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

FORM 10-Q

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

For the quarterly period ended September 30, 2013

Commission file number 000-04217

ACETO CORPORATION

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

11-1720520
(I.R.S. Employer Identification
Number)

4 Tri Harbor Court, Port Washington, NY 11050
(Address of principal executive offices)

(516) 627-6000
(Registrant's telephone number, including area code)

www.aceto.com
(Registrant's website address)

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 website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The registrant had 28,135,375 shares of common stock outstanding as of November 1, 2013.

ACETO CORPORATION AND SUBSIDIARIES
QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

ACETO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per-share amounts)

	September 30, 2013 (unaudited)	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,058	\$ 33,231
Investments	2,165	2,144
Trade receivables, less allowance for doubtful accounts (September, \$1,427; June, \$1,294)	93,197	90,108
Other receivables	6,590	5,283
Inventory	87,266	83,849
Prepaid expenses and other current assets	3,885	2,984
Deferred income tax asset, net	726	701
Total current assets	<u>228,887</u>	<u>218,300</u>
Property and equipment, net	11,449	11,410
Property held for sale	4,058	4,058
Goodwill	33,563	33,526
Intangible assets, net	39,426	40,831
Deferred income tax asset, net	8,057	8,055
Other assets	<u>7,822</u>	<u>7,250</u>
TOTAL ASSETS	<u><u>\$ 333,262</u></u>	<u><u>\$ 323,430</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 7,947	\$ 11,714
Accounts payable	41,588	39,222
Accrued expenses	<u>40,132</u>	<u>38,971</u>
Total current liabilities	89,667	89,907
Long-term debt	18,306	20,355
Long-term liabilities	12,217	13,413
Environmental remediation liability	4,615	5,109
Deferred income tax liability	<u>19</u>	<u>6</u>
Total liabilities	124,824	128,790
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Common stock, \$.01 par value, 40,000 shares authorized; 28,135 and 27,831 shares issued and outstanding at September 30, 2013 and June 30, 2013, respectively	281	278
Capital in excess of par value	74,911	72,845
Retained earnings	128,263	118,615
Accumulated other comprehensive income	<u>4,983</u>	<u>2,902</u>
Total shareholders' equity	<u>208,438</u>	<u>194,640</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$ 333,262</u></u>	<u><u>\$ 323,430</u></u>

See accompanying notes to condensed consolidated financial statements and accountants' review report.

ACETO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited and in thousands, except per-share amounts)

	Three Months Ended September 30,	
	2013	2012
Net sales	\$ 129,261	\$ 111,748
Cost of sales	95,527	90,243
Gross profit	33,734	21,505
Selling, general and administrative expenses	15,764	12,987
Research and development expenses	554	905
Operating income	17,416	7,613
Other income (expense):		
Interest expense	(453)	(546)
Interest and other income, net	611	555
	158	9
Income before income taxes	17,574	7,622
Income tax provision	6,239	2,802
Net income	\$ 11,335	\$ 4,820
Net income per common share	\$ 0.41	\$ 0.18
Diluted net income per common share	\$ 0.40	\$ 0.18
Weighted average shares outstanding:		
Basic	27,757	26,805
Diluted	28,390	27,229

See accompanying notes to condensed consolidated financial statements and accountants' review report.

ACETO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited and in thousands)

	Three Months Ended September 30,	
	<u>2013</u>	<u>2012</u>
Net income	\$ 11,335	\$ 4,820
Other comprehensive income:		
Foreign currency translation adjustments	2,050	1,042
Change in fair value of interest rate swaps	<u>31</u>	<u>(5)</u>
Comprehensive income	<u>\$ 13,416</u>	<u>\$ 5,857</u>

See accompanying notes to condensed consolidated financial statements and accountants' review report.

ACETO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	Three Months Ended September 30,	
	2013	2012
Operating activities:		
Net income	\$ 11,335	\$ 4,820
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,774	1,725
Provision for doubtful accounts	70	37
Non-cash stock compensation	798	444
Deferred income taxes	6	(64)
Earnings on equity investment in joint venture	(313)	(324)
Changes in assets and liabilities:		
Trade accounts receivable	(2,224)	(1,597)
Other receivables	(1,082)	618
Inventory	(2,356)	(484)
Prepaid expenses and other current assets	(826)	(548)
Other assets	(11)	(37)
Accounts payable	1,992	(4,273)
Accrued expenses and other liabilities	(1,153)	(3,259)
Net cash provided by (used in) operating activities	<u>8,010</u>	<u>(2,942)</u>
Investing activities:		
Purchases of investments	(56)	(32)
Sales of investments	-	1,002
Payments for intangible assets	-	(171)
Purchases of property and equipment, net	(356)	(327)
Net cash (used in) provided by investing activities	<u>(412)</u>	<u>472</u>
Financing activities:		
Payment of cash dividends	(1,665)	(1,477)
Proceeds from exercise of stock options	861	576
Excess tax benefit on stock option exercises and restricted stock	232	158
Borrowings of bank loans	-	4,000
Repayment of bank loans	(5,816)	(1,548)
Net cash (used in) provided by financing activities	<u>(6,388)</u>	<u>1,709</u>
Effect of exchange rate changes on cash	<u>617</u>	<u>242</u>
Net increase (decrease) in cash	1,827	(519)
Cash at beginning of period	<u>33,231</u>	<u>24,862</u>
Cash at end of period	<u>\$ 35,058</u>	<u>\$ 24,343</u>

See accompanying notes to condensed consolidated financial statements and accountants' review report.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

(1) Basis of Presentation

The condensed consolidated financial statements of Aceto Corporation and subsidiaries (“Aceto” or the “Company”) included herein have been prepared by the Company and reflect all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented. Interim results are not necessarily indicative of results which may be achieved for the full year.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in those financial statements. These judgments can be subjective and complex, and consequently actual results could differ from those estimates and assumptions. The Company’s most critical accounting policies relate to revenue recognition; royalty income; partnered products; allowance for doubtful accounts; inventories; goodwill and other indefinite-lived intangible assets; long-lived assets; environmental and other contingencies; income taxes; and stock-based compensation.

These condensed consolidated financial statements do not include all disclosures associated with consolidated financial statements prepared in accordance with GAAP. Accordingly, these statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto contained in the Company’s Form 10-K for the year ended June 30, 2013.

Certain reclassifications have been made to the prior period condensed consolidated financial statements to conform to the current year presentation.

(2) Stock-Based Compensation

At the annual meeting of shareholders of the Company, held on December 6, 2012, the Company’s shareholders approved the amended and restated Aceto Corporation 2010 Equity Participation Plan (2010 Plan). Under the 2010 Plan, grants of stock options, restricted stock, restricted stock units, stock appreciation rights, and stock bonuses (collectively, “Stock Awards”) may be made to employees, non-employee directors and consultants of the Company, including the chief executive officer, chief financial officer and other named executive officers. The maximum number of shares of common stock of the Company that may be issued pursuant to Stock Awards granted under the 2010 Plan will not exceed, in the aggregate, 5,250 shares. In addition, restricted stock may be granted to an eligible participant in lieu of a portion of any annual cash bonus earned by such participant. Such award may include additional shares of restricted stock (premium shares) greater than the portion of bonus paid in restricted stock. The restricted stock award is vested at issuance and the restrictions lapse ratably over a period of years as determined by the Board of Directors, generally three years. The premium shares vest when all the restrictions lapse, provided that the participant remains employed by the Company at that time.

During the three months ended September 30, 2013, the Company granted 199 shares of restricted common stock to its employees that vest over three years, as well as 32 restricted stock units that have varying vest dates from December 2013 through July 2015. In addition, the Company also issued a target grant of 131 performance-vested restricted stock units, which grant could be as much as 196 if certain performance criteria and market conditions are met. Performance-vested restricted stock units will cliff vest 100% at the end of the third year following grant in accordance with the performance metrics set forth in the applicable employee performance-vested restricted stock unit grant.

During the year ended June 30, 2013, the Company granted 120 shares of restricted common stock to its employees that vest over three years and 25 shares of restricted common stock to its non-employee directors, which vest over one year. In addition, the Company also issued a target grant of 84 performance-vested restricted stock units, which grant could be as much as 126 if certain performance criteria and market conditions are met. Performance-vested restricted stock units will cliff vest 100% at the end of the third year following grant in accordance with the performance metrics set forth in the applicable employee performance-vested restricted stock unit grant.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

For the three months ended September 30, 2013 and 2012, the Company recorded stock-based compensation expense of approximately \$716 and \$358 respectively, related to restricted common stock and restricted stock units. As of September 30, 2013, the total unrecognized compensation cost related to restricted stock awards and units is approximately \$6,544. There were no stock options granted in the three months ended September 30, 2013 and 2012. Total compensation expense related to stock options for the three months ended September 30, 2013 and 2012 was \$79 and \$83, respectively. As of September 30, 2013, the total unrecognized compensation cost related to option awards is \$158.

(3) Common Stock

On August 28, 2013, the Company's board of directors declared a regular quarterly dividend of \$0.06 per share which was paid on September 27, 2013 to shareholders of record as of September 16, 2013.

(4) Net Income Per Common Share

Basic income per common share is based on the weighted average number of common shares outstanding during the period. Diluted income per common share includes the dilutive effect of potential common shares outstanding. The following table sets forth the reconciliation of weighted average shares outstanding and diluted weighted average shares outstanding:

	Three months ended	
	September 30,	
	2013	2012
Weighted average shares outstanding	27,757	26,805
Dilutive effect of stock options and restricted stock awards and units	633	424
Diluted weighted average shares outstanding	<u>28,390</u>	<u>27,229</u>

There were 0 and 587 common equivalent shares outstanding as of September 30, 2013 and 2012, respectively, that were not included in the calculation of diluted income per common share for the three months ended September 30, 2013 and 2012, respectively, because their effect would have been anti-dilutive.

