

EnerSys
Form 10-K
May 27, 2015

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

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended
March 31, 2015 or
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition
period from _____ to _____
Commission file number: 001-32253
ENERSYS

(Exact name of registrant as specified in its charter)

Delaware 23-3058564
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
2366 Bernville Road
Reading, Pennsylvania 19605
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: 610-208-1991

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

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

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates at September 28, 2014: \$2,713,445,337 (1) (based upon its closing transaction price on the New York Stock Exchange on September 26, 2014).

(1) For this purpose only, "non-affiliates" excludes directors and executive officers.

Common stock outstanding at May 22, 2015:

44,460,340 Shares of Common Stock

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on July 30, 2015 are incorporated by reference in Part III of this Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the “Reform Act”) provides a safe harbor for forward-looking statements made by or on behalf of EnerSys. EnerSys and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in EnerSys’ filings with the Securities and Exchange Commission and its reports to stockholders. Generally, the inclusion of the words “anticipates,” “believe,” “expect,” “future,” “intend,” “estimate,” “anticipate,” “will,” “plans,” or the negative of such terms and similar expressions identify statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and that are intended to come within the safe harbor protection provided by those sections. All statements addressing operating performance, events, or developments that EnerSys expects or anticipates will occur in the future, including statements relating to sales growth, earnings or earnings per share growth, and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are and will be based on management’s then-current beliefs and assumptions regarding future events and operating performance and on information currently available to management, and are applicable only as of the dates of such statements.

Forward-looking statements involve risks, uncertainties and assumptions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Actual results may differ materially from those expressed in these forward-looking statements due to a number of uncertainties and risks, including the risks described in this Annual Report on Form 10-K and other unforeseen risks. You should not put undue reliance on any forward-looking statements. These statements speak only as of the date of this Annual Report on Form 10-K, even if subsequently made available by us on our website or otherwise, and we undertake no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K.

Our actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons, including the following factors:

- general cyclical patterns of the industries in which our customers operate;
- the extent to which we cannot control our fixed and variable costs;
- the raw materials in our products may experience significant fluctuations in market price and availability;
- certain raw materials constitute hazardous materials that may give rise to costly environmental and safety claims;
- legislation regarding the restriction of the use of certain hazardous substances in our products;
- risks involved in our operations such as disruption of markets, changes in import and export laws, environmental regulations, currency restrictions and local currency exchange rate fluctuations;
- our ability to raise our selling prices to our customers when our product costs increase;
- the extent to which we are able to efficiently utilize our global manufacturing facilities and optimize our capacity;
- general economic conditions in the markets in which we operate;
- competitiveness of the battery markets throughout the world;
- our timely development of competitive new products and product enhancements in a changing environment and the acceptance of such products and product enhancements by customers;
- our ability to adequately protect our proprietary intellectual property, technology and brand names;
- litigation and regulatory proceedings to which we might be subject;
- changes in our market share in the geographic business segments where we operate;
- our ability to implement our cost reduction initiatives successfully and improve our profitability;
- quality problems associated with our products;
- our ability to implement business strategies, including our acquisition strategy, manufacturing expansion and restructuring plans;
- our acquisition strategy may not be successful in locating advantageous targets;

our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames; potential goodwill impairment charges, future impairment charges and fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames; our debt and debt service requirements which may restrict our operational and financial flexibility, as well as imposing unfavorable interest and financing costs;

- our ability to maintain our existing credit facilities or obtain satisfactory new credit facilities;
- adverse changes in our short- and long-term debt levels under our credit facilities;
- our exposure to fluctuations in interest rates on our variable-rate debt;
- our ability to attract and retain qualified management and personnel;
- our ability to maintain good relations with labor unions;

- credit risk associated with our customers, including risk of insolvency and bankruptcy;
- our ability to successfully recover in the event of a disaster affecting our infrastructure;
- terrorist acts or acts of war, could cause damage or disruption to our operations, our suppliers, channels to market or customers, or could cause costs to increase, or create political or economic instability; and
- the operation, capacity and security of our information systems and infrastructure.

This list of factors that may affect future performance is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

EnerSys
 Annual Report on Form 10-K
 For the Fiscal Year Ended March 31, 2015
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PART I

ITEM 1. BUSINESS

Overview

EnerSys (the “Company,” “we,” or “us”) is the world’s largest manufacturer, marketer and distributor of industrial batteries. We also manufacture, market and distribute related products such as chargers, power equipment, outdoor cabinet enclosures and battery accessories, and we provide related after-market and customer-support services for industrial batteries. We market and sell our products globally to over 10,000 customers in more than 100 countries through a network of distributors, independent representatives and our internal sales force.

We operate and manage our business in three geographic regions of the world—Americas, EMEA and Asia, as described below. Our business is highly decentralized with manufacturing locations throughout the world. More than half of our manufacturing capacity is located outside of the United States, and approximately 60% of our net sales were generated outside of the United States. The Company has three reportable segments based on geographic regions, defined as follows:

- Americas, which includes North and South America, with our segment headquarters in Reading, Pennsylvania, USA;
- EMEA, which includes Europe, the Middle East and Africa, with our segment headquarters in Zurich, Switzerland;
- and
- Asia, which includes Asia, Australia and Oceania, with our segment headquarters in Singapore.

We have two primary product lines: reserve power and motive power products. Net sales classifications by product line are as follows:

Reserve power products are used for backup power for the continuous operation of critical applications in telecommunications systems, uninterruptible power systems, or “UPS” applications for computer and computer-controlled systems, and other specialty power applications, including security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities, large-scale energy storage, energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships and tactical vehicles. Reserve power products also include thermally managed cabinets and enclosures for electronic equipment and batteries.

Motive power products are used to provide power for electric industrial forklifts used in manufacturing, warehousing and other material handling applications as well as mining equipment, diesel locomotive starting and other rail equipment.

