

ACETO CORP  
Form DEF 14A  
October 13, 2010

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_ )

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

ACETO CORPORATION

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(Name of registrant as specified in its charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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- o Fee paid previously with preliminary materials.
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    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
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ACETO CORPORATION  
One Hollow Lane  
Lake Success, New York 11042-1215  
Tel. (516) 627-6000

October 13, 2010

Dear Fellow Shareholder:

I take pleasure in inviting each of you to attend Aceto Corporation's annual meeting of shareholders to be held on Thursday, December 2, 2010 at 10:00 a.m., Eastern Standard Time, at the Company's offices, One Hollow Lane, Lake Success, New York. This year, Aceto will continue to use the "notice and access" method of providing proxy materials to you via the Internet. On or about October 20, 2010, you will receive a Notice of Internet Availability of Proxy Materials (the "Notice"), which includes instructions regarding voting your shares and requesting a printed copy of our proxy materials.

Please use this opportunity to take part in our affairs by voting on the business to come before this meeting.

I look forward to seeing you at the annual meeting and thank you for your continued support.

Sincerely,

Albert L. Eilender  
Chairman of the Board and Chief Executive  
Officer

ACETO CORPORATION

One Hollow Lane  
Lake Success, New York 11042-1215  
Tel. (516) 627-6000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of Aceto Corporation:

We hereby notify you that the annual meeting of shareholders of Aceto Corporation, a New York corporation (the "Company"), will be held on Thursday, December 2, 2010 at 10:00 a.m., Eastern Standard Time, at the Company's offices, One Hollow Lane, Lake Success, New York, for the following purposes:

to elect six directors to the board of directors to hold office for the following year and until their successors are elected;

to approve the Aceto Corporation 2010 Equity Participation Plan;

to ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for our fiscal year ending June 30, 2011; and

to transact any other business that may properly come before the meeting or any adjournment thereof.

The matters listed in this notice of meeting are described in the accompanying proxy statement. The Company's board of directors has fixed the close of business on October 6, 2010 as the record date for this year's annual meeting. You must be a shareholder of record at that time to be entitled to notice of the annual meeting and to vote at the annual meeting.

Important notice regarding the availability of Proxy Materials: The proxy statement and the Company's Annual Report on Form 10-K for the year ended June 30, 2010 are available electronically to the Company's shareholders of record as of the close of business on October 6, 2010.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS YOU RECEIVED IN THE MAIL OR, IF YOU REQUESTED TO RECEIVE PRINTED PROXY MATERIALS, YOUR ENCLOSED PROXY CARD. ANY SHAREHOLDER MAY REVOKE A SUBMITTED PROXY AT ANY TIME BEFORE THE MEETING BY WRITTEN NOTICE TO SUCH EFFECT, BY SUBMITTING A SUBSEQUENTLY DATED PROXY OR BY ATTENDING THE MEETING AND VOTING IN PERSON. THOSE VOTING BY INTERNET MAY ALSO REVOKE THEIR PROXY BY VOTING IN PERSON AT THE MEETING OR BY VOTING AND SUBMITTING THEIR PROXY AT A LATER TIME BY INTERNET.**

By order of the board of directors,

Douglas Roth  
Chief Financial Officer and Secretary

Lake Success, New York  
October 13, 2010

ACETO CORPORATION

ONE HOLLOW LANE  
LAKE SUCCESS, NEW YORK 11042-1215  
Tel. (516) 627-6000

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PROXY STATEMENT

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GENERAL INFORMATION

Information About Proxy Solicitation

This proxy statement is being furnished to holders of shares as of the record date of the common stock, \$0.01 par value per share, of Aceto Corporation, a New York corporation (the "Company"), in connection with the Company's annual meeting to be held on Thursday, December 2, 2010 at 10:00 a.m., Eastern Standard Time, at the Company's offices, One Hollow Lane, Lake Success, New York. We made this proxy statement available to you because our board of directors is soliciting your proxy to vote your shares at the annual meeting and at any adjournment. This proxy statement summarizes information that we are required to provide to you under the rules of the United States Securities and Exchange Commission and the NASDAQ Global Select Market, which information is designed to assist you in voting your shares. The purposes of the meeting and the matters to be acted on are stated in the accompanying notice of annual meeting of shareholders. At present, the board of directors knows of no other business that will come before the meeting.

The Company will bear the cost of its solicitation of proxies. The original solicitation of proxies may be supplemented by personal interview, telephone, and facsimile by the directors, officers and employees of the Company. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held by such persons, and the Company may reimburse those custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in doing so.

Information About Voting

Q: Why am I receiving these materials?

A: The board of directors has made these proxy materials available to you on the Internet or, upon your request, has delivered printed proxy materials to you, in connection with the Company's annual meeting of shareholders, which will take place on December 2, 2010. As a shareholder, you are invited to attend the annual meeting and to vote on the items of business described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of directors and the most highly paid executive officers, and certain other required information. A copy of our 2010 Form 10-K is also part of the proxy materials.

Q: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

A: In accordance with the “notice and access” rules adopted by the Securities and Exchange Commission, we may now furnish proxy materials, including this proxy statement and our Form 10-K for the year ended June 30, 2010 to our shareholders by providing access to such documents on the Internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to most of our shareholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may access and submit your proxy card. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

Q: How do I get electronic access to the proxy materials?

A: The Notice will provide you with instructions regarding how to access the Notice of Annual Meeting, this Proxy Statement, your proxy card and Form 10-K for the year ended June 30, 2010. The proxy materials will be available on the Internet starting on October 20, 2010, as described in the Notice. You will not receive a printed copy of these proxy materials unless you request them in accordance with the instructions provided in the Notice.

Q: What items of business will be voted on at the annual meeting?

A: The three items of business scheduled to be voted on at the annual meeting are the election of directors, the approval of the Aceto Corporation 2010 Equity Participation Plan and the ratification of the appointment of the Company's independent registered public accounting firm. We will also consider any other business that properly comes before the annual meeting.

Q: How does the board of directors recommend that I vote?

A: The board of directors recommends that you vote your shares FOR each of the nominees to the board, FOR the approval of the Aceto Corporation 2010 Equity Participation Plan, and FOR the ratification of the appointment of the Company's independent registered public accounting firm on the proxy card included with this proxy statement.

Q: What shares can I vote?

A: You may vote all shares owned by you as of the close of business on October 6, 2010, the record date. These shares include: (1) shares held directly in your name as a shareholder of record; and (2) shares held for you, as the beneficial owner, through a broker or other nominee, such as a bank.

Q: Can I vote my shares by filling out and returning the Notice?

A: No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote by (i) Internet, (ii) requesting and returning a paper proxy card or voting instruction card, or (iii) submitting a ballot in person at the meeting.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most shareholders of the Company hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, LLC, you are considered, with respect to those shares, the shareholder of record and the Notice is being sent directly to you by the Company. As the shareholder of record, you have the right to grant your proxy directly to the board of directors or to vote in person at the meeting.

If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in "street name," and the Notice is being forwarded to you by your broker or nominee. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a "legal proxy" from the broker or nominee that holds your shares, giving you the right to vote the shares. Your broker or nominee has enclosed or provided voting instructions for you to use in directing the broker or nominee how to vote your shares.

Q: How can I attend the annual meeting?

A: You are entitled to attend the annual meeting only if you were a shareholder of the Company or joint holder as of the close of business on October 6, 2010, or you hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. If you are not a record holder but hold shares through a broker or



nominee (that is, in “street name”), you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to October 6, 2010, a copy of the voting instruction card provided by your broker or nominee, or other similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the annual meeting. The annual meeting will begin promptly at 10:00 a.m. Eastern Standard Time. Check-in will begin at 9:00 a.m., and you should allow ample time for the check-in procedures.

Q: How can I vote my shares in person at the annual meeting?

A: You may vote in person at the annual meeting any shares that you hold as the shareholder of record. You may only vote in person shares held in street name if you obtain from the broker or nominee that holds your shares a “legal proxy” giving you the right to vote the shares.