(5) Debt

Long-term debt

	September 30, 2013	June 30, 2013
Term bank loans	\$ 22,750	\$ 24,500
Revolving bank loans	-	4,000
Mortgage	3,503	3,569
	<u>26,253</u>	<u>32,069</u>
Less current portion	7,947	11,714
	<u>\$ 18,306</u>	<u>\$ 20,355</u>

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

Credit Facilities

On December 31, 2010, the Company entered into a Credit Agreement (the "Credit Agreement") with two U.S. financial institutions. The Credit Agreement terminated the Amended and Restated Credit Agreement, dated April 23, 2010. Aceto may borrow, repay and reborrow during the period ending December 31, 2015, up to but not exceeding at any one time outstanding \$40,000 (the "Revolving Loans"). The Revolving Loans may be (i) Adjusted LIBOR Loans (as defined in the Credit Agreement), (ii) Alternate Base Rate Loans (as defined in the Credit Agreement) or (iii) a combination thereof. As of September 30, 2013, there were no Revolving Loans outstanding. The Credit Agreement also allows for the borrowing of up to \$40,000 (the "Term Loan"). The Company borrowed a Term Loan of \$40,000 on December 31, 2010. The Term Loan interest may be payable as an (i) Adjusted LIBOR Loan, (ii) Alternate Base Rate Loan, or (iii) a combination thereof. As of September 30, 2013, the remaining amount outstanding under the original amortizing Term Loan is \$22,750 and is payable as an Adjusted LIBOR Loan at an interest rate of 2.0% at September 30, 2013. The Term Loan is payable as to principal in twenty (20) consecutive quarterly installments, which commenced on March 31, 2011 and will continue on each June 30, September 30 and December 31st thereafter, each in the amount set forth below opposite the applicable installment, provided that the final payment on the Term Loan Maturity Date (as defined in the Credit Agreement) shall be in an amount equal to the then outstanding unpaid principal amount of the Term Loan:

Installment	Amount
1 through 8	\$ 1,500
9 through 12	\$ 1,750
13 through 16	\$ 2,000
17 through 20	\$ 3,250

As such, the Company has classified \$7,750 of the Term Loan as short-term in the consolidated balance sheet at September 30, 2013. The Credit Agreement also provides that commercial letters of credit shall be issued to provide the primary payment mechanism in connection with the purchase of any materials, goods or services by the Company in the ordinary course of business. The Company had open letters of credit of approximately \$245 and \$78 as of September 30, 2013 and June 30, 2013, respectively. The terms of these letters of credit are all less than one year. No material loss is anticipated due to non-performance by the counterparties to these agreements.

The Credit Agreement provides for a security interest in all personal property of the Company. The Credit Agreement contains several financial covenants including, among other things, maintaining a minimum level of debt service. The Company is also subject to certain restrictive covenants, including, among other things, covenants governing liens, limitations on indebtedness, limitations on cash dividends, guarantees, sale of assets, sales of receivables, and loans and investments. The Company was in compliance with all covenants at September 30, 2013.

Mortgage

On June 30, 2011, the Company entered into a mortgage payable for \$3,947 on its new corporate headquarters, in Port Washington, New York. This mortgage payable is secured by the land and building and is being amortized over a period of 20 years. The mortgage payable bears interest at 5.92% as of September 30, 2013 and matures on June 30, 2021.

(6) Commitments, Contingencies and Other Matters

The Company and its subsidiaries are subject to various claims which have arisen in the normal course of business. The impact of the final resolution of these matters on the Company's results of operations in a particular reporting period is not known.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

On October 29, 2012, a lawsuit was filed in the United Kingdom (in the High Court of Justice, Queens Bench Division, Commercial Court) by United Phosphorous Limited (“UPL”) against Aceto Agricultural Chemicals Corporation (“AACC”), a wholly-owned subsidiary of the Company. In the lawsuit, UPL alleges, among other things, that AACC breached a 1995 agreement regarding European sales of a potato sprout suppression product, by selling the product in Europe. UPL claims damages of approximately £4,500 (approximately US \$7,200) plus an unspecified amount of additional damages. While the impact of the resolution of the matter, including any legal and other associated costs, on the Company’s consolidated results of operations in a particular reporting period is not known at this time, after a detailed review and careful analysis of the allegations, AACC strongly denies the allegations, believes that UPL’s claims are without merit and intends to vigorously defend the lawsuit.

In fiscal years 2011, 2009, 2008 and 2007, the Company received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the PRP Group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately \$1,700 from the Company for its share to remediate the site contamination. Although the Company acknowledges that it shipped materials to the site for formulation over twenty years ago, the Company believes that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believes that, at most, it is a de minimus contributor to the site contamination. Accordingly, the Company believes that the settlement offer is unreasonable. The impact of the resolution of this matter on the Company’s results of operations in a particular reporting period is not known. However, management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company’s financial condition or liquidity.

The Company has environmental remediation obligations in connection with Arsynco, Inc. (Arsynco), a subsidiary formerly involved in manufacturing chemicals located in Carlstadt, New Jersey, which was closed in 1993 and is currently held for sale. Based on continued monitoring of the contamination at the site and the approved plan of remediation, the Company received an estimate from an environmental consultant stating that the costs of remediation could be between \$9,000 and \$10,800. Remediation commenced in fiscal 2010, and as of September 30, 2013 and June 30, 2013, a liability of \$6,673 and \$7,166, respectively, is included in the accompanying consolidated balance sheets for this matter. In accordance with GAAP, management believes that the majority of costs incurred to remediate the site will be capitalized in preparing the property which is currently classified as held for sale. An appraisal of the fair value of the property by a third-party appraiser supports the assumption that the expected fair value after the remediation is in excess of the amount required to be capitalized. However, these matters, if resolved in a manner different from those assumed in current estimates, could have a material adverse effect on the Company’s financial condition, operating results and cash flows when resolved in a future reporting period.

In connection with the environmental remediation obligation for Arsynco, in July 2009, the Company entered into a settlement agreement with BASF Corporation (BASF), the former owners of the Arsynco property. In accordance with the settlement agreement, BASF paid for a portion of the prior remediation costs and going forward, will co-remediate the property with the Company. The contract states that BASF pay \$550 related to past response costs and pay a proportionate share of the future remediation costs. Accordingly, the Company had recorded a gain of \$550 in fiscal 2009. This \$550 gain relates to the partial reimbursement of costs of approximately \$1,200 that the Company had previously expensed. The Company also recorded an additional receivable from BASF, with an offset against property held for sale, representing its estimated portion of the future remediation costs. The balance of this receivable for future remediation costs as of September 30, 2013 and June 30, 2013 is \$3,003 and \$3,225, respectively, which is included in the accompanying consolidated balance sheets.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

In March 2006, Arsynco received notice from the EPA of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry's Creek Study Area. Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owners of the Arsynco property. In September 2012, Arsynco entered into an agreement with three of the other PRPs that had previously been impleaded into New Jersey Department of Environmental Protection, et al. v. Occidental Chemical Corporation, et al., Docket No. ESX-L-9868-05 (the "NJDEP Litigation") and were considering impleading Arsynco into same. Arsynco entered into agreement to avoid impleader. Pursuant to agreement, Arsynco agreed to (1) a tolling period that would not be included when computing the running of any statute of limitations that might provide a defense to the NJDEP Litigation; (2) the waiver of certain issue preclusion defenses in the NJDEP Litigation; and (3) arbitration of certain potential future liability allocation claims if the other parties to the agreement are barred by a court of competent jurisdiction from proceeding against Arsynco. Since an amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not known.

A subsidiary of the Company markets certain agricultural protection products which are subject to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA requires that test data be provided to the EPA to register, obtain and maintain approved labels for pesticide products. The EPA requires that follow-on registrants of these products compensate the initial registrant for the cost of producing the necessary test data on a basis prescribed in the FIFRA regulations. Follow-on registrants do not themselves generate or contract for the data. However, when FIFRA requirements mandate that new test data be generated to enable all registrants to continue marketing a pesticide product, often both the initial and follow-on registrants establish a task force to jointly undertake the testing effort. The Company is presently a member of several such task force groups, which requires payments for such memberships. In addition, in connection with our agricultural protection business, the Company plans to acquire product registrations and related data filed with the United States Environmental Protection Agency to support such registrations and other supporting data for several products. The acquisition of these product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups could approximate \$4,501 through fiscal 2014.

On December 31, 2010, the Company acquired certain assets of Rising Pharmaceuticals, Inc. ("Rising"), a New Jersey based company that markets and distributes generic prescription and over the counter pharmaceutical products to leading wholesalers, chain drug stores, distributors, mass market merchandisers and others under its own label, throughout the United States. The purchase agreement provides for the payment of additional contingent consideration equal to one-half of the three year cumulative Rising earnings before interest, taxes, depreciation and amortization in excess of \$32,100, up to a maximum of \$6,000. As of September 30, 2013, the Company has accrued \$5,473 related to this contingent consideration. Any necessary future adjustments to this amount will be recorded as an income statement charge at that time.

(7) Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. GAAP establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The hierarchy consists of three levels:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities;

- Level 2 – Inputs other than Level 1 inputs that are either directly or indirectly observable; and

- Level 3 – Unobservable inputs that are not corroborated by market data.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

On a recurring basis, Aceto measures at fair value certain financial assets and liabilities, which consist of cash equivalents, investments and foreign currency contracts. The Company classifies cash equivalents and investments within Level 1 if quoted prices are available in active markets. Level 1 assets include instruments valued based on quoted market prices in active markets which generally include corporate equity securities publicly traded on major exchanges. Time deposits are very short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value, and are classified within Level 2 of the valuation hierarchy. The Company uses foreign currency forward contracts (futures) to minimize the risk caused by foreign currency fluctuation on its foreign currency receivables and payables by purchasing futures with one of its financial institutions. Futures are traded on regulated U.S. and international exchanges and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price. Aceto's foreign currency derivative contracts are classified within Level 2 as the fair value of these hedges is primarily based on observable forward foreign exchange rates. At September 30, 2013 the Company had foreign currency contracts outstanding that had a notional amount of \$64,378. Unrealized gains (losses) on hedging activities for the three months ended September 30, 2013 and 2012 was \$381 and (\$61), respectively, and are included in interest and other income, net, in the condensed consolidated statements of income. The contracts have varying maturities of less than one year.

Pursuant to the requirements of the Credit Agreement, the Company is required to deliver Hedging Agreements (as defined in the Credit Agreement) fixing the interest rate on not less than \$20,000 of the Term Loan. Accordingly, in March 2011, the Company entered into an interest rate swap for a notional amount of \$20,000, which has been designated as a cash flow hedge. The expiration date of this interest rate swap is December 31, 2015. The unrealized loss to date associated with this derivative, which is recorded in accumulated other comprehensive income in the condensed consolidated balance sheet at September 30, 2013, is \$227. The remaining balance of this derivative as of September 30, 2013 is \$11,250. Aceto's interest rate swap is classified within Level 2 as the fair value of this hedge is primarily based on observable interest rates.

As of September 30, 2013 and June 30, 2013, the Company had \$5,473 and \$5,346, respectively, of contingent consideration that was recorded at fair value in the Level 3 category, which related to the acquisition of Rising, which was completed during fiscal 2011. The contingent consideration was calculated using the present value of a probability weighted income approach.