Additionally, see Note 22 to the Consolidated Financial Statements for information on segment reporting.

Fiscal Year Reporting

In this Annual Report on Form 10-K, when we refer to our fiscal years, we state “fiscal” and the year, as in “fiscal 2015”, which refers to our fiscal year ended March 31, 2015. The Company reports interim financial information for 13-week periods, except for the first quarter, which always begins on April 1, and the fourth quarter, which always ends on March 31. The four quarters in fiscal 2015 ended on June 29, 2014, September 28, 2014, December 28, 2014, and March 31, 2015, respectively. The four quarters in fiscal 2014 ended on June 30, 2013, September 29, 2013, December 29, 2013, and March 31, 2014, respectively.

History

EnerSys and its predecessor companies have been manufacturers of industrial batteries for over 125 years. Morgan Stanley Capital Partners teamed with the management of Yuasa, Inc. in late 2000 to acquire from Yuasa Corporation (Japan) its reserve power and motive power battery businesses in North and South America. We were incorporated in October 2000 for the purpose of completing the Yuasa, Inc. acquisition. On January 1, 2001, we changed our name from Yuasa, Inc. to EnerSys to reflect our focus on the energy systems nature of our businesses.

In 2004, EnerSys completed its initial public offering (the “IPO”). The Company’s registration statement (SEC File No. 333-115553) for its IPO was declared effective by the Securities and Exchange Commission (the “SEC”) and the Company’s common stock commenced trading on the New York Stock Exchange, under the trading symbol “ENS”.

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Key Developments

There have been several key stages in the development of our business, which explain to a significant degree our results of operations over the past several years.

In March 2002, we acquired the reserve power and motive power business of the Energy Storage Group of Invensys plc. ("ESG"). Our successful integration of ESG provided global scale in both the reserve and motive power markets. The ESG acquisition also provided us with a further opportunity to reduce costs and improve operating efficiency that, among other initiatives, led to closing underutilized manufacturing plants, distribution facilities, sales offices and eliminating other redundant costs, including staff.

During fiscal years 2003 through 2014, we made twenty-five acquisitions around the globe. There were no acquisitions in fiscal 2015.

In fiscal 2013, we announced our plans to construct a new battery manufacturing facility in Yangzhou, Jiangsu Province, People's Republic of China (the "PRC") for the production of industrial batteries for Chinese and international markets. The new 440,000 square foot facility began operations during the second half of fiscal 2015 and will provide capacity to meet growing customer demand in these markets.

Our Customers

We serve over 10,000 customers in over 100 countries, on a direct basis or through our distributors. We are not overly dependent on any particular end market. Our customer base is highly diverse and no single customer accounts for more than 5% of our revenues.

Our reserve power customers consist of both global and regional customers. These customers are in diverse markets including telecom, UPS, electric utilities, security systems, emergency lighting, premium starting, lighting and ignition applications and space satellites. In addition, we sell our aerospace and defense products in numerous countries, including the governments of the U.S., Germany and the U.K. and to major defense and aviation original equipment manufacturers ("OEMs").

Our motive power products are sold to a large, diversified customer base. These customers include material handling equipment dealers, OEMs and end users of such equipment. End users include manufacturers, distributors, warehouse operators, retailers, airports, mine operators and railroads.

Distribution and Services

We distribute, sell and service reserve and motive power products throughout the world, principally through company-owned sales and service facilities, as well as through independent manufacturers' representatives. Our company-owned network allows us to offer high-quality service, including preventative maintenance programs and customer support. Our warehouses and service locations enable us to respond quickly to customers in the markets we serve. We believe that the extensive industry experience of our sales organization results in strong long-term customer relationships.

Manufacturing and Raw Materials

We manufacture and assemble our products at manufacturing facilities located in the Americas, EMEA and Asia. With a view toward projected demand, we strive to optimize and balance capacity at our battery manufacturing facilities globally, while simultaneously minimizing our product cost. By taking a global view of our manufacturing

requirements and capacity, we believe we are better able to anticipate potential capacity bottlenecks and equipment and capital funding needs.

The primary raw materials used to manufacture our products include lead, plastics, steel and copper. We purchase lead from a number of leading suppliers throughout the world. Because lead is traded on the world's commodity markets and its price fluctuates daily, we periodically enter into hedging arrangements for a portion of our projected requirements to reduce the volatility of our costs.

Competition

The industrial battery market is highly competitive both among competitors who manufacture and sell industrial batteries and among customers who purchase industrial batteries. Our competitors range from development stage companies to large domestic and international corporations. Certain of our competitors produce energy storage products utilizing technologies that

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we do not possess at this time. We compete primarily on the basis of reputation, product quality, reliability of service, delivery and price. We believe that our products and services are competitively priced.

Americas

We believe that we have the largest market share in the Americas industrial battery market. We compete principally with Exide Technologies, East Penn Manufacturing and New Power in both the reserve and motive products markets; and also C&D Technologies Inc., NorthStar Battery, SAFT and EaglePicher (OM Group) in the reserve products market.

EMEA

We believe that we have the largest market share in the European industrial battery market. Our primary competitors are Exide Technologies, Hoppecke, FIAMM, SAFT as well as Chinese producers in the reserve products market; and Exide Technologies, Hoppecke and Midac in the motive products market.

Asia

We have a small share of the fragmented Asian industrial battery market. We compete principally with GS-Yuasa, Shin-Kobe and Zibo Torch in the motive products market; and Coslight, Amara Raja, Narada, Leoch, Exide Industries and China Shoto in the reserve products market.

Warranties

Warranties for our products vary geographically and by product type and are competitive with other suppliers of these types of products. Generally, our reserve power product warranties range from one to twenty years and our motive power product warranties range from one to seven years. The length of our warranties is varied to reflect regional characteristics and competitive influences. In some cases, our warranty period may include a pro rata period, which is typically based around the design life of the product and the application served. Our warranties generally cover defects in workmanship and materials and are limited to specific usage parameters.