Q: How can I vote my shares without attending the annual meeting?

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, you may without attending the meeting direct how your shares are to be voted. If you are a shareholder of record, you may vote by granting a proxy. If you hold shares in street name, you may vote by submitting voting instructions to your broker or nominee.

Q: Can I change my vote?

A: You may change your vote at any time prior to the vote at the annual meeting. For shares held directly in your name, you may accomplish this by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) or by attending the annual meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you hold beneficially, you may change your vote by submitting new voting instructions to your broker or nominee or, if you have obtained a “legal proxy” from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person. You may also revoke your proxy by sending a written notice of revocation to Mr. Douglas Roth, Chief Financial Officer and Secretary, Aceto Corporation, One Hollow Lane, Lake Success, New York 11042.

Q: Who can help answer my questions?

A: If you have any questions about the annual meeting or how to vote or revoke your proxy, you should contact Mr. Terry Steinberg, Vice President, Administration and Assistant Secretary, by mail to Aceto Corporation, One Hollow Lane, Lake Success, New York 11042 or by phone at 516-627-6000. Also, if you need additional copies of this proxy statement or voting materials, you should contact Mr. Steinberg.

Q: How are votes counted?

A: In the election of directors, you may vote FOR all of the six nominees or you may direct your vote to be WITHHELD with respect to one or more of the six nominees. In the approval of the Aceto Corporation 2010 Equity Participation Plan, you may vote FOR approval of the plan, AGAINST approval or you may ABSTAIN from voting with respect to approval of the plan. In the ratification of the appointment of the Company’s independent registered public accounting firm, you may vote FOR ratification, AGAINST ratification or you may ABSTAIN from voting with respect to ratification. If you provide specific instructions, your shares will be voted as you instruct. If you sign your proxy card or voting instruction card or vote over the Internet with no further instructions, your shares will be voted in accordance with the recommendations of the board of directors FOR all of the Company’s nominees, FOR the approval of the Aceto Corporation 2010 Equity Participation Plan, FOR ratification of the appointment of the Company’s independent registered public accounting firm and, in the discretion of the proxy holders, on any other matters that properly come before the meeting. If any other matters properly arise at the meeting, your proxy, together with the other proxies received, will be voted at the discretion of the proxy holders.

Q: What is a quorum and why is it necessary?

A: Conducting business at the meeting requires a quorum. The presence, either in person or by proxy, of the holders of one-third of the Company's shares of common stock outstanding on October 6, 2010 is necessary to constitute a quorum. For the purposes of determining a quorum, shares held by brokers or nominees for whom we receive a signed or electronically transmitted proxy will be treated as present even if the broker or nominee does not have discretionary power to vote on a particular matter, or if instructions were never received from the beneficial owner. These shares are called "broker non-votes." Abstentions will be counted as present for quorum purposes.

Q: What is the voting requirement to approve each of the proposals?

A: In the election of directors, the six persons receiving the highest number of FOR votes at the annual meeting will be elected. Accordingly, votes withheld and broker non-votes do not have the effect of a vote for or against the election of any nominee. You do not have the right to cumulate your votes. For the approval of the Aceto Corporation 2010 Equity Participation Plan and for ratification of the appointment of the Company's independent registered public accounting firm for our fiscal year ending June 30, 2011 and any other matters that might properly arise at the meeting, the affirmative "FOR" vote of a majority of the total votes cast on the proposal is required for approval. Accordingly, abstentions will have no effect on the approval of the Aceto Corporation 2010 Equity Participation Plan and the ratification of the appointment of the Company's independent registered public accounting firm. Broker non-votes will have no effect on the approval of the Aceto Corporation 2010 Equity Participation Plan. A list of shareholders entitled to vote at the annual meeting will be available at the annual meeting for examination by any shareholder.

Q: What should I do if I receive more than one Notice?

A: You may receive more than one Notice if you hold your shares in more than one brokerage account, or if you are a shareholder of record and your shares are registered in more than one name. Please complete and return a proxy card or voting instruction card for each Notice that you receive.

Q: Where can I find the voting results of the annual meeting?

A: Voting results will be announced at the annual meeting and are expected to be posted shortly after the meeting on our website at [www.aceto.com](http://www.aceto.com). Voting results will also be reported in a Current Report on Form 8-K, which is expected to be filed with the SEC within four business days after the meeting.

Q: What happens if additional matters are presented at the annual meeting?

A: Other than the three items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. However, if you grant a proxy, the persons named as proxy holders, Albert L. Eilender, the Company's Chairman and Chief Executive Officer and Douglas Roth, the Company's Chief Financial Officer and Secretary, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for any one or more other candidates nominated by the board of directors.

Q: What shares are entitled to be voted?

A: Each share of the Company's common stock issued and outstanding as of the close of business on October 6, 2010, the record date is entitled to be voted on all items being voted on at the annual meeting, with each share being entitled to one vote. On the record date, 25,444,683, shares of the Company's common stock were issued and outstanding.

Q: Who will count the votes?

A: One or more inspectors of election will tabulate the votes.

Q: Is my vote confidential?

A: Proxy instructions, ballots, and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within the Company or to anyone else, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; or (3) to facilitate a successful proxy solicitation.

Q: Who will bear the cost of soliciting votes for the annual meeting?

A: The Company is making this solicitation and will pay the entire cost of preparing, assembling, and printing, mailing and distributing these proxy materials. Certain of our directors, officers and employees, without any additional compensation, may also solicit your vote in person, by telephone or by electronic communication. On request, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders.

Q: May I propose actions for consideration at next year's annual meeting of shareholders?

A: You may submit proposals for consideration at future shareholder meetings. However, in order for a shareholder proposal to be considered for inclusion in the Company's proxy statement for the annual meeting next year, the written proposal must be received by the secretary of the Company no later than June 21, 2011. Such proposals also will need to comply with United States Securities and Exchange Commission regulations under Proxy Rule 14a-8 regarding the inclusion of shareholder proposals in company-sponsored proxy materials.

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## PROPOSAL ONE

## ELECTION OF DIRECTORS

## THE NOMINEES

The Company's board of directors is proposing a slate of directors that consists of six incumbent directors. Mr. Stanley H. Fischer has announced his retirement from the Company's board of directors, effective November 10, 2010.

The nominees are set forth in the table below.

NAME	AGE	POSITION	DIRECTOR SINCE
Albert L. Eilender (1)	67	Chairman and Chief Executive Officer	2000
Vincent G. Miata (1)	57	Chief Operating Officer, President and Director	2009
Robert A. Wiesen (3)(8)	59	Director	1994
Hans C. Noetzli (4)(5)(8)	69	Director	2002
William N. Britton (2)(6)	65	Director	2006
Richard P. Randall (4)(6)(7)	72	Director	2009

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- (1) Effective September 8, 2010 Mr. Eilender has been named by the Board of Directors as the Chairman of the Aceto Board and Chief Executive Officer and Mr. Miata continued as Chief Operating Officer and President.
  - (2) This director is the chairman of the audit & risk committee.
  - (3) This director is the chairman of the compensation committee.
  - (4) This director is a member of the audit & risk committee.
  - (5) This director is designated the lead independent director.
  - (6) This director is a member of the compensation committee.
  - (7) This director is the chairman of the nominating and governance committee.
  - (8) This director is a member of the nominating and governance committee.

It is the intention of the persons named in the proxy card to vote all shares of common stock for which they have been granted a proxy for the election of the nominees, each to serve as a director for a term of office of one year and until his or her successor shall have been duly elected and qualified. All the nominees have consented to being named in this proxy statement and to serve as a director if elected.

At the time of the annual meeting, if any of the nominees named above is not available to serve as director (an event that the board of directors does not currently have any reason to anticipate), all proxies will be voted for any one or more other persons that the board of directors designates. The board of directors believes that it is in the best interests of the Company to elect the above-described slate of directors.