During the fourth quarter of each year, the Company evaluates goodwill and indefinite-lived intangibles for impairment at the reporting unit level using an undiscounted cash flow model using Level 3 inputs. Additionally, on a nonrecurring basis, the Company uses fair value measures when analyzing asset impairment. Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined such indicators are present and the review indicates that the assets will not be fully recoverable, based on undiscounted estimated cash flows over the remaining amortization periods, their carrying values are reduced to estimated fair value. Measurements based on undiscounted cash flows are considered to be Level 3 inputs.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

The following tables summarize the valuation of the Company's financial assets and liabilities which were determined by using the following inputs at September 30, 2013 and June 30, 2013:

	Fair Value Measurements at September 30, 2013 Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents:				
Time deposits	-	\$ 867	-	\$ 867
Investments:				
Time deposits	-	2,165	-	2,165
Foreign currency contracts-assets (1)	-	461	-	461
Foreign currency contracts-liabilities (2)	-	81	-	81
Derivative liability for interest rate swap (3)	-	227	-	227
Contingent consideration (4)	-	-	\$ 5,473	\$ 5,473

(1) Included in "Other receivables" in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2013.
(2) Included in "Accrued expenses" in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2013.
(3) Included in "Long-term liabilities" in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2013.
(4) \$3,000 included in "Accrued expenses" and \$2,473 included in "Long-term liabilities" in the accompanying Condensed Consolidated Balance Sheet as of September 30, 2013.

	Fair Value Measurements at June 30, 2013 Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents:				
Time deposits	-	\$ 856	-	\$ 856
Investments:				
Time deposits	-	2,144	-	2,144
Foreign currency contracts-assets (5)	-	14	-	14
Foreign currency contracts-liabilities (6)	-	173	-	173
Derivative liability for interest rate swap (7)	-	258	-	258
Contingent consideration (8)	-	-	\$ 5,346	\$ 5,346

(5) Included in "Other receivables" in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2013.
(6) Included in "Accrued expenses" in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2013.
(7) Included in "Long-term liabilities" in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2013.
(8) \$1,500 included in "Accrued expenses" and \$3,846 included in "Long-term liabilities" in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2013.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

The carrying values of all financial instruments classified as a current asset or current liability are deemed to approximate fair value because of the short maturity of these instruments. The fair values of the Company's notes receivable and short-term and long-term bank loans were based upon current rates offered for similar financial instruments to the Company.

(8) Recent Accounting Pronouncements

In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment (the revised standard)", which allows companies the option to perform a qualitative assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary. Under this guidance, an entity is required to perform a quantitative impairment test if qualitative factors indicate that it is more likely than not that indefinite-lived intangible assets are impaired. The qualitative factors are consistent with the guidance established for goodwill impairment testing and include identifying and assessing events and circumstances that would most significantly impact, individually or in the aggregate, the carrying value of the indefinite-lived intangible assets. The revised standard is effective for the Company in fiscal 2014 and early adoption is permitted. The adoption of ASU 2012 -02 is not expected to have a material impact on the Company's consolidated financial statements.

(9) Segment Information

The Company's business is organized along product lines into three principal segments: Human Health, Pharmaceutical Ingredients and Performance Chemicals.

Human Health - includes finished dosage form generic drugs and nutraceutical products.

Pharmaceutical Ingredients – includes pharmaceutical intermediates and active pharmaceutical ingredients (APIs).

Performance Chemicals - The Performance Chemicals segment is made up of two product groups: Specialty Chemicals and Agriculture Protection Products. Specialty chemicals includes a variety of chemicals which make plastics, surface coatings, textiles, fuels and lubricants perform to their designed capabilities. Dye and pigment intermediates are used in the color-producing industries such as textiles, inks, paper, and coatings. Organic intermediates are used in the production of agrochemicals. In addition, Aceto is a supplier of diazos and couplers to the paper, film and electronics industries.

Agriculture Protection Products includes herbicides, fungicides and insecticides that control weed growth as well as control the spread of insects and other microorganisms that can severely damage plant growth. The Agriculture Protection Products segment also includes a sprout inhibitor for potatoes and an herbicide for sugar cane.

The Company's chief operating decision maker evaluates performance of the segments based on net sales, gross profit and income before income taxes. Unallocated corporate amounts are deemed by the Company as administrative, oversight costs, not managed by the segment managers. The Company does not allocate assets by segment because the chief operating decision maker does not review the assets by segment to assess the segments' performance, as the assets are managed on an entity-wide basis.

ACETO CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and in thousands, except per-share amounts)

Three Months Ended September 30, 2013 and 2012:

	<u>Human Health</u>	<u>Pharmaceutical Ingredients</u>	<u>Performance Chemicals</u>	<u>Unallocated Corporate</u>	<u>Consolidated Totals</u>
<u>2013</u>					
Net sales	\$ 38,694	\$ 48,424	\$ 42,143	\$ -	\$ 129,261
Gross profit	11,141	15,262	7,331	-	33,734
Income before income taxes	5,535	11,004	3,302	(2,267)	17,574
<u>2012</u>					
Net sales	\$ 26,409	\$ 40,608	\$ 44,731	\$ -	\$ 111,748
Gross profit	8,103	6,576	6,826	-	21,505
Income before income taxes	3,119	2,553	3,085	(1,135)	7,622

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Aceto Corporation

We have reviewed the condensed consolidated balance sheet of Aceto Corporation and subsidiaries as of September 30, 2013 and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month periods ended September 30, 2013 and 2012, included in the accompanying Securities and Exchange Commission Form 10-Q for the period ended September 30, 2013. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board, the consolidated balance sheet of Aceto Corporation and subsidiaries as of June 30, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated August 29, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of June 30, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ BDO USA, LLP

Melville, New York
November 8, 2013

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENT RELATING TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally, these statements relate to our business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, financing plans, projected or anticipated benefits from acquisitions that we may make, or projections involving anticipated revenues, earnings or other aspects of our operating results or financial position, and the outcome of any contingencies. Any such forward-looking statements are based on current expectations, estimates and projections of management. We intend for these forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements. Words such as "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control that may influence the accuracy of the statements and the projections upon which the statements are based. Factors that could cause actual results to differ materially from those set forth or implied by any forward-looking statement include, but are not limited to, our ability to remain competitive with competitors, risks associated with the generic product industry, dependence on a limited number of suppliers, risks associated with healthcare reform and reductions in reimbursement rates, difficulty in predicting revenue stream and gross profit, industry and market changes, the effect of fluctuations in operating results on the trading price of our common stock, inventory levels, reliance on outside manufacturers, risks of incurring uninsured environmental and other industry specific liabilities, governmental approvals and regulations, risks associated with hazardous materials, potential violations of government regulations, product liability claims, reliance on Chinese suppliers, potential changes to Chinese laws and regulations, potential changes to laws governing our relationships in India, fluctuations in foreign currency exchange rates, tax assessments, changes in tax rules, global economic risks, risk of unsuccessful acquisitions, effect of acquisitions on earnings, indemnification liabilities, terrorist activities, reliance on key executives, litigation risks, volatility of the market price of our common stock, changes to estimates, judgments and assumptions used in preparing financial statements, failure to maintain effective internal controls, compliance with changing regulations, as well as other risks and uncertainties discussed in our reports filed with the Securities and Exchange Commission, including, but not limited to, our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 and other filings. Copies of these filings are available at www.sec.gov.

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

NOTE REGARDING DOLLAR AMOUNTS

In this quarterly report, all dollar amounts are expressed in thousands, except for per-share amounts.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide the readers of our financial statements with a narrative discussion about our business. The MD&A is provided as a supplement to and should be read in conjunction with our financial statements and the accompanying notes.

Executive Summary

We are reporting net sales of \$129,261 for the three months ended September 30, 2013, which represents a 15.7% increase from the \$111,748 reported in the comparable prior period. Gross profit for the three months ended September 30, 2013 was \$33,734 and our gross margin was 26.1% as compared to gross profit of \$21,505 and gross margin of 19.2% in the comparable prior period. Our selling, general and administrative costs (SG&A) for the three months ended September 30, 2013 increased to \$15,764 from \$12,987 which we reported in the prior period. Our net income increased to \$11,335, or \$0.40 per diluted share, compared to net income of \$4,820, or \$0.18 per diluted share in the prior period.

Our financial position as of September 30, 2013 remains strong, as we had cash and cash equivalents and short-term investments of \$37,223, working capital of \$139,220 and shareholders' equity of \$208,438.

Our business is separated into three principal segments: Human Health, Pharmaceutical Ingredients and Performance Chemicals.

Products that fall within the Human Health segment include finished dosage form generic drugs and nutraceutical products. In December 2010, we acquired certain assets of Rising Pharmaceuticals, Inc., a New Jersey based company that markets and distributes generic prescription and over the counter pharmaceutical products to leading wholesalers, chain drug stores, distributors, mass market merchandisers and others under its own label, throughout the United States. This was a natural extension of our successful business model which provides customers and suppliers additional opportunities to penetrate the end user segment of the pharmaceutical market. With the Rising brand label, we have been able to expand our direct involvement in the pharmaceutical space through greater global awareness of our capabilities in the marketing of pharmaceutical intermediates, active ingredients and the ultimate end-products, finished dosage form generics.

According to an IMS Health press release on May 9, 2013, "the total cost of medicines declined by 3.5 percent on a real per capita basis to \$325.8 billion. In addition to lower utilization of branded drugs, the primary drivers were: the increased availability of lower-cost generics, which now account for 84 percent of all prescriptions; the moderating impact of price increases; and lower spending on recently launched medicines."

Aceto supplies the raw materials used in the production of nutritional and packaged dietary supplements, including vitamins, amino acids, iron compounds and biochemicals used in pharmaceutical and nutritional preparations. After we identified a change in the attitudes of Europeans towards nutritional products, we globalized this business, creating an operating company headquartered in Germany, Aceto Health Ingredients GmbH.

The Pharmaceutical Ingredients segment has two product groups: Active Pharmaceutical Ingredients (APIs) and Pharmaceutical Intermediates.

As the use of generic drugs has grown significantly over the years, we believe Aceto's presence in this market also increased dramatically, both domestically and internationally. We supply APIs to the major generic drug companies, who we believe view Aceto as a valued partner in their effort to develop and market generic drugs. The process of introducing a new API from pipeline to market spans a number of years and begins with Aceto partnering with a generic pharmaceutical manufacturer and jointly selecting an API, several years before the expiration of a composition of matter patent, for future generisizing. We then identify the appropriate supplier, and concurrently utilizing our global technical network, ensure they meet the highest standards of quality to comply with regulations. The generic pharmaceutical company will submit the ANDA for FDA approval or European-equivalent approval. The introduction of the API to market occurs after all the development testing has been completed and the ANDA or European-equivalent is approved and the patent expires or is deemed invalid. Aceto, has a robust pipeline of APIs poised to reach commercial levels, both in the United States and Europe.

Aceto has long been a supplier of pharmaceutical intermediates, the complex chemical compounds that are the building blocks used in producing APIs. These are the critical components of all drugs, whether they are already on the market or currently undergoing clinical trials. Faced with significant economic pressures as well as ever-increasing regulatory barriers, the innovative drug companies look to Aceto as a source for high quality intermediates. Utilizing our global sourcing, regulatory support and quality assurance network, Aceto works with the large, global pharmaceutical companies, sourcing lower cost, quality pharmaceutical intermediates that will meet the same high level standards adhered to by their current commercial products.