Intellectual Property

We have numerous patents and patent licenses in the United States and other jurisdictions but do not consider any one patent to be material to our business. From time to time, we apply for patents on new inventions and designs, but we believe that the growth of our business will depend primarily upon the quality of our products and our relationships with our customers, rather than the extent of our patent protection.

We believe we are leaders in thin plate pure lead technology ("TPPL"). Some aspects of this technology may be patented in the future. In any event, we believe that a significant capital investment would be required by any party desiring to produce products using TPPL technology for our markets.

We own or possess exclusive and non-exclusive licenses and other rights to use a number of trademarks in various jurisdictions. We have obtained registrations for many of these trademarks in the United States and other jurisdictions. Our various trademark registrations currently have durations of approximately 10 to 20 years, varying by mark and jurisdiction of registration and may be renewable. We endeavor to keep all of our material registrations current. We believe that many such rights and licenses are important to our business by helping to develop strong brand-name recognition in the marketplace.

Seasonality

Our business generally does not experience significant quarterly fluctuations in net sales as a result of weather or other trends that can be directly linked to seasonality patterns, but historically our fourth quarter is our best quarter with higher revenues and generally more working days and our second quarter is the weakest due to the summer holiday season in Western Europe and Americas.

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Product and Process Development

Our product and process development efforts are focused on the creation and optimization of new battery products using existing technologies, which, in certain cases, differentiate our stored energy solutions from that of our competition. We allocate our resources to the following key areas:

- the design and development of new products;
- optimizing and expanding our existing product offering;
- waste and scrap reduction;
- production efficiency and utilization;
- capacity expansion without additional facilities; and
- quality attribute maximization.

Employees

At March 31, 2015, we had approximately 9,500 employees. Of these employees, approximately 31% were covered by collective bargaining agreements. Employees covered by agreements that did not exceed twelve months were approximately 7% of the total workforce. The average term of these agreements is two years, with the longest term being five years.

We consider our employee relations to be good. We did not experience any significant labor unrest or disruption of production during fiscal 2015 except for a temporary shut down at one of our plants in the PRC.

Environmental Matters

In the manufacture of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials, especially lead and acid. As a result, we are subject to extensive and evolving environmental, health and safety laws and regulations governing, among other things: the generation, handling, storage, use, transportation and disposal of hazardous materials; emissions or discharges of hazardous materials into the ground, air or water; and the health and safety of our employees. In addition, we are required to comply with the regulation issued from the European Economic Union called Registration, Evaluation, Authorization and Restriction of Chemicals or “REACH,” that came into force on June 1, 2007. Under the regulation, companies which manufacture or import more than one ton of a covered chemical substance per year are required to register it in a central database administered by the European Chemicals Agency. REACH requires a registration over a period of 11 years. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws and regulations, or to obtain or comply with required environmental permits, could result in fines, criminal charges or other sanctions by regulators. From time to time, we have had instances of alleged or actual noncompliance that have resulted in the imposition of fines, penalties and required corrective actions. Our ongoing compliance with environmental, health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue production and require us to install additional pollution control equipment and make other capital improvements. In addition, private parties, including current or former employees, can bring personal injury or other claims against us due to the presence of, or their exposure to, hazardous substances used, stored, transported or disposed of by us or contained in our products.

Sumter, South Carolina

We currently are responsible for certain environmental obligations at our former battery facility in Sumter, South Carolina, that predate our ownership of this facility. This battery facility was closed in 2001 and is separate from our current metal fabrication facility in Sumter. We have a reserve for this facility that totaled \$2.9 million as of March 31, 2015. Based on current information, we believe this reserve is adequate to satisfy our environmental

liabilities at this facility.

Environmental and safety certifications

Thirteen of our facilities in the Americas, EMEA and Asia are certified to ISO 14001 standards. ISO 14001 is a globally recognized, voluntary program that focuses on the implementation, maintenance and continual improvement of an environmental management system and the improvement of environmental performance. Two facilities in Europe and one in Africa are certified to OHSAS 18001 standards. OHSAS 18001 is a globally recognized occupational health and safety management systems standard.

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Quality Systems

We utilize a global strategy for quality management systems, policies and procedures, the basis of which is the ISO 9001:2008 standard, which is a worldwide recognized quality standard. We believe in the principles of this standard and reinforce this by requiring mandatory compliance for all manufacturing, sales and service locations globally that are registered to the ISO 9001 standard. This strategy enables us to provide consistent quality products and services to meet our customers' needs.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These filings are available to the public on the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's public reference room, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Our Internet address is <http://www.enersys.com>. We make available free of charge on <http://www.enersys.com> our annual, quarterly and current reports, and amendments to those reports, as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

The following risks and uncertainties, as well as others described in this Annual Report on Form 10-K, could materially and adversely affect our business, our results of operations and financial conditions and could cause actual results to differ materially from our expectations and projections. Stockholders are cautioned that these and other factors, including those beyond our control, may affect future performance and cause actual results to differ from those which may, from time to time, be anticipated. There may be additional risks that are not presently material or known. See "Cautionary Note Regarding Forward-Looking Statements." All forward-looking statements made by us or on our behalf are qualified by the risks described below.

We operate in an extremely competitive industry and are subject to pricing pressures.