## INFORMATION ABOUT THE NOMINEES

No director or executive officer of the Company is related to any other director or executive officer. None of the Company's officers or directors hold any directorships in any other public company, except for Mr. Noetzli, who is a member of the board of directors of Synthetech, Inc. and Mr. Randall, who is a member of the board of directors of Steven Madden, Ltd. A majority of our board members are independent based on the definition of independence in Listing Rule 5605(a)(2) of The NASDAQ Stock Market.

Set forth below is the principal occupation and employment of the nominees, the business experience of each for at least the past five years and certain other information relating to the nominees.



Albert L. Eilender. Mr. Eilender has been Chairman and Chief Executive Officer since September 2010. Prior to that, Mr. Eilender was the Company's lead independent director since 2005 and since October 2009, served as the Non-Executive Chairman of the Board. He is the sole owner of Waterways Advisory Services, a firm specializing in advising companies on developing and evaluating options relative to mergers, acquisitions and strategic partnerships in the chemical industry. Mr. Eilender has not been active in the operations of this enterprise since October 2009. He has more than 30 years of diverse senior level experience in the specialty and pharmaceutical industry and has had direct financial responsibility for managing businesses up to \$300 million in revenues, with significant experience in mergers, acquisitions and joint ventures, both domestically and internationally. He has also served on the boards of numerous industry trade associations during his career. We believe that Mr. Eilender's past 20 years of industry experience in executive management for operations within all three segments of Aceto's business, as well as operations in North America, Europe and Asia, coupled with his experience in the areas of business consultation and mergers and acquisitions, and his service on the Board of the Company since 2000, give him the qualifications and skills to serve as one of our directors. In addition, as a director of Aceto he has demonstrated leadership within the Board and the ability to work effectively with management to create unity of effort.

Vincent G. Miata. Mr. Miata has served on the Board of Directors since December 2009 and has been President since January 2009 and Chief Operating Officer since September 2010. Mr. Miata also served as Chief Executive Officer from November 2009 to September 2010. Since 2001, prior to his appointment as President, Mr. Miata served as Senior Vice President of the Company. Mr. Miata joined the Company in 1979 as a sales/marketing representative and held various positions within the Company including Product Manager and Vice President. Mr. Miata has been associated with Aceto for over 30 years and brings to the Board extensive knowledge about our business operations. Mr. Miata's long tenure at Aceto gives give him the qualifications and skills to serve as one of our directors.

Robert A. Wiesen. Mr. Wiesen is a senior partner in the law firm of Clifton Budd & DeMaria and has practiced employment law for over thirty years. In the course of his law practice, he has represented employers in many industries and gained valuable business, financial, management, human resources and compensation and benefits experience in the process. He is a member of the American Bar Association and has written and lectured extensively on employment law issues over the years. Mr. Wiesen received his legal and undergraduate degrees magna cum laude and cum laude and has received many honors including Phi Beta Kappa membership and the American Jurisprudence Award for Labor Law. We believe that Mr. Wiesen's legal and business experience, as well as his service on the Board of the Company since 1994, give him the qualifications and skills to serve as one of our directors.

Hans C. Noetzli. Mr. Noetzli is the former Chairman of Schweizerhall, Inc., a wholly owned subsidiary of Schweizerhall Holding AG, Basel, Switzerland. Mr. Noetzli holds a degree in Business Administration. He has more than 30 years of experience in the fine chemicals industry. Prior to his role as Chairman of Schweizerhall, Inc., he served in many executive functions of the Alusuisse-Lonza Group, among them as Chief Executive Officer of Lonza Inc. for 16 years and he was a member of the executive committee of the worldwide Alusuisse-Lonza Group located in Zurich, Switzerland. Mr. Noetzli also served on the board of directors of the Chemical Manufacturing Association, the Swiss-American Chamber of Commerce, New York, as well as other industry associations. Currently, he is a member of the board of directors of IRIX Pharmaceuticals, Inc., a privately owned developer and manufacturer of active pharmaceutical ingredients and he is a member of the board of directors of Synthetech, Inc., a fine chemicals company specializing in organic synthesis, biocatalysis and chiral technologies. We believe that Mr. Noetzli's extensive experience in the fine chemicals industry, and executive-level experience, as well as the valuable business knowledge he brings regarding the issues facing a board of directors and his service on the Board of the Company since 2002, give him the qualifications and skills to serve as one of our directors. In addition, his broad international experience, coupled with his fluency in 3 languages, adds to the diversity of the Board.

William N. Britton. Mr. Britton is the sole owner of TD AIM, LLC through which he is involved in a variety of activities surrounding financial consulting and private equity investing. Mr. Britton is also a Vice Chairman of P and E Capital, Inc., a management company involved in real estate. Previously, Mr. Britton was a Senior Vice President

with JP Morgan Chase. He has over 30 years of commercial lending experience ranging from large syndicated financings with Fortune 500 companies to privately owned businesses, with significant experience in private equity related transactions, asset based lending arrangements, leasing and many other forms of secured lending. He is a former Vice President-Finance for the Boy Scouts of America (Manhattan Council) and is on the board of the Rutgers Business School. We believe that Mr. Britton's finance and business consultation and executive-level management experience, as well as his service on the Board of the Company since 2006 give him the qualifications and skills to serve as one of our directors.

Richard P. Randall. Mr. Randall is the former Chief Operating Officer and Chief Financial Officer of Direct Holdings Worldwide, LLC, the parent company of Lillian Vernon Corp. and Time-Life, from 2002 until 2005. Prior to that, Mr. Randall was the Chief Financial Officer of Coach, Inc. from 2000 to 2001 and the Chief Financial Officer of Lillian Vernon Corp. from 1998 to 2000. Mr. Randall holds a degree in accounting and is a Certified Public Accountant. He has more than 40 years of experience in various accounting and finance positions. Mr. Randall joined Aceto's board in May 2009 and currently serves as chair of its Nominating & Governance Committee and as a member of the Audit & Risk Committee as well as its Compensation Committee. Mr. Randall serves as the Chairman of the Audit Committee of the Board of Directors for Steven Madden, Ltd. since 2006. Mr. Randall is also the Chairman of the Audit Committee of the Board of Directors for The Burke Rehabilitation Hospital in White Plains, NY where he has served since 2005. Mr. Randall also served as a director and chair of the Audit Committee for two unrelated Chinese companies publicly traded in the US, Universal Travel Group and Home Systems Group, from 2007 until 2008 when he resigned from these boards. We believe that Mr. Randall's executive-level and director experience, as well as his experience in the areas of accounting and corporate finance, as well as financial reporting, give him the qualifications and skills to serve as one of our directors.

## INFORMATION ABOUT THE COMPANY'S COMMITTEES

### Board Leadership Structure and Role in Risk Oversight

Since September 2010, Albert L. Eilender has served as both Chairman of the Board and Chief Executive Officer. Prior to that, the Company had separated the office of Chairman of the Board from that of Chief Executive Officer. As Chairman and Chief Executive, Mr. Eilender assumed leadership for all aspects of Aceto Corporation. He concentrates on strategic issues, long range planning and acquisition activity, while continuing to coordinate the Board of Directors' agenda, and investor relations. This structural change is designed to sharpen the focus on all aspects of the Company's business and to aid in developing a cohesive succession plan throughout the Company's hierarchy. At this time, our Board believes that Mr. Eilender's combined role as Chairman of the Board and Chief Executive Officer enables us to benefit from Mr. Eilender's significant industry knowledge and experience, while at the same time providing unified leadership and direction for our Board and executive management without duplication of effort and cost. Hans C. Noetzli is currently our lead independent director. Prior to him, Mr. Eilender was the lead independent director. In that role, Mr. Noetzli serves as a liaison between the Chairman of the Board and the independent directors of the Board. Although we do not have a formal policy on whether the same person should (or should not) serve as both the Chairman of the Board and Chief Executive Officer, we may, under different circumstances, consider whether it is more appropriate to separate the positions in recognition of the difference between the two roles.