The Performance Chemicals segment includes specialty chemicals and agricultural protection products.

Aceto is a major supplier to many different industrial segments that require outstanding performance from chemical raw materials and additives. We provide chemicals which make plastics, surface coatings, textiles, fuels and lubricants perform to their designed capabilities. These additive specialty products include antioxidants, photo initiators, catalysts, curatives, brighteners and adhesion promoters.

Aceto is at the forefront as a supplier of chemicals to ecofriendly technologies. For example, we supply ultraviolet photo initiators which allow inks and coatings to be cured by ultraviolet light instead of solvents, as well as curing agents and optical brighteners for powder (non-solvent) coatings. These growing technologies are critical in protecting and enhancing the world's ecology.

We provide specialty chemicals for the food, beverage and fragrance industries. Aceto's raw materials are also used in sophisticated technology products, such as high-end electronic parts (circuit boards and computer chips) and binders for specialized rocket fuels. Aceto is also a leader in the supply of diazos and couplers to the paper and film industries. Specific end uses for these products include microfilm, blueprints and photo tooling of printed circuit boards.

We also provide organic intermediates and colorants. The color producing industry manufactures a wide assortment of products and Aceto is the supplier of choice to these producers of "color." From textiles and plastics to inks and paints, our specialty colorant intermediates allow manufacturers to develop an endless rainbow of colorful possibilities.

According to a September 16, 2013 Federal Reserve Statistical Release, in the second quarter of calendar year 2013, the index for consumer durables, which impacts the Specialty Chemicals business of the Performance Chemicals segment, grew at an annual rate of 5.7%.

Aceto's agricultural protection products include herbicides, fungicides and insecticides which control weed growth as well as the spread of insects and microorganisms that can severely damage plant growth. The agricultural world is dependent on a large variety of deterrent products and we believe Aceto has become a valued partner to the global generic agricultural industry by providing superior quality functional products. One of Aceto's most widely used agricultural protection products is a sprout inhibitor that extends the storage life of potatoes. We work with the large agrochemical distributors to provide alternate sources for key products. Utilizing our global sourcing and regulatory capabilities, we identify and qualify manufacturers either producing the product or with knowledge of the chemistry necessary to produce the product and then file an application with the EPA for a product registration. Aceto has an ongoing working relationship with manufacturers in China and India to determine which of the non-patented, or generic, agricultural protection products they produce can be effectively marketed in the Western world. Over the past several years, we have successfully brought a number of products to market. In addition, we have a strong pipeline, which includes future additions to our product portfolio. The combination of our global sourcing and regulatory capabilities makes the generic agricultural market a niche for us and we will continue to offer new product additions in this market as we move forward. In the National Agricultural Statistics Services release dated June 28, 2013, the total crop acreage planted in the United States in 2013 remained consistent from 2012 at 326 million acres. The number of peanut acres planted in 2013 was down 33% from 2012 levels while sugarcane acreage harvested increased almost 1.0% from 2012. In addition, the potato acreage harvested in 2013 decreased approximately 6.3% from the 2012 level.

We believe the Company's business strengths are sourcing, regulatory support, quality assurance and marketing and distribution. We distribute more than 1,100 chemical compounds used principally as finished products or raw materials in the pharmaceutical, nutraceutical, agricultural, coatings and industrial chemical industries. With business operations in nine countries, Aceto's global reach is distinctive in the industry, enabling us to source and supply quality products on a worldwide basis. Leveraging local professionals, we source more than two-thirds of our products from Asia, buying from approximately 500 companies in China and 200 in India.

In this MD&A, we explain our general financial condition and results of operations, including, among other things, the following:

- factors that affect our business
- our earnings and costs in the periods presented
- changes in earnings and costs between periods
- sources of earnings
- the impact of these factors on our overall financial condition

As you read this MD&A section, refer to the accompanying condensed consolidated statements of income, which present the results of our operations for the three months ended September 30, 2013 and 2012. We analyze and explain the differences between periods in the specific line items of the condensed consolidated statements of income.

Critical Accounting Estimates and Policies

As disclosed in our Form 10-K for the year ended June 30, 2013, the discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. In preparing these financial statements, we were required to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We regularly evaluate our estimates including those related to allowances for bad debts, partnered products, inventories, goodwill and indefinite-life intangible assets, long-lived assets, environmental and other contingencies, income taxes and stock-based compensation. We base our estimates on various factors, including historical experience, advice from outside subject-matter experts, and various assumptions that we believe to be reasonable under the circumstances, which together form the basis for our making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Since June 30, 2013, there have been no significant changes to the assumptions and estimates related to those critical accounting estimates and policies.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Segment	Net Sales by Segment Three months ended September 30,					
	2013		2012		Comparison 2013 Over/(Under) 2012	
	Net sales	% of Total	Net sales	% of Total	\$ Change	% Change
Human Health	\$ 38,694	29.9%	\$ 26,409	23.6%	\$ 12,285	46.5%
Pharmaceutical Ingredients	48,424	37.5	40,608	36.4	7,816	19.2
Performance Chemicals	42,143	32.6	44,731	40.0	(2,588)	(5.8)
Net sales	<u>\$ 129,261</u>	<u>100.0%</u>	<u>\$ 111,748</u>	<u>100.0%</u>	<u>\$ 17,513</u>	<u>15.7%</u>

Segment	Gross Profit by Segment Three months ended September 30,					
	2013		2012		Comparison 2013 Over/(Under) 2012	
	Gross Profit	% of Sales	Gross Profit	% of Sales	\$ Change	% Change
Human Health	\$ 11,141	28.8%	\$ 8,103	30.7%	\$ 3,038	37.5%
Pharmaceutical Ingredients	15,262	31.5	6,576	16.2	8,686	132.1
Performance Chemicals	7,331	17.4	6,826	15.3	505	7.4
Gross profit	<u>\$ 33,734</u>	<u>26.1%</u>	<u>\$ 21,505</u>	<u>19.2%</u>	<u>\$ 12,229</u>	<u>56.9%</u>

Net Sales

Net sales increased \$17,513, or 15.7%, to \$129,261 for the three months ended September 30, 2013, compared with \$111,748 for the prior period. We reported sales increases in our Human Health and Pharmaceutical Ingredients business segments, offset by a decrease in our Performance Chemicals business segment.

Human Health

Net sales for the Human Health segment increased by \$12,285 for the three months ended September 30, 2013, to \$38,694, which represents a 46.5% increase over net sales of \$26,409 for the prior period, largely driven by an increase in sales of Rising products of \$9,028 due to nine new generic product launches at Rising during fiscal 2013. In addition, we experienced an increase of \$2,720 in domestic sales of nutritional products due to increased business for new products to existing customers.

Pharmaceutical Ingredients

Net sales for the Pharmaceutical Ingredients segment increased by \$7,816 for the three months ended September 30, 2013, to \$48,424, which represents a 19.2% increase over net sales of \$40,608 for the prior period. Overall, the domestic Pharmaceutical Ingredients group had an increase of \$10,151, when compared to the prior period. The primary reason for the increase is due to the large reorder of a recently launched API. In addition, sales of intermediates, which represent key components used in the manufacture of certain drug products, have risen both in the United States and abroad by approximately \$3,492 over the prior period.

Performance Chemicals

Net sales for the Performance Chemicals segment decreased to \$42,143 for the three months ended September 30, 2013, a decrease of \$2,588 or 5.8%, from net sales of \$44,731 for the prior period. Our Performance Chemicals segment saw a decline in sales of our agricultural protection products, primarily from decreased sales of a broad-spectrum herbicide. In addition, there was a drop in domestic sales of pigment and miscellaneous intermediates, sold by our Specialty Chemicals business.

Gross Profit

Gross profit increased to \$33,734 (26.1% of net sales) for the three months ended September 30, 2013, as compared to \$21,505 (19.2% of net sales) for the prior period.

Human Health

Human Health's gross profit of \$11,141 for the three months ended September 30, 2013 increased \$3,038, or 37.5%, over the prior period. The gross margin decreased to 28.8% for the three months ended September 30, 2013 compared to 30.7% for the prior period. The increase in gross profit in the Human Health segment primarily relates to increased sales volume of Rising products. The decline in gross margin is predominantly due to unfavorable product mix on Rising products, specifically, aggressive competition in certain of its high volume products.

Pharmaceutical Ingredients

Gross profit for the three months ended September 30, 2013 for the Pharmaceutical Ingredients business increased by \$8,686 or 132.1% over the prior period. The gross margin of 31.5% was also higher than the prior period's gross margin of 16.2%. The increase in both gross profit and gross margin is predominantly the result of the increase in the sales volume of reorders of certain API's, which typically yield a significantly higher gross margin.

Performance Chemicals

Gross profit for the Performance Chemicals segment increased to \$7,331 for the three months ended September 30, 2013, versus \$6,826 for the prior period, an increase of \$505, or 7.4%. The gross margin at 17.4% for the three months ended September 30, 2013 was higher than the prior period's gross margin of 15.3%. The increase in both gross profit and gross margin is due to a favorable product mix on Specialty Chemical products sold both domestically and abroad. In addition, even though there were decreased sales of a broad-spectrum herbicide, an agricultural protection product, the related margin of this product was low, therefore the gross margin has improved from the prior period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) increased \$2,777, or 21.4%, to \$15,764 for the three months ended September 30, 2013 compared to \$12,987 for the prior period. As a percentage of sales, SG&A was 12.2% for the three months ended September 30, 2013 versus 11.6% in the prior period. The primary reason for the increase in SG&A is due to additional accrued performance award expense and increased fringe benefits and stock-based compensation expense due to increased financial performance.

Research and Development Expenses

Research and development expenses (R&D) decreased \$351 over the prior period to \$554 for the three months ended September 30, 2013. R&D represents investment in Rising's generic finished dosage form product pipeline. The majority of the R&D expenses are milestone based, which will likely cause fluctuation from quarter to quarter.

Operating Income

For the three months ended September 30, 2013, operating income was \$17,416 compared to \$7,613 in the prior period, an increase of \$9,803 or 128.8%. This increase was due to the overall increase in gross profit of \$12,229 and the decrease in R&D of \$351 offset by the increase in SG&A of \$2,777 from the comparable prior period.

Provision for Income Taxes

The effective tax rate for the three months ended September 30, 2013 was 35.5% versus 36.8% for the prior period. The decrease in the effective tax rate was due to the expected mix of profits from lower tax rate jurisdictions in Europe compared to the United States in fiscal 2014.