We compete with a number of major international manufacturers and distributors, as well as a large number of smaller, regional competitors. Due to excess capacity in some sectors of our industry and consolidation among industrial battery purchasers, we have been subjected to significant pricing pressures. We anticipate continued competitive pricing pressure as foreign producers are able to employ labor at significantly lower costs than producers in the U.S. and Western Europe, expand their export capacity and increase their marketing presence in our major Americas and European markets. Several of our competitors have strong technical, marketing, sales, manufacturing, distribution and other resources, as well as significant name recognition, established positions in the market and long-standing relationships with OEMs and other customers. In addition, certain of our competitors own lead smelting facilities which, during periods of lead cost increases or price volatility, may provide a competitive pricing advantage and reduce their exposure to volatile raw material costs. Our ability to maintain and improve our operating margins has depended, and continues to depend, on our ability to control and reduce our costs. We cannot assure you that we will be able to continue to control our operating expenses, to raise or maintain our prices or increase our unit volume, in order to maintain or improve our operating results.

The uncertainty in global economic conditions could negatively affect the Company's operating results.

Our operating results are directly affected by the general global economic conditions of the industries in which our major customer groups operate. Our business segments are highly dependent on the economic and market conditions in each of the geographic areas in which we operate. Our products are heavily dependent on the end markets that we serve and our operating results will vary by geographic segment, depending on the economic environment in these markets. Sales of our motive power products, for example, depend significantly on demand for new electric industrial forklift trucks, which in turn depends on end-user demand for additional motive capacity in their distribution and manufacturing facilities. The uncertainty in global economic conditions varies by geographic segment, and can result in substantial volatility in global credit markets, particularly in the United States, where we service the vast majority of our debt. These conditions affect our business by reducing prices that our customers may be able or willing to pay for our products or by reducing the demand for our products, which could in turn negatively impact our sales and earnings generation and result in a material adverse effect on our business, cash flow, results of operations and financial position.

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Government reviews, inquiries, investigations, and actions could harm our business or reputation.

As we operate in various locations around the world, our operations in certain countries are subject to significant governmental scrutiny and may be adversely impacted by the results of such scrutiny. The regulatory environment with regard to our business is evolving, and officials often exercise broad discretion in deciding how to interpret and apply applicable regulations. From time to time, we receive formal and informal inquiries from various government regulatory authorities, as well as self-regulatory organizations, about our business and compliance with local laws, regulations or standards. Any determination that our operations or activities, or the activities of our employees, are not in compliance with existing laws, regulations or standards could result in the imposition of substantial fines, interruptions of business, loss of supplier, vendor or other third-party relationships, termination of necessary licenses and permits, or similar results, all of which could potentially harm our business and/or reputation. Even if an inquiry does not result in these types of determinations, regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business, and it potentially could create negative publicity which could harm our business and/or reputation.

Accelerated conversion or required repurchase of Convertible Notes could adversely affect the Company's liquidity.

On May 7, 2015, the Company announced that it had called for redemption all of our senior unsecured 3.375% convertible notes (the "Convertible Notes") on June 8, 2015, at a price equal to \$1,000.66 per \$1,000 original principal amount of Convertible Notes, which is equal to 100% of the accreted principal amount of the Convertible Notes being repurchased, plus accrued and unpaid interest. Additionally, the holders are now permitted to convert their Convertible Notes at their option on or before June 5, 2015. The conversion rate, as of May 7, 2015, of the Convertible Notes is 25.1086 shares of the Company's common stock per one thousand dollars in principal amount of the Convertible Notes. It is the Company's current intent to settle the principal amount of any conversions in cash and any additional conversion consideration in cash, shares of EnerSys common stock or a combination of cash and shares. The Company has also offered to purchase all outstanding Convertible Notes in cash at a purchase price of \$1,000 original principal amount of Convertible Notes, with such offer expiring on May 29, 2015. As of March 31, 2015, the Company has \$172.3 million of Convertible Notes outstanding. In anticipation of the redemption, conversion or repurchase of the Convertible Notes, on April 23, 2015, the Company issued its \$300 million 5% Senior Secured Notes due 2023 (the "Notes").

To the extent that our existing domestic cash balances and cash flow from operations, together with borrowing capacity under our existing credit facilities, are insufficient to satisfy any such settlement or optional put or conversion, the Company may require additional financing from other sources. Redemption of the Convertible Notes and settling any Convertible Notes entirely or partly in cash upon conversion may have an adverse effect on our liquidity and reduce our borrowing capacity under our credit facility. This may impair our ability to react to changes in the industrial battery business, our ability to invest in our manufacturing and distribution facilities and research and development and our ability to take advantage of acquisition or other business opportunities.

Reliance on third party relationships and derivative agreements could adversely affect the Company's business.

We depend on third parties, including suppliers, distributors, lead toll operators, freight forwarders, insurance brokers, commodity brokers, major financial institutions and other third party service providers, for key aspects of our business, including the provision of derivative contracts to manage risks of (a) lead cost volatility, (b) foreign currency exposures and (c) interest rate volatility. Failure of these third parties to meet their contractual, regulatory and other obligations to the Company or the development of factors that materially disrupt our relationships with these third parties could expose us to the risks of business disruption, higher lead costs, unfavorable foreign currency rates and higher expenses, which could have a material adverse effect on our business.

Our operating results could be adversely affected by changes in the cost and availability of raw materials.

Lead is our most significant raw material and is used along with significant amounts of plastics, steel, copper and other materials in our manufacturing processes. We estimate that raw material costs account for over half of our cost of goods sold. The costs of these raw materials, particularly lead, are volatile and beyond our control. Additionally, availability of the raw materials used to manufacture our products may be limited at times resulting in higher prices and/or the need to find alternative suppliers. Furthermore, the cost of raw materials may also be influenced by transportation costs. Volatile raw material costs can significantly affect our operating results and make period-to-period comparisons extremely difficult. We cannot assure you that we will be able to either hedge the costs or secure the availability of our raw material requirements at a reasonable level or, even with respect to our agreements that adjust pricing to a market-based index for lead, pass on to our customers the increased costs of our raw materials without affecting demand or that limited availability of materials will not impact our production

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capabilities. Our inability to raise the price of our products in response to increases in prices of raw materials or to maintain a proper supply of raw materials could have an adverse effect on our revenue, operating profit and net income.