The Board of Directors has an active role, directly and through the Board's committee structure, in the oversight of the Company's risk management efforts. The audit & risk committee assists the Board of Directors in performing its oversight responsibilities relating to the Company's processes and policies with respect to identifying, monitoring, assessing, reporting on, managing and controlling the Company's business and financial risk. The committee oversees, reviews, monitors and assesses (including through regular reports by, and discussions with, management), the Company's processes and policies for risk identification, risk assessment, reporting on risk, risk management and risk control (including with respect to risks arising from the Company's compensation policies and practices and in connection with the business and operations of its subsidiaries), and the steps that management has taken to identify, assess, monitor, report on, manage and control risks. The Committee also discusses with management the balancing of risk versus reward to the Company and areas of specific risk identified by management and/or the committee.

### Audit & Risk Committee

The audit & risk committee is comprised of William N. Britton (Chairman), Richard P. Randall and Hans C. Noetzli. The audit & risk committee is responsible for recommending the Company's independent registered public accounting firm and reviewing management actions in matters relating to audit functions. The committee reviews with the Company's independent registered public accounting firm the scope and results of its audit engagement and the Company's system of internal controls and procedures. The committee also reviews the effectiveness of procedures intended to prevent violations of laws. The committee also reviews, prior to publication, our quarterly earnings releases and reports to the SEC on Form 10-K and Form 10-Q. The report of the audit & risk committee for fiscal year 2010 can be found below.

The audit & risk committee, consistent with the Sarbanes-Oxley Act of 2002 and the rules adopted thereunder, also meets with management and the auditors prior to the filing of officers' certifications with the SEC to request information concerning, among other things, significant deficiencies in the design or operation of internal controls, if any.

The audit & risk committee assists the Board of Directors in performing its oversight responsibilities relating to the Company's processes and policies with respect to identifying, monitoring, assessing, reporting on, managing and

controlling the Company's business and financial risk. The audit & risk committee discusses with the Company's senior risk officer, and other members of management responsible for managing risk, areas of specific risk identified by management and/or the Committee.

Our board has determined that all audit & risk committee members are independent under applicable SEC regulations, and based on the definition of independence in Listing Rule 5605(a)(2) of The NASDAQ Stock Market. Our board of directors has determined that Mr. Britton qualifies as an "audit committee financial expert" as that term is used in SEC regulations. The audit & risk committee operates under a formal charter that governs its duties and conduct and is published on the Company's corporate website – [www.aceto.com](http://www.aceto.com).

The audit & risk committee has adopted a Non-Retaliation Policy and a Complaint Monitoring Procedure to enable confidential and anonymous reporting regarding financial irregularities, if any.

#### Nominating and Governance Committee

The nominating and governance committee is comprised of Richard P. Randall (Chairman), Robert A. Wiesen and Hans C. Noetzi, each of whom is an “independent director” based on the definition of independence in Listing Rule 5605(a)(2) of The NASDAQ Stock Market. The nominating and governance committee addresses Board organizational issues and reviews the Company’s corporate governance framework. In addition, the committee searches for persons qualified to serve on the Board of Directors and monitors, assesses and makes recommendations to the Board annually with respect to the leadership structure of the Board. While the nominating and governance committee does not have a formal policy on diversity for members of the Board of Directors, the nominating and governance committee considers diversity of background, experience and qualifications in evaluating prospective Board members. The committee will evaluate the suitability of potential nominees for membership on the Board, taking into consideration the Board’s current composition, including expertise, diversity, and balance of inside, outside and independent directors, and considering the qualifications and criteria established by the Board. In selecting the director nominees, the Board endeavors to establish a diversity of background and experience in a number of areas of core competency, including business judgment, management, accounting and finance, knowledge of the industries in which the Company operates, strategic vision, knowledge of international markets, and other areas relevant to the Company’s business.

The nominating and governance committee operates under a formal charter that governs its duties and conduct and is published on the Company’s corporate website – [www.aceto.com](http://www.aceto.com).

Shareholders wishing to directly recommend candidates for election to the board of directors at an annual meeting must do so by giving notice in writing to Richard P. Randall, Chairman of the Nominating and Governance Committee, One Hollow Lane, Lake Success, New York 11042. Any such notice must, for any given annual meeting, be delivered to the Chairman not less than 120 days prior to the anniversary of the preceding year's annual meeting. The notice must state (1) the name and address of the shareholder making the recommendations, (2) the name, age, business address, and residential address of each person recommended, (3) the principal occupation or employment of each person recommended, (4) the class and number of shares of Aceto that are beneficially owned by each person recommended and by the recommending shareholder, (5) any other information concerning the persons recommended that must be disclosed in nominee and proxy solicitations in accordance with Regulation 14A of the Securities Exchange Act of 1934, and (6) a signed consent of each person recommended stating that he or she consents to serve as a director of the Company if elected.

The nominating and governance committee will consider and vote on any recommendations so submitted. In considering any person recommended by a shareholder, the committee will look for the same qualifications that it looks for in any other person that it is considering for a position on the board of directors.

Any shareholder nominee proposed by the board of directors for election at the next annual meeting of shareholders will be included in the company's proxy statement for that annual meeting.

#### Compensation Committee

The compensation committee is comprised of Robert A. Wiesen (Chairman), William N. Britton and Richard P. Randall, each of whom is an “independent director” based on the definition of independence in Listing Rule 5605(a)(2) of The NASDAQ Stock Market. The compensation committee conducts reviews of the compensation of the directors, Chief Executive Officer and other senior executive officers of the Company including evaluating and approving those

officers' benefits, bonus, incentive compensation, severance, equity-based compensation, and other compensation arising from other programs of the Company. The committee meets as often as the committee determines, but not less frequently than annually. The committee may delegate a portion of its authority to a subcommittee or subcommittees. The committee shall have the exclusive authority, to retain any compensation consultants to be used to assist the committee in the evaluation and determination of the Company's compensation for its Chief Executive Officer, other senior executive officers and board members.

The compensation committee operates under a formal charter that governs its duties and conduct. The charter is published on the Company's corporate website – [www.aceto.com](http://www.aceto.com).

#### Board and Committee Meetings

During the Company's fiscal year ended June 30, 2010, the board of directors held seven meetings and acted by unanimous written consent two times. Each director attended each of the board meetings and at least 75% of the meetings of the board committees on which he served.

At each scheduled meeting of the board of directors, the independent members of the board of directors meet separately in executive session without management being present. A lead independent director elected by the independent directors is responsible for chairing such executive sessions. Currently the lead independent director is Hans C. Noetzli.

During the Company's fiscal year ended June 30, 2010, both the audit & risk committee and the compensation committee each met five times and the nominating and governance committee met two times.

#### Director Attendance at Annual Meetings

Our directors are encouraged, but not required, to attend the annual meeting of shareholders. All of our directors attended the 2009 annual meeting of shareholders.

#### Communications by our Shareholders to the Board of Directors

Our board of directors recommends that shareholders direct to the Company's secretary any communications intended for the board of directors. Shareholders can send communications by e-mail to [droth@aceto.com](mailto:droth@aceto.com), by facsimile to (516) 627-6093, or by mail to Douglas Roth, Chief Financial Officer and Secretary, Aceto Corporation, One Hollow Lane, Lake Success, New York 11042.

This centralized process will assist the board in reviewing and responding to shareholder communications in an appropriate manner. If a shareholder wishes to direct any communication to a specific board member, the name of that board member should be noted in the communication. The board of directors has instructed the secretary to forward shareholder correspondence only to the intended recipients, but the board has also instructed the secretary to review all shareholder correspondence and, in his discretion, not forward any items that he deems to be of a commercial or frivolous nature or otherwise inappropriate for the board's consideration. Any such items may be forwarded elsewhere in the Company for review and possible response.