Liquidity and Capital Resources

Cash Flows

At September 30, 2013, we had \$35,058 in cash and cash equivalents, of which \$26,310 was outside the United States, \$2,165 in short-term investments, all of which is held outside the United States and \$26,253 in long-term debt (including the current portion), all of which is in the United States. Working capital was \$139,220 at September 30, 2013 versus \$128,393 at June 30, 2013. The \$26,310 of cash held outside of the United States is fully accessible to meet any liquidity needs of the countries in which Aceto operates. The majority of the cash located outside of the United States is held by our European operations and can be transferred into the United States. Although these amounts are fully accessible, transferring these amounts into the United States or any other countries could have certain tax consequences. A deferred tax liability will be recognized when we expect that we will recover undistributed earnings of our foreign subsidiaries in a taxable manner, such as through receipt of dividends or sale of the investments. The Company intends to permanently reinvest these undistributed earnings and has no plan for any repatriation. A portion of our cash is held in operating accounts that are with third party financial institutions. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to cash in our operating accounts.

Our cash position at September 30, 2013 increased \$1,827 from the amount at June 30, 2013. Operating activities for the three months ended September 30, 2013 provided cash of \$8,010, for this period, as compared to cash used of \$2,942 for the comparable period. The \$8,010 was comprised of \$11,335 in net income and \$2,335 derived from adjustments for non-cash items less a net \$5,660 decrease from changes in operating assets and liabilities. The non-cash items included \$1,774 in depreciation and amortization expense, \$313 of earnings on an equity investment in a joint venture and \$798 in non-cash stock compensation expense. Trade accounts receivable increased \$2,224 during the three months ended September 30, 2013, due predominantly to an increase in sales in this quarter as compared to the fourth quarter of fiscal 2013. Inventories increased by approximately \$2,356 and accounts payable increased by \$1,992 due primarily to an increase in inventories in-transit for our agricultural protection products business related to an herbicide used to control sedge on rice, vegetables and turf and ornamental grasses. Our cash position at September 30, 2012 decreased \$519 from the amount at June 30, 2012. Operating activities for the three months ended September 30, 2012 used cash of \$2,942, for this period, as compared to cash provided by operations of \$5,913 for the comparable period. The \$2,942 was comprised of \$4,820 in net income and \$1,818 derived from adjustments for non-cash items less a net \$9,580 decrease from changes in operating assets and liabilities.

Investing activities for the three months ended September 30, 2013 used cash of \$412, primarily related to the purchases of property and equipment. Investing activities for the three months ended September 30, 2012 provided cash of \$472, primarily related to sales of investments of \$1,002 less payments for intangible assets and property and equipment of \$498.

Financing activities for the three months ended September 30, 2013 used cash of \$6,388 primarily from \$5,816 of repayment of bank borrowings and \$1,665 of payment of cash dividends. This use of cash was offset by \$861 proceeds received from exercise of stock options. Financing activities for the three months ended September 30, 2012 provided cash of \$1,709, primarily from \$4,000 of bank borrowings offset by \$1,548 of repayments of bank borrowings and the payment of cash dividends of \$1,477.

Credit Facilities

We have available credit facilities with certain foreign financial institutions. At September 30, 2013, the Company had available lines of credit with foreign financial institutions totaling \$9,007, all of which is available for borrowing by the respective foreign territories. We are not subject to any financial covenants under these arrangements.

On December 31, 2010, the Company entered into a Credit Agreement (the "Credit Agreement") with two U.S. financial institutions. Aceto may borrow, repay and reborrow during the period ending December 31, 2015, up to but not exceeding at any one time outstanding \$40,000 (the "Revolving Loans"). The Revolving Loans may be (i) Adjusted LIBOR Loans (as defined in the Credit Agreement), (ii) Alternate Base Rate Loans (as defined in the Credit Agreement) or (iii) a combination thereof. As of September 30, 2013, there were no Revolving Loans outstanding. The Credit Agreement also allows for the borrowing of up to \$40,000 (the "Term Loan"). The Company borrowed a Term Loan of \$40,000 on December 31, 2010. The Term Loan interest may be payable as an (i) Adjusted LIBOR Loan, (ii) Alternate Base Rate Loan, or (iii) a combination thereof. As of September 30, 2013, the remaining amount outstanding under the original amortizing Term Loan is \$22,750 and is payable as an Adjusted LIBOR Loan at an interest rate of 2.0% at September 30, 2013.

The Credit Agreement also provides that commercial letters of credit may be issued to provide the primary payment mechanism in connection with the purchase of any materials, goods or services by us in the ordinary course of business. At September 30, 2013, we had utilized \$22,995 in bank loans and letters of credit, leaving \$39,755 of this facility unused. The terms of these letters of credit are all less than one year. No material loss is anticipated due to non-performance by the counterparties to these agreements.

The Credit Agreement provides for a security interest in all of our personal property. The Credit Agreement contains several financial covenants including, among other things, maintaining a minimum level of debt service. We are also subject to certain restrictive covenants, including, among other things, covenants governing liens, limitations on indebtedness, limitations on cash dividends, guarantees, sale of assets, sales of receivables, and loans and investments. We were in compliance with all covenants at September 30, 2013.

Pursuant to the requirements of the Credit Agreement, we are required to deliver Hedging Agreements (as defined in the Credit Agreement) fixing the interest rate on not less than \$20,000 of the Term Loan. Accordingly, in March 2011, we entered into an interest rate swap for a notional amount of \$20,000, which has been designated as a cash flow hedge. The expiration date of this interest rate swap is December 31, 2015.

Working Capital Outlook

Working capital was \$139,220 at September 30, 2013 versus \$128,393 at June 30, 2013. In March 2010, we purchased a building in Port Washington, New York, which is now the site of our global headquarters. We moved our corporate offices into this new building in April 2011. On June 30, 2011, we entered into a mortgage payable for \$3,947 on this new corporate headquarters. This mortgage payable is secured by the land and building and is being amortized over a period of 20 years. The mortgage payable bears interest at 5.92% and matures on June 30, 2021.

We continually evaluate possible acquisitions of or investments in businesses that are complementary to our own, and such transactions may require the use of cash. In connection with our agricultural protection business, we plan to continue to acquire product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups, which could approximate \$4,501 over this fiscal year.

In accordance with the purchase agreement, as amended, related to the Rising acquisition, \$7,970 of deferred consideration was to be paid by Aceto over a four year period with \$1,500 paid in February 2012, \$1,470 paid in December 2012, \$1,500 to be paid not later than fifty-six days following the third anniversary of the closing date of the purchase and \$3,500 to be paid not later than fifty-six days following the fourth anniversary of the closing date of the purchase. The purchase agreement also provides for the payment of additional contingent consideration equal to one-half of the three year cumulative Rising earnings before interest, taxes, depreciation and amortization in excess of \$32,100, up to a maximum of \$6,000. As of September 30, 2013, the Company has accrued \$5,473 related to this contingent consideration, with \$1,500 anticipated to be paid in the fourth quarter of fiscal 2014.

We believe that our cash, other liquid assets, operating cash flows, borrowing capacity and access to the equity capital markets, taken together, provide adequate resources to fund ongoing operating expenditures, the repayment of our bank loans and the anticipated continuation of cash dividends for the next twelve months.

Impact of Recent Accounting Pronouncements

In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment (the revised standard)", which allows companies the option to perform a qualitative assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary. Under this guidance, an entity is required to perform a quantitative impairment test if qualitative factors indicate that it is more likely than not that indefinite-lived intangible assets are impaired. The qualitative factors are consistent with the guidance established for goodwill impairment testing and include identifying and assessing events and circumstances that would most significantly impact, individually or in the aggregate, the carrying value of the indefinite-lived intangible assets. The revised standard is effective for the Company in fiscal 2014 and early adoption is permitted. The adoption of ASU 2012 -02 is not expected to have a material impact on the Company's consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Sensitive Instruments

The market risk inherent in our market-risk-sensitive instruments and positions is the potential loss arising from adverse changes in investment market prices, foreign currency exchange-rates and interest rates.

Investment Market Price Risk

We had short-term investments of \$2,165 at September 30, 2013. Those short-term investments consisted of time deposits. Time deposits are short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value.

Foreign Currency Exchange Risk

In order to reduce the risk of foreign currency exchange rate fluctuations, we hedge some of our transactions denominated in a currency other than the functional currencies applicable to each of our various entities. The instruments used for hedging are short-term foreign currency contracts (futures). The changes in market value of such contracts have a high correlation to price changes in the currency of the related hedged transactions. At September 30, 2013, we had foreign currency contracts outstanding that had a notional amount of \$64,378. The difference between the fair market value of the foreign currency contracts and the related commitments at inception and the fair market value of the contracts and the related commitments at September 30, 2013 was not material.

We are subject to risk from changes in foreign exchange rates for our subsidiaries that use a foreign currency as their functional currency and are translated into U.S. dollars. These changes result in cumulative translation adjustments, which are included in accumulated other comprehensive income (loss). On September 30, 2013, we had translation exposure to various foreign currencies, with the most significant being the Euro. The potential loss as of September 30, 2013, resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounted to \$7,877. Actual results may differ.

Interest rate risk

Due to our financing, investing and cash-management activities, we are subject to market risk from exposure to changes in interest rates. We utilize a balanced mix of debt maturities along with both fixed-rate and variable-rate debt to manage our exposure to changes in interest rates. Our financial instrument holdings were analyzed to determine their sensitivity to interest rate changes. In this sensitivity analysis, we used the same change in interest rate for all maturities. All other factors were held constant. If there were an adverse change in interest rates of 10%, the expected effect on net income related to our financial instruments would be immaterial. However, there can be no assurances that interest rates will not significantly affect our results of operations.