Our operations expose us to litigation, tax, environmental and other legal compliance risks.

We are subject to a variety of litigation, tax, environmental, health and safety and other legal compliance risks. These risks include, among other things, possible liability relating to product liability matters, personal injuries, intellectual property rights, contract-related claims, government contracts, taxes, health and safety liabilities, environmental matters and compliance with U.S. and foreign laws, competition laws and laws governing improper business practices. We or one of our business units could be charged with wrongdoing as a result of such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments or other damages (in certain cases, treble damages). As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may related interpretations and other guidance. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights.

In the area of taxes, changes in tax laws and regulations, as well as changes in related interpretations and other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and tax liabilities. Additionally, in the ordinary course of business, we are subject to examinations by various authorities, including tax authorities. In addition to ongoing investigations, there could be additional investigations launched in the future by governmental authorities in various jurisdictions and existing investigations could be expanded. The global and diverse nature of our operations means that these risks will continue to exist and additional legal proceedings and contingencies will arise from time to time. Our results may be affected by the outcome of legal proceedings and other contingencies that cannot be predicted with certainty.

In the manufacture of our products throughout the world, we process, store, dispose of and otherwise use large amounts of hazardous materials, especially lead and acid. As a result, we are subject to extensive and changing environmental, health and safety laws and regulations governing, among other things: the generation, handling, storage, use, transportation and disposal of hazardous materials; remediation of polluted ground or water; emissions or discharges of hazardous materials into the ground, air or water; and the health and safety of our employees. Compliance with these laws and regulations results in ongoing costs. Failure to comply with these laws or regulations, or to obtain or comply with required environmental permits, could result in fines, criminal charges or other sanctions by regulators. From time to time we have had instances of alleged or actual noncompliance that have resulted in the imposition of fines, penalties and required corrective actions. Our ongoing compliance with environmental, health and safety laws, regulations and permits could require us to incur significant expenses, limit our ability to modify or expand our facilities or continue production and require us to install additional pollution control equipment and make other capital improvements. In addition, private parties, including current or former employees, could bring personal injury or other claims against us due to the presence of, or exposure to, hazardous substances used, stored or disposed of by us or contained in our products.

Certain environmental laws assess liability on owners or operators of real property for the cost of investigation, removal or remediation of hazardous substances at their current or former properties or at properties at which they have disposed of hazardous substances. These laws may also assess costs to repair damage to natural resources. We may be responsible for remediating damage to our properties that was caused by former owners. Soil and groundwater contamination has occurred at some of our current and former properties and may occur or be discovered at other properties in the future. We are currently investigating and monitoring soil and groundwater contamination at several of our properties, in most cases as required by regulatory permitting processes. We may be required to conduct these

operations at other properties in the future. In addition, we have been and in the future may be liable to contribute to the cleanup of locations owned or operated by other persons to which we or our predecessor companies have sent wastes for disposal, pursuant to federal and other environmental laws. Under these laws, the owner or operator of contaminated properties and companies that generated, disposed of or arranged for the disposal of wastes sent to a contaminated disposal facility can be held jointly and severally liable for the investigation and cleanup of such properties, regardless of fault.

Changes in environmental and climate laws or regulations, could lead to new or additional investment in production designs and could increase environmental compliance expenditures. Changes in climate change concerns, or in the regulation of such concerns, including greenhouse gas emissions, could subject us to additional costs and restrictions, including increased energy and raw materials costs. Additionally, we cannot assure you that we have been or at all times will be in compliance with environmental laws and regulations or that we will not be required to expend significant funds to comply with, or discharge liabilities arising under, environmental laws, regulations and permits, or that we will not be exposed to material environmental, health or safety litigation.

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Also, the U.S. Foreign Corrupt Practices Act (“FCPA”) and similar worldwide anti-bribery laws in non-U.S. jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. The FCPA applies to companies, individual directors, officers, employees and agents. Under the FCPA, U.S. companies may be held liable for actions taken by strategic or local partners or representatives. The FCPA also imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments. Certain of our customer relationships outside of the U.S. are with governmental entities and are therefore subject to such anti-bribery laws. Our policies mandate compliance with these anti-bribery laws. Despite meaningful measures that we undertake to facilitate lawful conduct, which include training and internal control policies, these measures may not always prevent reckless or criminal acts by our employees or agents. As a result, we could be subject to criminal and civil penalties, disgorgement, further changes or enhancements to our procedures, policies and controls, personnel changes or other remedial actions. Violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and result in a material adverse effect on our competitive position, results of operations, cash flows or financial condition.

There is also a regulation to improve the transparency and accountability concerning the supply of minerals coming from the conflict zones in and around the Democratic Republic of Congo. New U.S. legislation includes disclosure requirements regarding the use of conflict minerals mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer’s efforts to prevent the sourcing of such conflict minerals. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of our products. As a result, there may only be a limited pool of suppliers who provide conflict-free metals, and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices. Future regulations may become more stringent or costly and our compliance costs and potential liabilities could increase, which may harm our business.

We are exposed to exchange rate risks, and our net earnings and financial condition may suffer due to currency translations.

We invoice our foreign sales and service transactions in local and foreign currencies and translate net sales using actual exchange rates during the period. We translate our non-U.S. assets and liabilities into U.S. dollars using current exchange rates as of the balance sheet dates. Because a significant portion of our revenues and expenses are denominated in foreign currencies, changes in exchange rates between the U.S. dollar and foreign currencies, primarily the euro, British pound, Polish zloty, Chinese renminbi, Mexican peso and Swiss franc may adversely affect our revenue, cost of goods sold and operating margins. For example, foreign currency depreciation against the U.S. dollar will reduce the value of our foreign revenues and operating earnings as well as reduce our net investment in foreign subsidiaries. Approximately 60% of net sales were generated outside of the United States for the last three fiscal years.

