recognized in results of operations for share-based compensation arrangements was $1.3 million, $1.6 million and $1.8 million for the years ended September 30, 2013, 2012 and 2011, 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, 2013, there was $5.6 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 1.4 years.

12. Retirement and Other Benefit Plans

Substantially all domestic employees were 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. 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 were 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 $0.7 million and $0.8 million at September 30, 2013, and 2012, 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, 2013, and a statement of the funded status as of September 30, 2013, and 2012:

(Dollars in millions)		2013	2012
Reconciliation of benefit obligation			
Net benefit obligation at beginning of year	$	**97.1**	83.2
Service cost		**0.1**	0.1
Interest cost		**3.6**	3.8
Actuarial (gain) loss		**(9.7)**	13.4
Settlements		**(0.3)**	—
Gross benefits paid		**(3.6)**	(3.4)
Net benefit obligation at end of year	$	**87.2**	97.1

(Dollars in millions)		2013	2012
Reconciliation of fair value of plan assets			
Fair value of plan assets at beginning of year	$	**61.1**	50.5
Actual return on plan assets		**6.2**	9.0
Employer contributions		**4.5**	5.0
Gross benefits paid		**(3.9)**	(3.4)
Settlements		**—**	—
Fair value of plan assets at end of year	$	**67.9**	61.1

(Dollars in millions)		2013	2012
Funded Status			
Funded status at end of year	$	**(19.3)**	(36.0)
Unrecognized prior service cost		**—**	—
Unrecognized net actuarial (gain) loss		**—**	—
Accrued benefit cost		**(19.3)**	(36.0)
Amounts recognized in the Balance Sheet consist of:			
Noncurrent asset		**—**	—
Current liability		**(0.3)**	(0.5)
Noncurrent liability		**(19.0)**	(35.5)
Accumulated other comprehensive (income)/loss (before tax effect)		**34.8**	48.3
Amounts recognized in Accumulated Other Comprehensive (Income)/Loss consist of:			
Net actuarial loss		**34.8**	48.2
Prior service cost		**—**	0.1
Accumulated Other Comprehensive (Income)/Loss	$	**34.8**	48.3

The following table provides the components of net periodic benefit cost for the plans for the years ended September 30, 2013, 2012 and 2011:

(Dollars in millions)		2013	2012	2011
Service cost	$	**0.1**	0.1	0.1
Interest cost		**3.6**	3.8	3.9
Expected return on plan assets		**(4.4)**	(4.1)	(4.2)
Net actuarial loss		**2.1**	1.5	1.1
Settlement gain		**(0.1)**	—	—
Net periodic benefit cost		**1.3**	1.3	0.9
Defined contribution plans		**4.6**	4.5	3.7
Total	$	**5.9**	5.8	4.6

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:

	2013	2012	2011
Discount rate	**3.75%**	4.50%	5.00%
Rate of increase in compensation levels	**N/A**	N/A	N/A
Expected long-term rate of return on assets	**7.50%**	7.50%	8.00%

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

	2013	2012

Discount rate	**4.75%**	3.75%
Rate of increase in compensation levels	**N/A**	N/A

The assumed rate of increase in compensation levels is not applicable in 2013, 2012 and 2011 as the plan was frozen in earlier years.

The asset allocation for the Company's pension plans at the end of 2013 and 2012, the Company's acceptable range and the target allocation for 2014, by asset category, follows:

Asset Category	Target Allocation 2014	Acceptable Range	Percentage of Plan Assets at Year-end **2013**	2012
Equity securities	38%	34-42%	**34%**	59%
Fixed income	62%	58-66%	**65%**	39%
Cash/cash equivalents	0%	0-5%	**1%**	2%

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 funds which invest in 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

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.

The Company is required to separately disclose assets and liabilities measured at fair value on a recurring basis, from those measured at fair value on a nonrecurring basis.

The fair values of the Company's defined benefit plan investments as of September 30, 2013, by asset category, are as follows:

(Dollars in millions)	Level 1	Level 2	Level 3	Total
Investments at Fair Value:				
Cash and Cash Equivalents	$ 0.9	—	—	0.9
Common and Preferred Stock Funds:				
Domestic large capitalization	4.8	—	—	4.8
Domestic small/mid capitalization	6.5	—	—	6.5
International funds	9.7	—	—	9.7
Fixed Income Funds	43.8	—	—	43.8
Real Estate Investments	2.2	—	—	2.2
Total Investments at Fair Value	$ 67.9	—	—	67.9

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.