Pursuant to the requirements of the Credit Agreement, the Company is required to deliver Hedging Agreements (as defined in the Credit Agreement) fixing the interest rate on not less than \$20,000 of the Term Loan. Accordingly, in March 2011, the Company entered into an interest rate swap for a notional amount of \$20,000, which has been designated as a cash flow hedge. The expiration date of this interest rate swap is December 31, 2015. The unrealized loss to date associated with this derivative, which is recorded in accumulated other comprehensive income in the consolidated balance sheet at September 30, 2013, is \$227. Aceto's interest rate swap is classified within Level 2 as the fair value of this hedge is primarily based on observable interest rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our 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")) are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer, with assistance from other members of our management, have reviewed the effectiveness of our disclosure controls and procedures as of September 30, 2013 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our fiscal quarter ended September 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As previously described in our Form 10-K for the year ended June 30, 2013, we are subject to various environmental proceedings for which there were no material changes during the three months ended September 30, 2013.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed under Part I- in “Item 1A. Risk Factors” in our Form 10-K for the year ended June 30, 2013 which could materially adversely affect our business, financial condition, operating results and cash flows. The risks and uncertainties described in our Form 10-K for the year ended June 30, 2013 are not the only ones we face. Additionally, risks and uncertainties not currently known to us or that we currently deem immaterial also may materially adversely affect our business, financial condition, operating results or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Index to Exhibits

10.1	Aceto Corporation 2013 Senior Executive Retirement Plan
15.1	Letter re unaudited interim financial information
31.1	Certifications of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

SIGNATURES

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

ACETO CORPORATION

DATE November 8, 2013

BY /s/ Salvatore Guccione
Salvatore Guccione, President and Chief Executive Officer
(Principal Executive Officer)

DATE November 8, 2013

BY /s/ Douglas Roth
Douglas Roth, Chief Financial Officer
(Principal Financial Officer)

**ACETO CORPORATION
2013 SENIOR EXECUTIVE RETIREMENT PLAN**

Aceto Corporation (“Aceto” or the “Company”) hereby establishes the Aceto Corporation 2013 Senior Executive Retirement Plan (the “Plan”). The purpose of the Plan is to provide a program of deferred compensation for a select group of management or highly compensated employees who meet the participation requirements set forth herein. As such, the Plan is intended to be a “top hat” plan, which is unfunded for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and to be exempt from any ERISA provision that is deemed inapplicable to an unfunded plan. This Plan is also intended to comply in form and operation with the requirements of Code Section 409A and its corresponding regulations and shall be interpreted in a manner consistent with such Code section and regulations.

Article 1 - Definitions

1.1 Account

The sum of all the bookkeeping sub-accounts as may be established for each Participant as provided in Section 5.1 hereof.

1.2 Administrator or Plan Administrator

An individual or committee appointed by the Board or other responsible corporate officer to serve as the Plan Administrator and as the agent for the Plan Sponsor with respect to the Plan and Trust.

1.3 Board

The Board of Directors of Aceto Corporation.

1.4 Change-in-Control

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, a “Change-in-Control” of the Plan Sponsor shall mean the first to occur of any of the following:

(a) the date that any one person or persons acting as a group, or an individual or entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control, acquires ownership of Plan Sponsor stock constituting more than thirty percent (30%) of the total voting power of the Plan Sponsor;

(b) the date that any one person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets of the Plan Sponsor equal to thirty percent (30%) of the total gross fair market value of all the assets of the Plan Sponsor immediately before such acquisition or acquisitions; or

(c) the date that two-thirds (2/3) of the members of the Plan Sponsor's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or elections.

To qualify as a Change in Control event, the occurrence of the event must be objectively determinable and certified by the Administrator.

1.5 Code

The Internal Revenue Code of 1986, as amended.

1.6 Compensation

A Participant's annual bonus.

1.7 Disabled or Disability

If a Participant is unable to engage in any substantial gainful activity, or if a Participant receives benefits for at least three (3) months under the Plan Sponsor's long-term disability plan, as a result of any medically determinable physical or mental impairment that is expected to result in death or continue for at least twelve (12) months. The Administrator shall determine whether a Participant is Disabled.

1.8 Deferrals

The portion of a Participant's Compensation that has been deferred in accordance with the Plan and the Participant's most recent Deferral Election, as provided in Section 3.1 hereof.

1.9 Deferral Election

The separate agreement, submitted to the Administrator, by which an Eligible Participant agrees to participate in the Plan and make Deferrals thereto for a Plan Year.

1.10 Effective Date

July 1, 2013.

1.11 Eligible Employee

Any Company employee at the Senior Vice President level or above, who is actively employed and approved for participation by the Administrator.

1.12 Employee

Any individual who is employed by or providing services to the Company. The Company also means “service provider” as used in Treas. Reg. section 1.409A-1(f).

1.13 Investment Fund

Each investment(s) that serves as a means to measure value, increases or decreases with respect to a Participant’s Accounts.

1.14 Non-Elective Contribution

The contribution made by the Company described in Section 3.3.

1.15 Participant

An Eligible Employee who is a Participant as provided in Article 2.

1.16 Plan Sponsor

Aceto Corporation

1.17 Plan Year

July 1 – June 30

1.18 Retirement

Retirement shall mean a Participant’s Separation from Service from the Company.

1.19 Separation from Service

Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, a Participant shall incur a Separation from Service with the Service Recipient upon his or her cessation of employment with the Company.

1.20 Specified Employee

A key employee (as defined in Code section 416(i) without regard to Code section 416(i)(5)) of the Plan Sponsor (if such Plan Sponsor is publicly traded on an established securities market or otherwise). An employee is a key employee if the employee meets the requirements of Code section 416(i)(1)(A)(i), (ii) or (iii) (applied in accordance with the regulations thereunder and disregarding Code section 416(i)(5)) at any time during the 12-month period ending on December 31. The application of rules regarding a “Specified Employee” to spinoffs and mergers and nonresident alien employees shall be determined pursuant to applicable Internal Revenue Service guidance. For purposes of this Plan, all Participants shall be deemed Specified Employees.

1.21 Trust

The agreement between the Plan Sponsor and the Trustee, under which the assets of the Plan are held, administered and managed.

1.22 Trustee

Such entity or successor that shall become Trustee pursuant to the terms of the Trust.

Article 2 - Participation

2.1 Commencement of Participation

Each Eligible Employee shall become a Participant as of the date on which his or her Deferral Election first becomes effective.

2.2 Loss of Eligible Employee Status

A Participant who is no longer an Eligible Employee shall not be permitted to submit a Deferral Election and all Deferrals for such Participant shall cease as of the end of the Plan Year in which such Participant is determined to no longer be an Eligible Employee. Amounts credited to the Account of a Participant who is no longer an Eligible Employee shall continue to be held pursuant to the terms of the Plan and shall be distributed as provided in Article 6.

Article 3 - Contributions

3.1 Deferral Elections - General

A Participant's Deferral Election for a Plan Year is irrevocable for that applicable Plan Year; provided, however that a Deferral Election for a Plan Year may be canceled upon a Participant's death, Disability, Separation from Service or as required under Section 6.7 (Unforeseeable Emergency) of this Plan. Such amounts deferred under the Plan shall not be made available to such Participant, except as provided in Article 6, and shall reduce such Participant's Compensation from the Plan Sponsor in accordance with the provisions of the applicable Deferral Election; provided, however, that all such amounts shall be subject to the rights of the general creditors of the Plan Sponsor as provided in Article 8. The Deferral Election, in addition to the requirements set forth below, must designate: (i) the amount of Compensation to be deferred, (ii) the Account that the Compensation is to be invested in, (iii) the time of the distribution, and (iv) the form of the distribution.

3.2 Time of Election

A Deferral Election shall be void if it is not made in a timely manner as follows:

(a) A Deferral Election with respect to any Compensation must be submitted to the Administrator not later than the close of the Plan Year next preceding the Plan Year during which the amount to be deferred will be earned. As of the last day of the Plan Year next preceding the Plan Year in which the amount to be deferred will be earned, said Deferral Election is irrevocable for the Plan Year to which it relates.

(b) Notwithstanding the foregoing, in a year in which an Eligible Employee is first eligible to participate, and provided that such Eligible Employee is not eligible to participate in any other similar account balance arrangement subject to Code Section 409A, such Deferral Election may be submitted within thirty (30) days after the date on which the Eligible Employee is first eligible to participate, and such Deferral Election shall apply to Compensation to be paid for services to be performed during the remainder of the Plan Year after such election is made.

3.3 Employer Contributions

In its sole discretion, the Company, by action of the Board, may from time to time allocate Employer contributions to Participants' Accounts; provided, however, that all such Employer contributions, as determined in the discretion of the Board, need not be allocated among all Participants on the same basis.

3.4 Distribution Elections

At the time a Participant makes a Deferral Election, he or she must also elect the time and form of the distribution of benefits from the Plan. If the Participant fails to properly designate the time and form of a distribution, the Participant shall be deemed to have elected to receive a single lump sum payment payable six (6) months following the date of the Employee's Retirement. A Participant's Deferral Election regarding the time and form of distribution for any Plan Year shall also apply to the receipt of Employer Contributions, if any, for the same Plan Year.

3.5 Additional Requirements

The Deferral Election, subject to the limitations set forth in Sections 3.1 and 3.2 hereof, shall comply with the following additional requirements, or as otherwise required by the Administrator in its sole discretion: (a) Deferrals may be made in whole percentages or stated dollar amounts with such limitations as determined by the Administrator and (b) the maximum amount that may be deferred each Plan Year is one-hundred percent (100%) of the Participant's Compensation.

3.6 Crediting of Contributions

Deferrals shall be credited to a Participant's Account, and if applicable transferred to the Trust, at such time as the Plan Sponsor shall determine.

Article 4 - Vesting

4.1 Vesting of Deferrals

A Participant shall be one hundred percent (100%) vested in his or her Account attributable to Deferrals and any earnings or losses on the investment of such Deferrals.

4.2 Vesting of Employer Contributions

Participants will be vested in all Employer Contributions under Article 3.3 of the Plan at a rate of 20% for each year of Credited Service, measured by Plan Year. For purposes of this Plan, Credited Service means the Participant must have at least one thousand (1,000) hours of service (as defined in accordance with D.O.L. Regulation Section 2530.200(b)) in the Plan Year. A Participant shall automatically become 100% vested in the event of the Participant's death or if the Participant becomes Disabled. A Participant shall receive credit for all Years of Credited Service with the Employer, including Years of Credited Service accrued prior to the Effective Date of the Plan and prior to the commencement of his or her participation in the Plan.

4.3 Forfeiture of Accounts

In the event a Participant has a Separation of Service prior to becoming 100% vested, his or her Non-Elective Contribution Account shall be forfeited to the extent not vested. All forfeitures shall revert to the Company.

Article 5 - Accounts

5.1 Accounts

The Administrator shall establish and maintain a bookkeeping account in the name of each Participant. Such Accounts shall include a Participant Account and a Non-Elective Contribution Account, sub-accounts including an Investment Account, and such other sub-accounts as the Administrator deems appropriate. Each Participant's Account shall be credited with Deferrals (as specified in the Participant's Deferral Election), Non-Elective Contributions and the Participant's allocable share of any earnings or losses on the foregoing.

5.2 Investment Funds, Gains and Losses

(a) It is the intention of the Plan Sponsor that the Plan be an unfunded top hat plan for highly compensated and managerial employees within the meaning of Title I of ERISA. The Plan Sponsor shall be free to invest or not invest Accounts as the Plan Sponsor in its sole discretion shall determine. Any investments which the Plan Sponsor determines to make with respect to the assets allocated to the Accounts shall remain, until distributed to Participants and their Beneficiaries in accordance with the terms of the Plan, assets of the Plan Sponsor and subject to its general creditors. The Plan Sponsor may in its discretion establish a trust, known as a "rabbi trust", for use in funding the benefits under the Plan with a Trustee to be selected by the Plan Sponsor and in accordance with a trust agreement which fully or substantially meets the requirements of Rev. Proc. 92-64, as it may be amended or supplemented in the future.