Most of the risk of fluctuating foreign currencies is in our EMEA segment, which comprised approximately 40% of our net sales during the last three fiscal years. The euro is the dominant currency in our EMEA operations. In the event that one or more European countries were to replace the euro with another currency, our sales into such countries, or into Europe generally, would likely be adversely affected until stable exchange rates are established.

The translation impact from currency fluctuations on net sales and operating earnings in our Americas and Asia segments are not as significant as our EMEA segment, as a substantial majority of these net sales and operating earnings are in U.S. dollars or foreign currencies that have been closely correlated to the U.S. dollar.

If foreign currencies depreciate against the U.S. dollar, it would make it more expensive for our non-U.S. subsidiaries to purchase certain of our raw material commodities that are priced globally in U.S. dollars, while the related revenue

will decrease when translated to U.S. dollars. Significant movements in foreign exchange rates can have a material impact on our results of operations and financial condition. We periodically engage in hedging of our foreign currency exposures, but cannot assure you that we can successfully hedge all of our foreign currency exposures or do so at a reasonable cost.

We quantify and monitor our global foreign currency exposures. Our largest foreign currency exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in Europe. Additionally, we have currency exposures from intercompany financing and intercompany and third party trade transactions. On a selective basis, we enter into foreign currency forward contracts and purchase option contracts to reduce the impact from the volatility of currency movements; however, we cannot be certain that foreign currency fluctuations will not impact our operations in the future.

If we are unable to effectively hedge against currency fluctuations, our operating costs and revenues in our non-U.S. operations may be adversely affected, which would have an adverse effect on our operating profit and net income.

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Our international operations may be adversely affected by actions taken by foreign governments or other forces or events over which we may have no control.

We currently have significant manufacturing and/or distribution facilities outside of the United States, in Argentina, Australia, Belgium, Brazil, Bulgaria, Canada, the Czech Republic, France, Germany, India, Italy, Malaysia, Mexico, PRC, Poland, South Africa, Spain, Switzerland, Tunisia and the United Kingdom. We may face political instability, economic uncertainty, and/or difficult labor relations in our foreign operations. We also may face barriers in the form of long-standing relationships between potential customers and their existing suppliers, national policies favoring domestic manufacturers and protective regulations including exchange controls, restrictions on foreign investment or the repatriation of profits or invested capital, changes in export or import restrictions and changes in the tax system or rate of taxation in countries where we do business. We cannot assure you that we will be able to successfully develop and expand our international operations and sales or that we will be able to overcome the significant obstacles and risks of our international operations. This may impair our ability to compete with battery manufacturers who are based in such foreign countries or who have long established manufacturing or distribution facilities or networks in such countries.

Our failure to introduce new products and product enhancements and broad market acceptance of new technologies introduced by our competitors could adversely affect our business.

Many new energy storage technologies have been introduced over the past several years. For certain important and growing markets, such as aerospace and defense, lithium-based battery technologies have a large and growing market share. Our ability to achieve significant and sustained penetration of key developing markets, including aerospace and defense, will depend upon our success in developing or acquiring these and other technologies, either independently, through joint ventures or through acquisitions. If we fail to develop or acquire, and manufacture and sell, products that satisfy our customers' demands, or we fail to respond effectively to new product announcements by our competitors by quickly introducing competitive products, then market acceptance of our products could be reduced and our business could be adversely affected. We cannot assure you that our lead-acid products will remain competitive with products based on new technologies.

We may not be able to adequately protect our proprietary intellectual property and technology.

We rely on a combination of copyright, trademark, patent and trade secret laws, non-disclosure agreements and other confidentiality procedures and contractual provisions to establish, protect and maintain our proprietary intellectual property and technology and other confidential information. Certain of these technologies, especially TPPL technology, are important to our business and are not protected by patents. Despite our efforts to protect our proprietary intellectual property and technology and other confidential information, unauthorized parties may attempt to copy or otherwise obtain and use our intellectual property and proprietary technologies. If we are unable to protect our intellectual property and technology, we may lose any technological advantage we currently enjoy and may be required to take an impairment charge with respect to the carrying value of such intellectual property or goodwill established in connection with the acquisition thereof. In either case, our operating results and net income may be adversely affected.

Relocation of our customers' operations could adversely affect our business.

The trend by a number of our North American and Western European customers to move manufacturing operations and expand their businesses in faster growing and low labor-cost markets may have an adverse impact on our business. As our customers in traditional manufacturing-based industries seek to move their manufacturing operations to these locations, there is a risk that these customers will source their energy storage products from competitors located in those territories and will cease or reduce the purchase of products from our manufacturing plants. We

cannot assure you that we will be able to compete effectively with manufacturing operations of energy storage products in those territories, whether by establishing or expanding our manufacturing operations in those lower-cost territories or acquiring existing manufacturers.

We may fail to implement our cost reduction initiatives successfully and improve our profitability.

We must continue to implement cost reduction initiatives to achieve additional cost savings in future periods. We cannot assure you that we will be able to achieve all of the cost savings that we expect to realize from current or future initiatives. In particular, we may be unable to implement one or more of our initiatives successfully or we may experience unexpected cost increases that offset the savings that we achieve. Given the continued competitive pricing pressures experienced in our industry, our failure to realize cost savings would adversely affect our results of operations.

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Quality problems with our products could harm our reputation and erode our competitive position.

The success of our business will depend upon the quality of our products and our relationships with customers. In the event that our products fail to meet our customers' standards, our reputation could be harmed, which would adversely affect our marketing and sales efforts. We cannot assure you that our customers will not experience quality problems with our products.

We offer our products under a variety of brand names, the protection of which is important to our reputation for quality in the consumer marketplace.