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.

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).

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 — 2014	$	3.1	0.1
Expected Benefit Payments			
2014		4.3	0.1
2015		4.4	0.1
2016		4.9	0.1
2017		4.9	—
2018		5.0	0.1
2019-2023	$	28.1	0.4

13. Other Financial Data

Items charged to continuing operations during the years ended September 30, 2013, 2012 and 2011 included the following:

(Dollars in thousands)		**2013**	2012	2011
Salaries and wages (including fringes)	**$**	**151,805**	138,192	129,572
Maintenance and repairs		**4,368**	4,248	3,568
Research and development (R&D) costs:				
Company-sponsored		**12,704**	14,293	14,936
Customer-sponsored		**15,014**	9,171	8,527
Total R&D		**27,718**	23,464	23,463
Other engineering costs		**7,715**	12,217	7,406
Total R&D and other engineering costs	**$**	**35,433**	35,681	30,869
As a % of net sales		**7.2%**	7.5%	6.8%

A reconciliation of the changes in accrued product warranty liability for the years ended September 30, 2013, 2012 and 2011 is as follows:

(Dollars in thousands)		**2013**	2012	2011
Balance as of October 1,	**$**	**1,536**	2,120	1,967
Additions charged to expense		**1,048**	197	770
Deductions		**(704)**	(781)	(617)
Balance as of September 30,	**$**	**1,880**	1,536	2,120

14. 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: Filtration/Fluid Flow (Filtration), RF Shielding and Test (Test), and Utility Solutions Group (USG).

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

Test segment operations consist of ETS-Lindgren Inc. (ETS-Lindgren). ETS-Lindgren is an industry leader in providing its customers with the ability to identify, measure and contain magnetic, electromagnetic and acoustic energy. ETS-Lindgren 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 USG segment's operations consist of Doble Engineering Company (Doble). 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. Previously, USG also included Aclara Technologies LLC. See Note 2.

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,	2013	2012	2011
Filtration	$ 214.1	194.8	167.6
Test	166.7	175.9	176.5
USG	109.3	108.0	106.7
Consolidated totals	$ 490.1	478.7	450.8

No customers exceeded 10% of sales in 2013, 2012 or 2011.

EBIT

(Dollars in millions) Year ended September 30,	2013	2012	2011
Filtration	$ 42.4	38.0	30.8
Test	16.3	14.0	18.6
USG	21.6	25.9	30.4
Reconciliation to consolidated totals (Corporate)	(28.0)	(23.2)	(23.3)
Consolidated EBIT	52.3	54.7	56.5
Less: interest expense	(2.7)	(2.5)	(2.5)
Earnings before income tax	$ 49.6	52.2	54.0

IDENTIFIABLE ASSETS

(Dollars in millions) Year ended September 30,	2013	2012
Filtration	$ 122.9	98.4
Test	102.4	92.8
USG	72.3	66.6
Corporate (includes assets held for sale)	794.7	776.0
Consolidated totals	$ 1,092.3	1,033.8

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

CAPITAL EXPENDITURES

(Dollars in millions) Year ended September 30,	2013	2012	2011
Filtration	$ 6.6	4.4	3.3
Test	3.2	2.2	1.5
USG	3.9	3.6	6.5
Corporate	0.2	0.6	—
Consolidated totals	$ 13.9	10.8	11.3

In addition to the above amounts, the Company incurred expenditures for capitalized software of $8.4 million, $5.3 million and $5.5 million in 2013, 2012 and 2011, respectively.