(b) If made available by the Committee, a Participant may designate one or more Investment Funds to serve as indices for the investment performance of such Participant's Account. The Investment Funds designated by the Participant may, in the discretion of the Committee, be selected from a menu of insurance contracts, mutual funds and/or securities made available for such purpose by the Committee. The Investment Funds designated as investment indices for purposes of this Section 5.2(b) shall serve only as indices for purposes of determining the amounts credited as "gains" or "losses" with respect to a Participant's Account. The Plan Sponsor may or may not invest a Participant's Deferral amounts in the Investments Funds selected. Each Participant's Account shall be adjusted to reflect the gain or loss such Account would experience had the Account actually been invested in the specified Investment Funds at the relevant times. A Participant may, at any time, designate other Investment Funds from the investment options made available by the Committee for new Deferrals and contributions or for amounts already credited to the Participant's Account. If the Plan Sponsor invests a Participant's Deferral amounts in the Investment Funds specified by the Participant, the Participant shall have no beneficial ownership interest in and to such funds or any other specifically identifiable assets of the Plan Sponsor.

(c) A Participant may direct that his or her Investment Account may be valued as if they were invested in one or more Investment Funds as selected by the Plan Sponsor in multiples of one percent (1%). The Plan Sponsor may from time to time, at the discretion of the Administrator, change the Investment Funds for purposes of this Plan.

(f) The Administrator shall adjust the amounts credited to each Participant's Account to reflect Deferrals, investment experience, distributions and any other appropriate adjustments. Such adjustments shall be made as frequently as is administratively feasible.

(g) A Participant may change his or her selection of Investment Funds with respect to his or her Account at any time by filing a new election in accordance with procedures established by the Administrator. An election shall be effective as soon as administratively feasible following the date the change is submitted on a form or other manner prescribed by the Administrator.

(h) Notwithstanding the Participant's ability to designate the Investment Fund in which his or her deferred Compensation shall be deemed invested, the Plan Sponsor shall have no obligation to invest any funds in accordance with the Participant's election. Participants' Accounts shall merely be bookkeeping entries on the Plan Sponsor's books, and no Participant shall obtain any property right or interest in any Investment Fund.

Article 6 - Distributions

6.1 Distribution Election

Each Participant shall designate in his or her Deferral Election the form and timing of his or her distribution by indicating the type of sub-account as described under Section 5.1, and by designating the form in which payments shall be made from the choices available under Section 6.2 hereof. Notwithstanding anything to the contrary contained herein provided, no acceleration of the time or schedule of payments under the Plan shall occur except as permitted under this Plan, Code Section 409A and the regulations thereunder.

6.2 Distributions Upon Retirement and In-Service Distributions

A Participant may elect to receive a distribution from the Plan either at Retirement or as an In-Service Distribution as follows:

(i) If the Participant elects to receive a distribution from the Plan at Retirement, upon a Separation from Service, the Participant's Retirement sub-account(s) shall be distributed as soon as administratively possible after the first day of the seventh month after the date of the Participant's Retirement, provided that the Participant shall have no right to designate the taxable year of the payment. Distribution shall be made either in a lump-sum payment or in substantially equal annual installments, as defined in Section 6.3 below, over a period of five (5), years as elected by the Participant. If the Participant fails to properly designate the form of the distribution, the sub-account shall be paid in a single lump-sum payment as soon as administratively possible after the first day of the seventh month after the date of the Participant's Retirement.

(ii) A Participant may elect on his or her annual Deferral Election form to have all of his or her sub-account(s) (for that Plan Year) paid to the Participant as of a specific date, as permitted on the Deferral Election form. Such specific date election must be at least five (5) years from the year of the deferral (e.g., 2013 bonus is deferred in 2014, specific date distribution can be made in 2019). Such specific date distribution shall be made either in a lump-sum payment or in substantially equal annual installments, as defined in Section 6.3 below, over a period of five (5), years as elected by the Participant. If the Participant fails to properly designate the form of the specific date distribution, the sub-account shall be paid in a single lump-sum payment as soon as administratively possible after the specific date. If the Participant shall have a Separation from Service before the specified date, any vested portion of the sub-account(s) subject to an in-service distribution election will be paid in a single lump sum payment as soon as administratively possible after the first day of the seventh month after the date of the Separation from Service. In addition, if the Participant shall have a Separation from Service after the specified date and he or she has not received all the installment payments requested, all remaining installment payments will be paid in a single lump sum payment as soon as administratively possible after the first day of the seventh month after the date of the Separation from Service.

6.3 Substantially Equal Annual Installments

(a) The amount of the substantially equal payments shall be determined by multiplying the Participant's Account or sub-account by a fraction, the denominator of which in the first year of payment equals the number of years over which benefits are to be paid, and the numerator of which is one (1). The amounts of the payments for each succeeding year shall be determined by multiplying the Participant's Account or sub-account as of the applicable anniversary of the payout by a fraction, the denominator of which equals the number of remaining years over which benefits are to be paid, and the numerator of which is one (1). Installment payments made pursuant to this Section 6.3 shall be made as soon as administratively feasible but no later than first day of the seventh month ninety following the distribution event and each anniversary of the distribution event, provided that the Participant shall have no right to designate the taxable year of any payment.

(b) For purposes of the Plan pursuant to Code Section 409A and regulations thereunder, a series of annual installments from a particular sub-account shall be considered a single payment.

6.4 Distributions upon Death

Upon the death of a Participant, all amounts credited to his or her Account shall be paid, as soon as administratively feasible but no later than ninety (90) days following Participant's date of death, to his or her beneficiary or beneficiaries, as determined under Article 7 hereof, in a lump sum, provided that the beneficiary or beneficiaries shall have no right to designate the taxable year of the payment.

6.5 Changes to Distribution Elections

A Participant will be permitted to elect to change the form or timing of the distribution of the balance of his or her one or more sub-accounts within his or her Account to the extent permitted and in accordance with the requirements of Code Section 409A(a)(4)(C), including the requirement that (i) a re-deferral election may not take effect until at least twelve (12) months after such election is filed with the Plan Sponsor, (ii) an election to further defer a distribution (other than a distribution upon death or an unforeseeable emergency) must result in the first distribution subject to the election being made at least five (5) years after the previously elected date of distribution, and (iii) any re-deferral election affecting a distribution at a fixed date must be filed with the Plan Sponsor at least twelve (12) months before the first scheduled payment under the previous fixed date distribution election. Once a sub-account begins distribution, no such changes to distributions shall be permitted.

6.6 Acceleration or Delay in Payments

To the extent permitted by Code Section 409A, and notwithstanding any provision of the Plan to the contrary, the Administrator, in its sole discretion, may elect to (i) accelerate the time or form of payment of a benefit owed to a Participant hereunder in accordance with the terms and subject to the conditions of Treasury Regulations Section 1.409A-3(j)(4), or (ii) delay the time of payment of a benefit owed to a Participant hereunder in accordance with the terms and subject to the conditions of Treasury Regulations Section 1.409A-2(b)(7). Payments to a Specified Employee that would otherwise be paid during the first six months after Separation from Service shall be accumulated and paid as of the first day of the seventh month following Separation from Service or, if earlier, the date of death and thereafter, payments shall be paid as regularly scheduled. Payments for a permissible event shall commence on the date of the event. Under no circumstances may a Participant select the taxable year in which payment is to be made.

6.7 Unforeseeable Emergency

The Administrator may permit an early distribution of part or all of any deferred amounts; provided, however, that such distribution shall be made only if the Administrator, in its sole discretion, determines that the Participant, or the Participant's beneficiary, has experienced an Unforeseeable Emergency. An Unforeseeable Emergency is defined as a severe financial hardship resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or a dependent (as defined in Code Section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. If an Unforeseeable Emergency is determined to exist, a distribution may not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Upon a distribution to a Participant under this Section 6.7, the Participant's Deferrals shall cease and no further Deferrals shall be made for such Participant for the remainder of the Plan Year and for the immediately succeeding Plan Year.

6.8 Domestic Relations Orders

The Administrator may permit the acceleration of the time or schedule of a payment under the Plan to an individual other than a Participant as may be necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)).

6.9 Disability

A Participant may receive a distribution of his or her Account upon his or her becoming Disabled.

6.10 Minimum Distribution

Notwithstanding any provision to the contrary, if the balance of a Participant's Account at the time of a distribution event or at the time of a scheduled installment payment does not exceed \$15,000 (or, if less, the applicable dollar amount under Code Section 402(g)), then the Participant shall be paid his or her Account as a single lump sum, provided that the distribution results in the termination and liquidation of the Participant's entire interest in the Plan, including all agreements, methods, programs or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single plan under the plan aggregation rules of Code Section 409A and regulations thereunder.

6.11 Form of Payment

All distributions shall be made in the form of cash.

Article 7 - Beneficiaries

7.1 Beneficiaries

Each Participant may from time to time designate one or more persons (including one or more members or other persons, administrators, trusts, foundations or other entities) as his or her beneficiary under the Plan. Such designation shall be made in a form prescribed by the Administrator. Each Participant may at any time change any previous beneficiary designation, without notice to or consent of any previously designated beneficiary, by amending his or her previous designation in a form prescribed by the Administrator. If the beneficiary does not survive the Participant (or is otherwise unavailable to receive payment), or if no beneficiary is validly designated then the amounts payable under this Plan shall be paid to the Participant's estate. If more than one person is the beneficiary of a deceased Participant, each such person shall receive a pro rata share of any death benefit payable unless otherwise designated in the applicable form. If a beneficiary who is receiving benefits dies, all benefits that were payable to such beneficiary shall then be payable to the estate of that beneficiary.

7.2 Lost Beneficiary

All Participants and beneficiaries shall be obligated to keep the Administrator informed of their current address until such time as all benefits due have been paid. If a Participant or beneficiary cannot be located by the Administrator exercising due diligence, then, in its sole discretion, the Administrator may presume that the Participant or beneficiary is deceased for purposes of the Plan and all unpaid amounts (net of due diligence expenses) owed to the Participant or beneficiary shall be paid accordingly or, if a beneficiary cannot be so located, then such amounts may be forfeited. Any such presumption of death shall be final, conclusive and binding on all parties.

Article 8 - Funding

8.1 Prohibition Against Funding

Should any investment be acquired in connection with the liabilities assumed under this Plan, it is expressly understood and agreed that the Participants and beneficiaries shall not have any right with respect to, or claim against, such assets nor shall any such purchase be construed to create a trust of any kind or a fiduciary relationship between the Plan Sponsor and the Participants, their beneficiaries or any other person. Any such assets shall be and remain a part of the general, unpledged, unrestricted assets of the Plan Sponsor, subject to the claims of its general creditors. It is the express intention of the parties hereto that this arrangement shall be unfunded for tax purposes. Each Participant and beneficiary shall be required to look to the provisions of this Plan and to the Plan Sponsor itself for enforcement of any and all benefits due under this Plan, and to the extent any such person acquires a right to receive payment under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Plan Sponsor. The Plan Sponsor or the Trust shall be designated the owner and beneficiary of any investment acquired in connection with its obligation under this Plan.