We rely upon a combination of trademark, licensing and contractual covenants to establish and protect the brand names of our products. We have registered many of our trademarks in the U.S. Patent and Trademark Office and in other countries. In many market segments, our reputation is closely related to our brand names. Monitoring unauthorized use of our brand names is difficult, and we cannot be certain that the steps we have taken will prevent their unauthorized use, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U.S. We cannot assure you that our brand names will not be misappropriated or utilized without our consent or that such actions will not have a material adverse effect on our reputation and on our results of operations.

We may fail to implement our plans to make acquisitions or successfully integrate them into our operations.

As part of our business strategy, we have grown, and plan to continue growing, by acquiring other product lines, technologies or facilities that complement or expand our existing business. There is significant competition for acquisition targets in the industrial battery industry. We may not be able to identify suitable acquisition candidates or negotiate attractive terms. In addition, we may have difficulty obtaining the financing necessary to complete transactions we pursue. In that regard, our credit facilities restrict the amount of additional indebtedness that we may incur to finance acquisitions and place other restrictions on our ability to make acquisitions. Exceeding any of these restrictions would require the consent of our lenders. We may be unable to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and we may not be able to realize related revenue synergies and cost savings within expected time frames. Our failure to execute our acquisition strategy could have a material adverse effect on our business. We cannot assure you that our acquisition strategy will be successful or that we will be able to successfully integrate acquisitions we do make.

Any acquisitions that we complete may dilute stockholder ownership interests in EnerSys, may have adverse effects on our financial condition and results of operations and may cause unanticipated liabilities.

Future acquisitions may involve the issuance of our equity securities as payment, in part or in full, for the businesses or assets acquired. Any future issuances of equity securities would dilute stockholder ownership interests. In addition, future acquisitions might not increase, and may even decrease our earnings or earnings per share and the benefits derived by us from an acquisition might not outweigh or might not exceed the dilutive effect of the acquisition. We also may incur additional debt or suffer adverse tax and accounting consequences in connection with any future acquisitions.

The failure or security breach of critical computer systems could seriously affect our sales and operations.

We operate a number of critical computer systems throughout our business that can fail for a variety of reasons. If such a failure were to occur, we may not be able to sufficiently recover from the failure in time to avoid the loss of data or any adverse impact on certain of our operations that are dependent on such systems. This could result in lost sales and the inefficient operation of our facilities for the duration of such a failure.

In addition, our computer systems are essential for the exchange of information both within the company and in communicating with third parties. Despite our efforts to protect the integrity of our systems and network as well as sensitive, confidential or personal data or information, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, theft, misplaced or lost data, programming and/or human errors that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness, and results of operations.

Our ability to maintain adequate credit facilities.

Our ability to continue our ongoing business operations and fund future growth depends on our ability to maintain adequate credit facilities and to comply with the financial and other covenants in such credit facilities or to secure alternative sources of

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financing. However, such credit facilities or alternate financing may not be available or, if available, may not be on terms favorable to us. If we do not have adequate access to credit, we may be unable to refinance our existing borrowings and credit facilities when they mature and to fund future acquisitions, and this may reduce our flexibility in responding to changing industry conditions.

Our indebtedness could adversely affect our financial condition and results of operations.

As of March 31, 2015, we had \$515.9 million of total consolidated debt (including capital lease obligations and net of the discount on the Convertible Notes). On April 23, 2015, the Company also issued \$300 million of Notes. This level of debt could:

- increase our vulnerability to adverse general economic and industry conditions, including interest rate fluctuations, because a portion of our borrowings bear, and will continue to bear, interest at floating rates;
- require us to dedicate a substantial portion of our cash flow from operations to debt service payments, which would reduce the availability of our cash to fund working capital, capital expenditures or other general corporate purposes, including acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- restrict our ability to introduce new products or new technologies or exploit business opportunities;
- place us at a disadvantage compared with competitors that have proportionately less debt;
- limit our ability to borrow additional funds in the future, if we need them, due to financial and restrictive covenants in our debt agreements;
- have a material adverse effect on us if we fail to comply with the financial and restrictive covenants in our debt agreements; and
- dilute share ownership percentage if the Company does not settle the Convertible Notes, including any optional conversions, solely in cash.

There can be no assurance that we will continue to declare cash dividends at all or in any particular amounts.

During fiscal 2015, we announced the declaration of a quarterly cash dividend of \$0.175 per share of common stock for quarters ended June 29, 2014, September 28, 2014, December 28, 2014 and March 31, 2015. On May 7, 2015, we announced a fiscal 2016 first quarter cash dividend of \$0.175 per share of common stock. Future payment of a regular quarterly cash dividend on our common shares will be subject to, among other things, our results of operations, cash balances and future cash requirements, financial condition, statutory requirements of Delaware law, compliance with the terms of existing and future indebtedness and credit facilities, and other factors that the Board of Directors may deem relevant. Our dividend payments may change from time to time, and we cannot provide assurance that we will continue to declare dividends at all or in any particular amounts. A reduction in or elimination of our dividend payments could have a negative effect on our share price.

We depend on our senior management team and other key employees, and significant attrition within our management team or unsuccessful succession planning could adversely affect our business.