DEPRECIATION AND AMORTIZATION

(Dollars in millions) Year ended September 30,	2013	2012	2011
Filtration	$ 4.2	3.9	3.3
Test	2.5	2.5	2.2
USG	4.6	3.4	3.1
Corporate	3.5	4.7	4.9
Consolidated totals	$ 14.8	14.5	13.5

GEOGRAPHIC INFORMATION

Net sales

(Dollars in millions) Year ended September 30,	2013	2012	2011
United States	$ 336.4	316.6	318.6
Asia	59.5	66.3	45.9
Europe	51.5	61.7	56.9
Canada	14.3	12.6	14.1

India	**10.2**	7.5	—
Other	**18.2**	14.0	15.3
Consolidated totals	**$ 490.1**	478.7	450.8

Long-lived assets
(Dollars in millions)

Year ended September 30,	**2013**	2012
United States	**$ 72.8**	59.2
Europe	**2.2**	2.6
Other	**0.5**	0.8
Consolidated totals	**$ 75.5**	62.6

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

15. Commitments and Contingencies

At September 30, 2013, the Company had $13 million in letters of credit outstanding as guarantees of contract performance. The Company is currently involved in various stages of investigation and remediation relating to environmental matters, intellectual property and general corporate 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.

16. Quarterly Financial Information (Unaudited)

(Dollars in thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
2013					
Net sales	**$ 110,518**	**118,039**	**116,922**	**144,600**	**490,079**
Net earnings from continuing operations	**5,343**	**5,523**	**6,514**	**13,880**	**31,260**
Net (loss) earnings from discontinued operations	**(5,097)**	**(3,964)**	**(1,617)**	**(46,185)**	**(56,863)**
Net (loss) earnings	**246**	**1,559**	**4,897**	**(32,305)**	**(25,603)**
Basic earnings (loss) per share:					
Net earnings from continuing operations	**0.20**	**0.21**	**0.25**	**0.52**	**1.18**
Net (loss) earnings from discontinued operations	**(0.19)**	**(0.15)**	**(0.06)**	**(1.75)**	**(2.15)**
Net (loss) earnings	**0.01**	**0.06**	**0.19**	**(1.23)**	**(0.97)**
Diluted earnings (loss) per share:					
Net earnings from continuing operations	**0.20**	**0.21**	**0.24**	**0.52**	**1.17**
Net (loss) earnings from discontinued operations	**(0.19)**	**(0.15)**	**(0.06)**	**(1.73)**	**(2.13)**
Net (loss) earnings	**0.01**	**0.06**	**0.18**	**(1.21)**	**(0.96)**
Dividends declared per common share	**$ 0.08**	**0.08**	**0.08**	**0.08**	**0.32**
2012					
Net sales	$ 111,480	125,237	118,432	123,550	478,699
Net earnings from continuing operations	6,191	7,575	11,540	9,468	34,774
Net earnings (loss) from discontinued operations	(984)	2,627	2,251	8,211	12,105
Net earnings	5,207	10,202	13,791	17,679	46,879
Basic earnings (loss) per share:					
Net earnings from continuing operations	0.24	0.28	0.43	0.35	1.30
Net earnings (loss) from discontinued operations	(0.04)	0.10	0.09	0.31	0.46
Net earnings	0.20	0.38	0.52	0.66	1.76
Diluted earnings (loss) per share:					
Net earnings from continuing operations	0.23	0.28	0.43	0.35	1.29
Net earnings (loss) from discontinued operations	(0.04)	0.10	0.08	0.30	0.44
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

See Notes 2 and 3 of Notes to Consolidated Financial Statements for discussion of divestiture and acquisition activity. Beginning in the third quarter of 2013, Aclara was classified as discontinued operations and assets/liabilities held for sale. Prior period amounts have been reclassified to conform to the current period presentation.

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, 2013, 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, 2013, based on these criteria.

Our internal control over financial reporting as of September 30, 2013, 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, 2013, and 2012, and the related Consolidated Statements of Operations, Comprehensive Income (Loss), Shareholders' Equity, and Cash Flows for each of the years in the three-year period ended September 30, 2013. We also have audited ESCO Technologies Inc.'s internal control over financial reporting as of September 30, 2013, 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, 2013, and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2013, 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, 2013, 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 27, 2013