8.2 Deposits in Trust

Notwithstanding Section 8.1, or any other provision of this Plan to the contrary, the Plan Sponsor may deposit into the Trust any amounts it deems appropriate to pay the benefits under this Plan. The amounts so deposited may include all contributions made pursuant to a Deferral Election by a Participant.

8.3 Withholding of Participant Contributions

The Administrator is authorized to make any and all necessary arrangements to withhold a Participant's Deferrals under Section 3.1 from his or her Compensation. The Administrator shall determine the amount and timing of such withholding.

Article 9 - General Provisions

9.1 Administrator

(a) The Administrator is expressly empowered to limit the amount of Compensation that may be deferred; to deposit amounts into the Trust in accordance with Section 8.2 hereof; to interpret the Plan, and to determine all questions arising in the administration, interpretation and application of the Plan; to employ actuaries, accountants, counsel, and other persons it deems necessary in connection with the administration of the Plan; to request any information from the Plan Sponsor it deems necessary to determine whether the Plan Sponsor would be considered insolvent or subject to a proceeding in bankruptcy; and to take all other necessary and proper actions to fulfill its duties as Administrator.

(b) The Administrator shall not be liable for any actions by it hereunder, unless due to its own negligence, willful misconduct or lack of good faith.

(c) The Administrator shall be indemnified and held harmless by the Plan Sponsor from and against all liability to which it may be subject by reason of any act or omitted done in its capacity as Administrator in good faith in the administration of the Plan and Trust, including all expenses reasonably incurred in its defense in the event the Plan Sponsor fails to provide such defense upon the request of the Administrator. The Administrator is relieved of all responsibility in connection with its duties hereunder to the fullest extent permitted by law, short of breach of duty to the beneficiaries.

9.2 No Assignment of Benefits or Payments

Benefits or payments under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's beneficiary, whether voluntary or involuntary, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish the same shall not be valid, nor shall any such benefit or payment be in any way liable for or subject to the debts, contracts, liabilities, engagement or torts of any Participant or beneficiary, or any other person entitled to such benefit or payment pursuant to the terms of this Plan, except to such extent as may be required by law. If any Participant or beneficiary or any other person entitled to a benefit or payment pursuant to the terms of this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish any benefit or payment under this Plan, in whole or in part, or if any attempt is made to subject any such benefit or payment, in whole or in part, to the debts, contracts, liabilities, engagements or torts of the Participant or beneficiary or any other person entitled to any such benefit or payment pursuant to the terms of this Plan, then such benefit or payment, in the discretion of the Administrator, shall cease and terminate with respect to such Participant or beneficiary, or any other such person.

9.3 Incompetence

If the Administrator determines that any person to whom a benefit is payable under this Plan is incompetent by reason of physical or mental disability, the Administrator shall have the power to cause the payments becoming due to such person to be made to another for his or her benefit without responsibility of the Administrator or the Plan Sponsor to see to the application of such payments. Any payment made pursuant to such power shall, as to such payment, operate as a complete discharge of the Plan Sponsor, the Administrator and the Trustee.

9.4 Identity

If, at any time, any doubt exists as to the identity of any person entitled to any payment hereunder or the amount or time of such payment, the Administrator shall be entitled to hold such sum until such identity or amount or time is determined or until an order of a court of competent jurisdiction is obtained. The Administrator shall also be entitled to pay such sum into court in accordance with the appropriate rules of law. Any expenses incurred by the Plan Sponsor, Administrator, and Trust incident to such proceeding or litigation shall be charged against the Account of the affected Participant.

9.5 Expenses

All expenses incurred in the administration of the Plan whether incurred by the Plan Sponsor or the Plan shall be paid by the Plan Sponsor.

9.6 Insolvency

Should the Plan Sponsor be considered insolvent (as defined by the Trust), the Plan Sponsor, through its Board and chief executive officer, shall give immediate written notice of such to the Administrator of the Plan and the Trustee. Upon receipt of such notice, the Administrator or Trustee shall cease to make any payments to Participants or their beneficiaries and shall hold any and all assets attributable to the Plan Sponsor for the benefit of the general creditors of the Plan Sponsor.

9.7 Amendment or Modification

The Plan Sponsor may, at any time, in its sole discretion, amend or modify the Plan in whole or in part, except that no such amendment or modification shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and provided that such amendment or modification complies with Code Section 409A and related regulations thereunder.

9.8 Plan Suspension

The Plan Sponsor further reserves the right to suspend the Plan in whole or in part, except that no such suspension shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and provided that the distribution of the vested Participant Accounts shall not be accelerated but shall be paid at such time and in such manner as determined under the terms of the Plan immediately prior to suspension as if the Plan had not been suspended.

9.9 Plan Termination

The Plan Sponsor further reserves the right to terminate the Plan in whole or in part, in the following manner, except that no such termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts, and provided that any distribution in connection with such termination complies with Code Section 409A and related regulations thereunder:

(a) The Plan Sponsor, in its sole discretion, may terminate the Plan and distribute all vested Participants' Accounts no earlier than twelve (12) calendar months from the date of the Plan termination and no later than twenty-four (24) calendar months from the date of the Plan termination, provided however that all other similar arrangements are also terminated by the Plan Sponsor for any affected Participant and no other similar arrangements are adopted by the Plan Sponsor for any affected Participant within a three (3) year period from the date of termination; or

(b) The Plan Sponsor may decide, in its sole discretion, to terminate the Plan in the event of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court, provided that the Participants vested Account balances are distributed to Participants and are included in the Participants' gross income in the latest of: (i) the calendar year in which the termination occurs; (ii) the calendar year in which the amounts deferred are no longer subject to a substantial risk of forfeiture; or (iii) the first calendar year in which payment is administratively practicable.

9.10 Plan Termination due to a Change-in-Control

The Plan Sponsor may decide, in its discretion, to terminate the Plan in the event of a Change-in-Control and distribute all vested Participants' Account balances no earlier than thirty (30) days prior to the Change-in-Control and no later than twelve (12) months after the effective date of the Change-in-Control, provided however that the Plan Sponsor terminates all other similar arrangements for any affected Participant.

9.11 Construction

All questions of interpretation, construction or application arising under or concerning the terms of this Plan shall be decided by the Administrator, in its sole and final discretion, whose decision shall be final, binding and conclusive upon all persons.

9.12 Governing Law

This Plan shall be governed by, construed and administered in accordance with the applicable provisions of Code Section 409A, and any other applicable federal law, provided, however, that to the extent not preempted by federal law this Plan shall be governed by, construed and administered under the laws of the State of New York.

9.13 Severability

If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of this Plan and this Plan shall be construed and enforced as if such provision had not been included therein.

9.14 Headings

Article headings contained herein are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the intent of the Plan nor in any way shall they affect the Plan or the construction of any provision thereof.

9.15 Terms

Capitalized terms shall have meanings as defined herein. Singular nouns shall be read as plural, masculine pronouns shall be read as feminine, and vice versa, as appropriate.

9.16 Effect of Plan on Plan Sponsor and Participants

The Plan shall be binding upon the Plan Sponsor, its assigns, and any successor company which shall succeed to substantially all of its assets and business through merger, acquisition or consolidation, and upon a Participant, his Beneficiary, assigns, heirs, executors and administrators.

9.17 Plan Creates No Guaranty of Continued Employment

The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Plan Sponsor and any Eligible Employee. Nothing in this Plan shall of itself be deemed to give an Eligible Employee the right to be retained in the service of the Plan Sponsor or to interfere with any right of the Plan Sponsor to discipline or discharge the Eligible Employee at any time.

9.18 Illegality or Invalidity of Any Plan Provision

In case any provisions of this Plan shall be found illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been included herein.

9.19 Effect of Payment of Plan Benefits

The payment of benefits under the Plan to a Participant or Beneficiary shall fully and completely discharge the Plan Sponsor, the Board, and the Committee from all further obligations under this Plan with respect to a Participant, and that Participant's Deferral Elections, and any outstanding Deferral Elections shall terminate upon such full payment of benefits.

9.20 Effect of Plan Titles and Headings

Titles and headings of the Articles and Sections of the Plan are included for ease of reference only and are not to be used for the purpose of construing any portion or provision of the Plan document.

9.21 Execution of Plan Documents

This Plan document and any Deferral Election may be executed in one or more counterparts, each of which is legally binding and enforceable.

9.22 Tax Effect and No Guarantee of Investment Returns

The Plan Sponsor does not represent or guarantee that any particular federal, state or local income, payroll, personal property or other tax consequence will result from participation in this Plan. A Participant should consult with professional tax advisors to determine the tax consequences of his or her participation. The Plan Sponsor also does not represent or guarantee investment returns with respect to any predetermined investment options and shall not be required to restore any loss which may result from such investment or lack of investment.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer, effective as of this ____ of June, 2013.

ACETO CORPORATION

By: _____

Title: _____

November 8, 2013

Aceto Corporation
Port Washington, New York

We are aware that Aceto Corporation and subsidiaries has incorporated by reference in its Registration Statements on Form S-8 (No. 333-187353, No. 333-174834, No. 333-149586, No. 33-38679, No. 333-90929, and No. 333-110653) our report dated November 8, 2013, relating to the Company's unaudited interim consolidated financial statements appearing in its quarterly report on Form 10-Q for the quarter ended September 30, 2013. Pursuant to Regulation C under the Securities Act of 1933, that report is not considered a part of the registration statement prepared or certified by our firm or a report prepared or certified by our firm within the meaning of Sections 7 and 11 of the Act. It should be noted that we have not performed any procedures subsequent to November 8, 2013.

/s/ BDO USA, LLP

Melville, New York

CERTIFICATION

I, Salvatore Guccione, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aceto Corporation (the "Registrant");
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 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 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.

Dated: November 8, 2013

/s/ Salvatore Guccione
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Douglas Roth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aceto Corporation (the "Registrant");
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 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 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.

Dated: November 8, 2013

/s/ Douglas Roth
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

In connection with the Quarterly Report of Aceto Corporation, a New York corporation (the "Company"), on Form 10-Q for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Salvatore Guccione, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) and 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.

/s/ Salvatore Guccione
President and Chief Executive Officer
(Principal Executive Officer)
November 8, 2013

CERTIFICATION

In connection with the Quarterly Report of Aceto Corporation, a New York corporation (the "Company"), on Form 10-Q for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas Roth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) and 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.

/s/ Douglas Roth
Chief Financial Officer
(Principal Financial and Accounting Officer)
November 8, 2013