### CORPORATE GOVERNANCE

The Company operates within a comprehensive plan of corporate governance for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with those responsibilities and standards. In July 2002, Congress passed the Sarbanes-Oxley Act of 2002 which, among other things, establishes, or provides the basis for, a number of new corporate governance standards and disclosure requirements. In addition, the NASDAQ Stock Market has corporate governance and listing requirements. The board of directors has initiated numerous actions consistent with these rules and will continue to regularly monitor developments in the area of corporate governance.

#### Code of Ethics for Worldwide Financial Management

The Company has adopted a Code of Ethics for Worldwide Financial Management that sets forth standards of ethics for the Company's principal executive officer and senior financial officers, violations of which are reported to the audit & risk committee. This Code of Ethics is published on the Company's corporate website – [www.aceto.com](http://www.aceto.com).

#### Code of Business Conduct for all Aceto Employees

The Company has adopted a Code of Business Conduct and Ethics for all Aceto directors and employees that includes provisions ranging from restrictions on gifts to conflicts of interest. All employees are required to affirm in writing their acceptance of the code. This Code of Business Conduct and Ethics is in accordance with NASDAQ Qualitative Listing Requirement 4350(n) and is published on the Company's corporate website – [www.aceto.com](http://www.aceto.com).

Disclosure Committee

The Company has formed a disclosure committee, comprised of senior management, including senior financial personnel, to formalize processes to ensure accurate and timely disclosure in Aceto's periodic reports filed with the United States Securities and Exchange Commission and to implement certain disclosure controls and procedures. The disclosure committee operates under a formal charter that governs its duties and conduct. The charter is published on the Company's corporate website – [www.aceto.com](http://www.aceto.com).



## Personal Loans to Executive Officers and Directors

The Company's policy has always been to not extend personal loans or other terms of personal credit to its directors and officers, and is in compliance with the legislation prohibiting such personal loans and other forms of personal credit.

## SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to Section 16 of the Exchange Act, the Company's directors and executive officers and beneficial owners of more than 10% of the Company's Common Stock are required to file certain reports, within specified time periods, indicating their holdings of and transactions in the Common Stock and derivative securities. Based solely on a review of such reports provided to the Company and written representations from such persons regarding the necessity to file such reports, the Company is not aware of any failures to file reports or report transactions in a timely manner during the Company's fiscal year ended June 30, 2010.

## EXECUTIVE OFFICERS

The executive officers of Aceto, and their ages, as of October 6, 2010, are as follows:

Name	Age	Position
Albert L. Eilender	67	Chairman and Chief Executive Officer
Vincent G. Miata	57	Chief Operating Officer and President
Douglas Roth	53	Chief Financial Officer
Frank DeBenedittis	56	Executive Vice President
Michael Feinman	62	President, Aceto Agricultural Chemicals Corp.
Ulf Bender	67	Managing Director, Pharma Waldhof GmbH
Raymond Bartone	48	Vice President, Nutritional
Brian Shapiro	45	Vice President, Pharmaceutical Intermediates
Jan Van Eis	52	Vice President, International Operations
Roger Weaving, Jr.	51	Vice President, Specialty Chemicals

Albert L. Eilender. Mr. Eilender has been Chairman and Chief Executive Officer since September 2010. Prior to that, Mr. Eilender was the Company's lead independent director since 2005 and since October 2009, served as the Non-Executive Chairman of the Board. He is the sole owner of Waterways Advisory Services, a firm specializing in advising companies on developing and evaluating options relative to mergers, acquisitions and strategic partnerships in the chemical industry. Mr. Eilender has not been active in the operations of this enterprise since October 2009. He has more than 30 years of diverse senior level experience in the specialty and pharmaceutical industry and has had direct financial responsibility for managing businesses up to \$300 million in revenues, with significant experience in mergers, acquisitions and joint ventures, both domestically and internationally. He has also served on the boards of numerous industry trade associations during his career.

Vincent G. Miata. Mr. Miata has served on the Board of Directors since December 2009 and has been President since January 2009 and Chief Operating Officer since September 2010. Mr. Miata also served as Chief Executive Officer from November 2009 to September 2010. Since 2001, prior to his appointment as President, Mr. Miata served as Senior Vice President of the Company. Mr. Miata joined the Company in 1979 as a sales/marketing representative and held various positions within the Company including Product Manager and Vice President.

Douglas Roth. Mr. Douglas Roth has been Senior Vice President, Chief Administrative Officer and Chief Financial Officer since March, 2010 and had previously been Vice President and Chief Financial Officer since joining the

Company in May, 2001. Prior to joining the Company, Mr. Roth was the Vice President and Chief Financial Officer of CitySprint 1-800 Deliver from September 1998 through April 2001.

Frank DeBenedittis. Mr. DeBenedittis has served as Executive Vice President since January 2009 and as Senior Vice President of the Company since 2001. Mr. DeBenedittis joined the Company in 1979 as a marketing assistant and held various positions within the Company including Assistant Product Manager, Product Manager, Assistant Vice President and Vice President.

Michael Feinman. Mr. Feinman has served as President of Aceto Agricultural Chemicals Corp. since August 2000. Mr. Feinman joined the Company in 1973 as a Sales Representative and held various positions within the Company including Assistant Product Manager, Product Manager, Assistant Vice President and Vice President. In September 2010, Mr. Feinman announced his retirement effective June 30, 2012.

Ulf Bender. Mr. Bender has served as Managing Director for the Pharma Waldhof GmbH (a wholly owned Aceto subsidiary located in Düsseldorf, Germany, acquired in January 2004) since January 1979. Prior to being Managing Director, Mr. Bender held the position of Commercial Director since April 1976. Mr. Bender joined Pharma Waldhof in April 1974 as assistant to its former Chief Executive Director to create and to establish an independent legal entity under the name of Pharma Waldhof GmbH.

Raymond Bartone. Mr. Bartone has been Vice President, Nutritional since July 2005. Mr. Bartone joined the Company in 1991 as a sales representative and held various positions within the Company. Mr. Bartone has a B.A. in Chemistry from Manhattanville College and a M.S. in Chemical Engineering from Manhattan College.

Brian Shapiro. Mr. Shapiro has been Vice President, Pharmaceutical Intermediates since March 2010. Mr. Shapiro joined the Company in 1988 as a sales representative in the specialty chemicals area developing business in the chemicals for color industries and held various positions within the Company. Mr. Shapiro holds a B.E. in Chemical Engineering from City College of New York and a Masters of Business Administration in Marketing Management from St. John's University in New York.

Jan Van Eis. Mr. Van Eis has been Vice President, International Operations since February 2010. Mr. Van Eis joined Aceto in March, 2001 as a Vice President, as a result of Aceto's acquisition of the distribution business of the Schweizerhall Holdings and has been Managing Director of Aceto BV since January 2007. Prior to joining Aceto, Mr. Van Eis was Sales and Business Development Manager for International Pharmaceutical Chemicals BV (which was subsequently acquired by Schweizerhall Holdings) since 1992.

Roger Weaving, Jr. Mr. Weaving has been Vice President, Specialty Chemicals since March 2010. Mr. Weaving joined the Company in 1984 and over the years has held various positions in the Specialty Chemicals business segment. Prior to that, Mr. Weaving received an A.B. degree from Dartmouth College and an M.S. in Chemistry from the University of Rochester.

## COMPENSATION DISCUSSION AND ANALYSIS

### Our Compensation Philosophy and Objectives

Our executive compensation program is designed to attract, retain, and motivate superior executive talent and to align their interests with those of our shareholders and support our growth and profitability. Consistent with those purposes, our compensation philosophy embodies the following principles:

the compensation program should reward the achievement of our strategic initiatives and short- and long-term operating and financial goals, and provide for consequences for underperformance;

compensation should reflect differences in position and responsibility;

compensation should be comprised of a mix of cash and equity-based compensation that aligns the short- and long-term interests of our executives with those of our shareholders; and

the compensation program should be understandable and transparent.