Five-Year Financial Summary

(Dollars in millions, except per share amounts)	2013	2012	2011	2010	2009
For years ended September 30:					
Net sales	$ **490.1**	478.7	450.8	350.0	329.2
Net earnings from continuing operations	**31.3**	34.8	37.1	17.5	21.2
Net (loss) earnings from discontinued operations	**(56.9)**	12.1	15.4	27.3	28.2
Net (loss) earnings	**(25.6)**	46.9	52.5	44.8	49.4
Earnings (loss) per share:					
Basic:					
Continuing operations	$ **1.18**	1.30	1.39	0.66	0.81
Discontinued operations	**(2.15)**	0.46	0.58	1.04	1.07
Net (loss) earnings	$ **(0.97)**	1.76	1.97	1.70	1.88
Diluted:					
Continuing operations	$ **1.17**	1.29	1.38	0.65	0.80
Discontinued operations	**(2.13)**	0.44	0.57	1.03	1.06
Net (loss) earnings	$ **(0.96)**	1.73	1.95	1.68	1.86
As of September 30:					
Working capital	**163.6**	139.2	122.5	109.4	116.2
Total assets	**1,092.3**	1,033.8	1,011.8	974.3	923.7
Total debt	**172.0**	115.0	125.0	154.0	180.5
Shareholders' equity	**601.7**	631.3	600.7	556.0	517.3
Cash dividends declared per common share	$ **0.32**	0.32	0.32	0.32	—

See Notes 2 and 3 of Notes to Consolidated Financial Statements for discussion of divestiture and acquisition activity. Beginning in the third quarter of 2013, Aclara was classified as discontinued operations and asset/liabilities held for sale. Prior period amounts have been reclassified to conform to the current period presentation.

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 2013 and 2012.

	2013		2012	
Quarter	**High**	**Low**	High	Low
First	$ **39.31**	**34.00**	$ 31.97	23.75
Second	**42.42**	**37.85**	38.37	28.48
Third	**41.31**	**31.20**	36.90	32.98
Fourth	**35.70**	**30.25**	39.50	33.05

CAPITAL STOCK INFORMATION

ESCO Technologies Inc. common stock shares (symbol ESE) are listed on the New York Stock Exchange. There were approximately 2,251 holders of record of shares of common stock at November 8, 2013.

[OTHER MATERIAL ON THIS PAGE HAS BEEN OMITTED]

EXHIBIT 21

SUBSIDIARIES OF
ESCO TECHNOLOGIES INC.

The following list omits certain of the Company's subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" as defined in SEC Regulation S-X.

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 ElectronMagnetic Technology Co., Ltd.	People's Republic of China	Same; also ETS-Lindgren
Canyon Engineering Products, Inc.	California	Same
Crissair, Inc.	California	Same
Doble Engineering Company	Massachusetts	Same
Doble Lemke GmbH	Germany	Same
Doble PowerTest Limited	United Kingdom	Same
Doble TransiNor AS	Norway	Same
ESCO Finance International S.à r.l.	Luxembourg	Same
ESCO International Holding Inc.	Delaware	Same
ESCO Technologies Holding LLC	Delaware	Same
ETS Lindgren Engineering India Pvt. Ltd.	India	Same
ETS-Lindgren GmbH	Germany	Same
ETS-Lindgren Inc.	Illinois	Same; also Lindgren R.F. Enclosures and Acoustic Systems
ETS Lindgren Japan, Inc. (also known as ETS Lindgren Japan KK)	Japan	Same
ETS Lindgren Limited	United Kingdom	Same
ETS-Lindgren OY	Finland	Same
PTI Technologies Inc.	Delaware	Same
Thermoform Engineered Quality LLC	Delaware	Same
VACCO Industries	California	Same

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. 333-77887, 333-63930, 333-85268, 333-117953 and 333-186537) on Form S-8 of ESCO Technologies Inc. of our report dated November 27, 2013, with respect to the consolidated balance sheets of ESCO Technologies Inc. and subsidiaries as of September 30, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2013, and the effectiveness of internal control over financial reporting as of September 30, 2013, which report appears in the Annual Report to Stockholders for the fiscal year ended September 30, 2013 and is incorporated by reference in the September 30, 2013 annual report on Form 10-K of ESCO Technologies Inc.

/s/ KPMG LLP

St. Louis, Missouri

November 27, 2013

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 27, 2013

/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 27, 2013

/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, 2013 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 27, 2013

/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