In structuring a compensation program that implements these principles, we have developed the following objectives for our executive compensation program:

overall compensation levels should be competitive and should be set at levels necessary to attract and retain talented leaders and motivate them to achieve superior results;

a portion of total compensation should be contingent on, and variable with, achievement of objective corporate performance goals;

total compensation should be higher for individuals with greater responsibility and greater ability to influence our achievement of operating and financial goals and strategic initiatives;

the number of different elements in our compensation program should be limited, and those elements should be understandable and effectively communicated to executives and shareholders; and

compensation should be set at levels that promote a sense of equity among all employees and appropriate stewardship of corporate resources, while giving due regard to our industry and any premiums that may be necessary in order to attract top talent at the executive level.

#### Our Analysis

Our compensation committee engaged Hay Group, Inc. (Hay Group), an executive compensation consulting firm, in 2010, to complete compensation studies for our executive officers. In addition, Hay Group conducted a review of our total compensation program, including benefits, for our executive officers in 2007. The Compensation Committee intends to engage a compensation consulting firm to complete director compensation studies every three years beginning May 2011.

Our compensation committee compared the compensation we have paid in recent years to our chief executive officer, chief financial officer and other most highly compensated executive officers to two peer groups. One peer group consisted of 14 similarly sized companies and the second peer group was Hay Group's 2009 general market executive compensation, representing the pay practices of over 1,000 U.S. based general market companies. These studies were utilized for benchmarking Aceto's executive officers. The peer group companies included: American Vanguard Corporation, Animal Health International Inc., Audiovox Corp., Calgon Carbon Corporation, DXP Enterprises Inc., Hawkins Inc., Houston Wire and Cable Co., ICO Inc., Infsonics Corp., Intrepid Potash Inc., KMG Chemical Inc., Lawson Products, Omnova Solutions Inc., and Richardson Electronics Ltd. The compensation committee's benchmarking criteria for these purposes included comparisons of executive base salary compensation, total cash compensation (base salary plus bonus), and total direct compensation (total cash compensation plus long-term incentive awards).

Our compensation committee recommended that we continue to strive towards a compensation mix to include a greater proportion of long-term incentive compensation. While Hay Group provided data and advice regarding our compensation practices, our compensation committee makes all the recommendations regarding our compensation practices. These recommendations must then be ratified by our full board of directors.

#### Elements of Our Executive Compensation

Our executive compensation program has historically been comprised of base salary, performance-based annual cash and equity bonuses, long-term equity incentive awards and perquisites. These elements of compensation have been supplemented by the opportunity for all our eligible employees to participate in benefit plans that include employer contributions, including our 401(k) plan and our supplemental retirement plan, as well as life insurance premiums paid by the Company for employee life insurance policies. We look to the experience and judgment of our compensation committee to determine what it believes to be the appropriate mix of the compensation of each executive. In allocating compensation among the various elements, the Committee considers market data, Company performance and budget, the impact of the executive's position in the Company, individual past performance, expectations for future performance, experience in the position, any anticipated increase in the individual's responsibilities, internal pay equity for comparable positions, and succession planning and retention strategies.

Our compensation committee recommended that if the shareholders approve the Aceto Corporation 2010 Equity Participation Plan (the "Plan"), proposed to be adopted at this year's annual meeting of our shareholders, our long-term incentive compensation component will be increased for our executive officers, making a larger portion of their annual total direct compensation dependent on long-term stock appreciation and long-term company financial and

operating performance. We have concluded that gradually shifting a larger share of executive compensation to long-term incentive compensation will further align our executive officers' goals with those of our shareholders and encourage long-term retention and operational and financial success.

#### Base Salary

We provide our executive officers with base salary to provide them with a fixed base amount of compensation for services rendered during a fiscal year. We believe this is consistent with competitive practices and will help assure our retention of qualified leadership in those positions. We intend to maintain base salaries at competitive levels in the marketplace for comparable executive ability and experience, taking into consideration changes from time to time in the consumer price index and whether competitive adjustments are necessary to promote retention. Consideration is also given in each case to the historical results achieved by each executive and the Company during each executive's tenure, to whether each executive is enhancing the team oriented nature of the executive group, the potential of each executive to achieve future success, and the scope of responsibilities and experience of each executive. In addition, evaluations are made regarding the competencies of each executive officer that are considered essential to our success.

The compensation committee evaluated the historical performance of our executive officers and considered the compensation levels and programs at the peer group companies included in the 2010 Hay Group report before it made its most recent compensation recommendations to the full board. The committee continues to desire that the compensation levels for each of our executive officers be in the third quartile (50% to 75%) of the compensation levels for the executive officers in the peer group companies. The committee therefore recommended, and our board of directors approved, an increase in the total of base salaries and performance-based cash awards at target of our employees, including our executive officers, effective October 1, 2010 of no more than 2.5%. The compensation committee reviews and adjusts base salaries annually and when it deems it necessary based upon on a review of individual performance, the Company performance, general economic conditions and other factors listed above. Due to the economic conditions during fiscal 2009, the committee recommended, and our board of directors approved, a freeze in the base salaries of all employees, including our executive officers, effective October 1, 2009, which ended October 1, 2010.

#### Performance-Based Annual Cash Bonuses

We pay performance-based cash bonuses on an annual basis in an effort to encourage achievement of goals established for our short- and long-term financial and operating results, and to reward our executive officers for consistent performance in assisting us in achieving those goals. Pre-determined annual performance measures were utilized, in connection with our current fiscal year ended June 30, 2010.

For our fiscal year ended June 30, 2010, the performance-based objective bonus criteria as established by our compensation committee, and approved by our board of directors, was based upon results obtained with respect to the following three financial factors: (1) company sales; (2) company net income; and (3) company earnings per share, except that with respect to our executives who oversee our business segments, the performance-based objective bonus criteria also included results obtained with respect to sales and adjusted pre-tax income for their respective business segments. The following describes the performance-based bonus criteria for each named executive officer:

Vincent G. Miata, Chief Operating Officer and President. Mr. Miata's 2010 bonus was based upon company sales and company net income and earnings per share, excluding one-time adjustments to income. In addition, Mr. Miata's individual goals included a successful transition of the reorganization that was put in place in the second quarter of the fiscal year, as a result of the retirement of the Company's former Chief Executive Officer, as well as implementation of a strategic business session with senior management. Mr. Miata has served on the Board of Directors of Aceto since December 2009 and also served as Chief Executive Officer from November 2009 to September 2010. Mr. Miata's performance-based cash bonus was \$260,000 for fiscal 2010.

Douglas Roth, Chief Financial Officer. As a result of the Company's performance, based upon sales and net income and earnings per share, excluding one-time adjustments to income, Mr. Roth's 2010 bonus payment was \$135,000, which reflected an increase of \$15,000 or 12.5% from the fiscal 2009 bonus amount paid to him. In addition to the Company's financial performance, Mr. Roth achieved certain individual goals including the acquisition, in March 2010, of a building in Port Washington, New York to be the site of our future global headquarters. Mr. Roth was also instrumental in the Company's amendment to its revolving credit agreement with a financial institution which provided for available credit of \$25,000,000.

Frank DeBenedittis, Executive Vice President. As a result of the Company's performance, based upon sales and net income and earnings per share, excluding one-time adjustments to income, as well as results obtained with respect to sales and adjusted pre-tax income of Health Sciences, the business segment that Mr. DeBenedittis oversees, Mr. DeBenedittis received a cash bonus of \$230,000, which is consistent to the bonus paid to him for fiscal 2009. In addition, the 2010 bonus was based upon individual goals tailored to Mr. DeBenedittis, including continued strategic globalization of the Health Sciences business and identification and establishment of global synergistic relationships

with customers and suppliers.

Michael Feinman, President, Aceto Agricultural Chemicals Corp. As a result of the Company's performance, based upon sales and net income and earnings per share, excluding one-time adjustments to income, as well as results obtained with respect to sales and adjusted pre-tax income of Crop Protection, the business segment that Mr. Feinman oversees, Mr. Feinman received a cash bonus of \$145,000 for fiscal 2010, which represents an increase of 21% or \$25,000 from fiscal 2009. This bonus was based upon, in part, as a result of the commencement of sales of Glyphosate, the largest selling herbicide for both crop and non crop use sold in the United States, in the third quarter of fiscal 2010. In addition, Mr. Feinman earned his fiscal 2010 performance-based bonus due to the achievement of certain individual goals, including continuing to develop a pipeline and bring to market new products, as well as the development of succession planning.

Ulf Bender, Managing Director, Pharma Waldhof GmbH. Mr. Bender's fiscal 2010 performance-based cash incentive award was based upon the financial results, including pre-tax income, of Pharma Waldhof GmbH, a subsidiary of the Company that Mr. Bender oversees. Mr. Bender's bonus that he earned for fiscal 2010 was \$69,615.

The committee recommended and the board of directors approved, that we continue to utilize pre-determined measurements in order to determine performance-based cash bonuses for the fiscal year end June 30, 2011. However, the compensation committee has approved a list of non-budgeted business circumstances for which adjustments may be made to the net income and EPS for purposes of calculating the bonus, such as customer bankruptcies, change in accounting principles, nonrecurring adjustments to income, litigation expenses and settlements, expenditures for discretionary board approved corporate purposes, and changes in exchange rate. The precise criteria that we will use to determine the bonuses for our executive officers will vary depending on each officer's specific responsibilities.



Additionally, while we have historically paid our annual performance-based cash bonus in four installments based on each executive officer's prior year cash bonus, we intend to pay the bonus at the end of each of our fiscal years after the bonus is determined and approved by our board of directors. This transition from four payments to one annual payment is phased in over a five year period for our five most highly compensated officers and began with fiscal year ended June 30, 2008.

#### Long-Term Incentive Compensation

Based upon the review by the Hay Group in fiscal 2010 and in prior years, our compensation committee recommended that our compensation mix include a greater proportion of long-term incentive compensation. We continue to place increasing emphasis on compensation tied to the Company's long-term financial and operating performance. We believe that these incentives further align management's interest with the interests of our shareholders. We are therefore asking our shareholders to approve the Plan and allow the compensation committee to make long-term incentive awards to our executive officers and other employees. The terms of the Plan were approved by our compensation committee and our board of directors based in part on the recommendations of Hay Group.

Our compensation committee has recommended to our board of directors that if our shareholders approve the Plan, then the board should consider making grants during our fiscal year ending on June 30, 2011 to certain of our employees, including our executive officers, which consist of stock options, awards of restricted stock and awards of restricted stock units.

Our compensation committee also has recommended to our board of directors that certain named executive officers be granted a one-time long-term cash incentive award, in fiscal 2010. This long-term incentive cash program includes a three year performance period to encourage results-oriented actions that will drive the achievement of sustained performance results over the performance period. The goal will be set at the beginning of the performance period and awards are earned based upon the achievement of performance relative to the goal over the specified performance period. The financial metric to be used for the performance goal will be based on objectives closely linked to long-term shareholder value, such as earnings before interest, taxes, depreciation and amortization (EBITDA). The board of directors in its sole discretion will determine actual payout amounts based on the exact percentage of target performance. All long-term cash incentive payments will be made as soon as practical after the completion of fiscal year 2012. In addition, the compensation committee reserves the right to recommend revising this program at any time based on future developments. For fiscal 2010, the Company accrued approximately \$167,000 for long-term cash compensation awards.

#### Other Compensation

Our executive officers may also participate in our 401(k) plan on the same terms as the rest of our eligible employees. We currently make a non-elective contribution on behalf of each of our participating employees equal to 3% of the participant's eligible compensation, including base salary and bonus, up to a maximum of \$245,000 of eligible compensation. We also have historically made discretionary contributions for each of our participating employees on an annual basis up to approximately 8% of the participant's eligible compensation. Our participating employees are fully vested in both their salary deferrals and non-elective contributions, but Company discretionary contributions vest at the rate of 20% per year with 100% vesting after five years of participation.

We also maintain a supplemental retirement plan, commonly called a "SERP". This plan is a non-qualified deferred compensation plan intended to provide management employees whose eligible annual compensation is in excess of \$100,000 with supplemental benefits beyond the Company's 401(k) plan. Annual contributions by the Company to the SERP are fixed by our board of directors and vest at the rate of 20% per year of service over five consecutive years. In addition to Company contributions, participants can elect to defer some or all of their bonus compensation into their SERP account for the following year.

Perquisites

We allow certain of our executive officers to use a Company automobile as a perquisite to enhance our compensation package and make it more attractive relative to our competition. The financial value of the personal use of a Company automobile for each of these executive officers for our fiscal year ended June 30, 2010 is set forth in footnote seven to the All Other Compensation column of the Summary Compensation Table contained in this proxy statement.

## Stock Ownership Requirements

In order to further align management's interest with the interests of our shareholders, our compensation committee established, and our board of directors approved, stock ownership requirements for our chief executive officer, our chief financial officer and our three other most highly compensated executive officers. These stock ownership requirements provide that our chief executive officer must own shares of our common stock valued at two and a half times his base salary and our chief financial officer and our three other most highly compensated executive officers must own shares of our common stock valued at one and a quarter times their base salaries within five years commencing October 1, 2010. The stock ownership program also includes as a guideline, but not a requirement, that all our other officers and managers that earn at least \$100,000 in base salary per year, own shares of our common stock valued at one half times base salary within the same five year period. Shares of our restricted stock that are granted but not yet vested count toward these stock ownership guidelines.

## Management's Role in Establishing Our Executive Compensation

Our chief executive officer plays an important role in assisting our compensation committee in establishing the compensation for our executive officers. Key aspects of this role include:

- evaluating employee performance;
- suggesting to the compensation committee business performance targets and objectives; and
- recommending salary and bonus levels and long-term incentive compensation.

During this process, the compensation committee may ask our chief executive officer and other executive officers to provide guidance to the compensation committee regarding background information for our strategic objectives, an evaluation of the performance of our executive officers, and compensation recommendations as to the executive officers. Members of the compensation committee met informally with our chief executive officer throughout the year to discuss compensation matters and compensation policies in order to obtain insight regarding the day to day performance of each of our executive officers.

## Tax Implications of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, provides that compensation in excess of \$1.0 million paid to named executive officers is not deductible unless it is performance-based and satisfies the conditions of the exemption. While our compensation committee and board of directors consider all compensation paid to our named executive officers to be performance-based, historically not all of the compensation paid to them meets the definition of "performance-based" compensation in Section 162(m). Equity compensation awarded to our named executive officers is designed to qualify as performance-based compensation under Section 162(m), but the historical cash bonuses paid to them may not qualify. With the exception of our former chief executive officer, Mr. Schwartz, in our past five fiscal years, relevant annual executive compensation has not exceeded the \$1.0 million threshold for any of our named executive officers so the exemption was unnecessary for us to fully deduct such compensation payments. Our compensation committee believes that retaining discretion in determining some bonus awards within the parameters of the performance goals that the committee is now putting in place is essential to their overall responsibilities. While the compensation committee will continue to consider the impact of Section 162(m) on our compensation program, it reserves the right to pay nondeductible compensation in the future if it determines that it is appropriate to do so. It is our policy to review all compensation plans and policies against tax, accounting, and SEC regulations, including Internal Revenue Code Section 162(m), Internal Revenue Code Section 409A, and generally

accepted accounting principles.

#### COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based on that review and discussion, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in the Company's annual report on Form 10-K for its last completed fiscal year.

Robert A. Wiesen (Chairman)  
William N. Britton  
Richard P. Randall

## EXECUTIVE COMPENSATION

## SUMMARY COMPENSATION TABLE

The following table sets forth certain information regarding the compensation of our named executive officers for the fiscal years ended June 30, 2010, June 30, 2009 and June 30, 2008. Except as set forth below, no other compensation was paid to these individuals during the year.

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards (2)	Option Awards(3)	Non-Equity Incentive Plan Compensation (4)	Change		Total
							Pension Value (\$)	All Other Compensation (7)	
Leonard S. Schwartz*	2010	\$203,403	\$-	\$	\$ 68,242	\$ -	\$-	\$1,277,484	1,549,129
Former Chief Executive Officer	2009	441,438	-	86,200	81,500	925,000	-	100,876	1,635,014
	2008	425,122	-	241,500	75,250	1,181,000	-	104,344	2,027,216
Vincent G. Miata*	2010	304,958	-	-	-	260,000	-	54,130	619,088
Chief Executive Officer and President	2009	269,854	-	30,170	32,600	270,000	-	55,960	658,584
	2008	248,112	-	56,175	15,050	298,000	-	54,378	671,715
Douglas Roth	2010	286,036	-	-	-	135,000(5)	-	52,632	473,668
Chief Financial Officer	2009	277,807	-	30,170	16,300	120,000(5)	-	55,543	499,820
	2008	263,267	-	45,675	15,050	127,500(5)	-	50,947	502,439
Frank DeBenedittis	2010	279,945	-	-	-	230,000	-	50,268	560,213
Executive Vice President	2009	270,030	-	30,170	16,300	230,000	-	53,807	600,307
	2008	254,026	-	69,175	15,050	269,000	-	51,982	659,233
Michael Feinman, President Aceto Agricultural	2010	220,255	-	-	-	145,000	-	40,689	405,944
	2009	216,000	-	30,170	16,300	120,000	-	40,875	423,345
	2008	203,023	-	28,175	15,050	127,000	-	40,303	413,551
Ulf Bender (6) Managing Director, Pharma	2010	276,928	-	-	-	69,615	67,554	18,588	432,685

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\* Mr. Schwartz retired from the Company in November 2009. Effective September 8, 2010 Mr. Eilender has been named by the Board of Directors as the Chairman of the Aceto Board and Chief Executive Officer and Mr. Miata continued as Chief Operating Officer and President. Mr. Eilender's annual base salary will be \$600,000 and he will have the opportunity to earn a performance-based annual cash incentive award for fiscal 2011.

(1) Bonuses paid during 2010, 2009 and 2008 pursuant to the Company's bonus plan are reflected under the column entitled "Non-Equity Incentive Plan Compensation." The Company did not pay discretionary bonuses during 2010, 2009 and 2008; all bonuses were performance-based.

(2) Amounts shown in this column reflect the aggregate grant date fair value of restricted stock awards granted during the year computed in accordance with generally accepted accounting principles. There were no grants of restricted stock awards or units in fiscal 2010.

(3) Amounts shown in this column reflect the aggregate grant date fair value of option awards granted during the year in accordance with generally accepted accounting principles. The aggregate grant date fair value of each option was estimated using the Black-Scholes option-pricing model and the assumptions used in the calculation of these amounts for fiscal years ended June 30, 2009 and June 30, 2008 are included in Note 9 to the Company's audited financial statements for the fiscal year ended June 30, 2010, included in the Company's Annual Report on Form 10-K filed with the SEC on September 10, 2010. There were no option awards granted during fiscal 2010. The fiscal 2010 stock option amount for Mr. Schwartz represents the modification of certain stock options, as specified in his severance agreement.

(4) Reflects cash bonuses paid under the Company's bonus plan. Bonuses listed for a particular year represent bonuses earned and paid with respect to such year even though all or part of such bonuses may have been paid during the first quarter of the subsequent year.

(5) The bonus amount for Mr. Roth includes \$27,000, \$24,000 and \$25,500 of restricted stock, which was received by Mr. Roth in lieu of a portion of his bonus for fiscal years 2010, 2009 and 2008, respectively.

(6) All of the amounts in the table for Mr. Bender were denominated in Euros and converted to U.S. dollars at the rate of 1 Euro = 1.3923 U.S. dollars, which represents the average exchange rate for the fiscal year ended June 30, 2010.

(7) All Other Compensation consists of the personal use of a Company owned automobile, contributions to retirement plans, premium paid for life insurance, severance payments and compensation recognized from the issuance of premium shares of restricted stock as follows:

Name	Year	Company Automobile (\$)	Company Contributions to Retirement Plans (\$)	Issuance of premium shares of restricted stock (\$) (8)	Premium for Life Insurance (\$)	Severance (\$)	Total Other Compensation (\$)
L. Schwartz	2010	\$4,768	\$15,298	-	-	\$1,257,418	\$1,277,484
	2009	3,922	96,954	-	-	-	100,876
	2008	3,904	100,440	-	-	-	104,344
V. Miata	2010	7,044	47,086	-	-	-	54,130
	2009	6,986	48,974	-	-	-	55,960
	2008	6,938	47,440	-	-	-	54,378
D. Roth	2010	8,795	39,890	3,947	-	-	52,632
	2009	9,058	41,347	5,138	-	-	55,543
	2008	7,700	39,848	3,399	-	-	50,947
F. DeBenedittis	2010	5,933	44,335	-	-	-	50,268
	2009	6,174	47,633	-	-	-	53,807
	2008	5,696	46,286	-	-	-	51,982
M. Feinman	2010	3,589	37,100	-	-	-	40,689
	2009	3,618	37,257	-	-	-	40,875
	2008	3,543	36,760	-	-	-	40,303
U. Bender	2010	12,239	-	-	6,349	-	18,588

(8) Eligible employees have the right to purchase restricted stock with a portion of their annual bonus (up to 20%). Each restricted stock grant is entitled to a premium equal to 25% of the number of shares of the purchase, paid on the third anniversary of the purchase, only if the employee is still employed with the Company.

#### 2010 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)	Estimated Future Payouts Under Equity Incentive Plan Awards (2)	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards and (\$)(3)

											(#)
		Threshold	Target	Maximum	Threshold	Target	Maximum				
		(\$)	(\$)	(\$)	(#)	(#)	(#)				
Vincent	09/07/09				0	0	11,364	-	-	-	-
Miata		202,500	270,000	337,500							
Douglas Roth	09/07/09				0	0	5,051	-	-	-	-
		90,000	120,000	150,000							
Frank	09/07/09				0	0	9,680	-	-	-	-
DeBenedittis		172,500	230,000	287,500							
Michael	09/07/09				0	0	5,051	-	-	-	-
Feinman		90,000	120,000	150,000							
Ulf Bender	-	-	-	-	-	-	-	-	-	-	-
(4)											



(1) Actual awards paid for 2010 performance are included in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation, while opportunities for 2010 at threshold, target and maximum are included in the above 2010 Grants of Plan-Based Awards. These amounts were determined using the following three financial factors: (1) company sales; (2) company net income; and (3) company earnings per share, except that with respect to our executives who oversee our business segments, the performance-based objective bonus criteria also included results obtained with respect to sales and adjusted pre-tax income for their respective business segments. In addition, the bonus criteria included results obtained with respect to certain individual goals that were tailored for each executive officer and approved by our board of directors.

(2) Opportunities to earn additional restricted stock awards were not established at the threshold or target scenarios. There were no awards granted for 2010 included in the Summary Compensation Table, however, opportunities under this plan for 2010 at the maximum level are included in the above 2010 Grants of Plan-Based Awards. If the pre-determined annual performance measures result in an amount greater than the prior year's performance bonus, then the excess over 100% of the prior year bonus is split between 50% cash payment and 50% grant of restricted stock, which vests after one year. However, due to the lack of availability of sufficient shares of restricted stock, the excess of the performance bonus was paid entirely in cash and is reflected in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation.

(3) There were no option grants or grants of restricted stock awards or units in fiscal 2010.

(4) Mr. Bender was not an executive officer at the beginning of fiscal year 2010.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table discloses information regarding outstanding equity awards granted or accrued as of June 30, 2010 for each of our named executive officers.

Option Awards

Stock Awards