Our success depends in part on our ability to attract, retain and motivate senior management and other key employees. Achieving this objective may be difficult due to many factors, including fluctuations in global economic and industry conditions, competitors' hiring practices, cost reduction activities, and the effectiveness of our compensation programs. Competition for qualified personnel can be very intense. We must continue to recruit, retain and motivate senior management and other key employees sufficient to maintain our current business and support our future projects. We are vulnerable to attrition among our current senior management team and other key employees. A loss of any such personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations. In addition, certain key members of our senior management

team are at or nearing retirement age. If we are unsuccessful in our succession planning efforts, the continuity of our business and results of operations could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The Company's worldwide headquarters is located in Reading, Pennsylvania. Geographic headquarters for our Americas, EMEA and Asia segments are located in Reading, Pennsylvania, Zurich, Switzerland and Singapore, respectively. The Company owns approximately 80% of its manufacturing facilities and distribution centers worldwide. The following sets forth the Company's principal owned or leased facilities by business segment:

Americas: Sylmar, California; Longmont, Colorado; Hays, Kansas; Richmond, Kentucky; Warrensburg, Missouri; Cleveland, Ohio; Horsham, Pennsylvania; Sumter, South Carolina; Ooltewah, Tennessee and Spokane, Washington in the United States; Monterrey and Tijuana in Mexico; Buenos Aires, Argentina and Sao Paulo, in Brazil.

EMEA: Targovishte, Bulgaria; Hostomice, Czech Republic; Arras, France; Hagen and Zwickau in Germany; Bielsko-Biala, Poland; Newport and Culham in the United Kingdom; Port Elizabeth, South Africa; and Tunis, Tunisia.

Asia: Jiangsu, Chongqing and Yangzhou in the PRC and Andhra Pradesh in India.

We consider our plants and facilities, whether owned or leased, to be in satisfactory condition and adequate to meet the needs of our current businesses and projected growth. Information as to material lease commitments is included in Note 9 - Leases to the Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are involved in litigation incidental to the conduct of our business. See Litigation and Other Legal Matters in Note 18 - Commitments, Contingencies and Litigation to the Consolidated Financial Statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company's common stock has been listed on the New York Stock Exchange under the symbol "ENS" since it began trading on July 30, 2004. Prior to that time, there had been no public market for our common stock. The following table sets forth, on a per share basis for the periods presented, the range of high, low and closing prices of the Company's common stock.

Quarter Ended	High Price	Low Price	Closing Price	Dividends Declared
March 31, 2015	\$66.89	\$57.47	\$64.24	\$0.175
December 28, 2014	63.39	50.63	61.78	0.175
September 28, 2014	70.00	57.88	60.07	0.175
June 29, 2014	71.94	62.72	68.91	0.175
March 31, 2014	\$74.17	\$64.46	\$69.29	\$0.125
December 29, 2013	71.75	59.40	70.09	0.125
September 29, 2013	61.17	48.99	60.55	0.125
June 30, 2013	51.79	42.37	49.04	0.125

Holders of Record

As of May 22, 2015, there were approximately 390 record holders of common stock of the Company. Because many of these shares are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of stockholders represented by these record holders.

Recent Sales of Unregistered Securities

During the three fiscal years ended March 31, 2015, we did not issue any unregistered securities.

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Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the number of shares of common stock we purchased from participants in our equity incentive plans as well as repurchases of common stock authorized by the Board of Directors. As provided by the Company's equity incentive plans, (a) vested options outstanding may be exercised through surrender to the Company of option shares or vested options outstanding under the Company's equity incentive plans to satisfy the applicable aggregate exercise price (and any withholding tax) required to be paid upon such exercise and (b) the withholding tax requirements related to the vesting and settlement of restricted stock units and market share units may be satisfied by the surrender of shares of the Company's common stock.

Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may be purchased under the plans or programs ⁽¹⁾⁽²⁾
December 29, 2014-January 25, 2015	353,150	\$59.44	353,150	\$16,580,995
January 26, 2015-February 22, 2015	59,819	59.55	59,494	13,019,061
February 23, 2015-March 31, 2015	74,141	64.97	73,588	—
Total	487,110	\$60.29	486,232	

(1) The Company's Board of Directors has authorized the Company to repurchase up to such number of shares as shall equal the dilutive effects of any equity-based award granted during such fiscal year under the 2010 Equity Incentive Plan and the number of shares exercised through stock option awards during such fiscal year. This repurchase program was exhausted for fiscal 2015.

(2) The Company's Board of Directors authorized the Company to repurchase up to \$190 million of its common stock, which expired on March 31, 2015.

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STOCK PERFORMANCE GRAPH

The following graph compares the changes in cumulative total returns on EnerSys' common stock with the changes in cumulative total returns of the New York Stock Exchange Composite Index, a broad equity market index, and the total return on a selected peer group index. The peer group selected is based on the standard industrial classification codes ("SIC Codes") established by the U.S. government. The index chosen was "Miscellaneous Electrical Equipment and Suppliers" and comprises all publicly traded companies having the same three-digit SIC Code (369) as EnerSys.

The graph was prepared assuming that \$100 was invested in EnerSys' common stock, the New York Stock Exchange Composite Index and the peer group (duly updated for changes) on March 31, 2010.

*\$100 invested on 3/31/10 in stock or index, including reinvestment of dividends.

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ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Year Ended March 31,				
	2015	2014	2013	2012	2011
	(In thousands, except share and per share data)				
Consolidated Statements of Income:					
Net sales	\$2,505,512	\$2,474,433	\$2,277,559	\$2,283,369	\$1,964,462
Cost of goods sold	1,864,601	1,844,813	1,708,203	1,770,664	1,514,618
Gross profit	640,911	629,620	569,356	512,705	449,844
Operating expenses	358,381	344,421	312,324	297,806	259,217
Restructuring and other exit charges	11,436	27,326	7,164	4,988	6,813
Impairment of goodwill and indefinite-lived intangibles	23,946	5,179	—	—	—
Legal proceedings charge / (reversal of legal accrual, net of fees)	(16,233	) 58,184	—	(900) —
Operating earnings	263,381	194,510	249,868	210,811	183,814
Interest expense	19,644	17,105	18,719	16,484	22,038
Charges related to refinancing	—	—	—	—	8,155
Other (income) expense, net	(5,602	) 13,658	916	3,068	2,177
Earnings before income taxes	249,339	163,747	230,233	191,259	151,444
Income tax expense	67,814	16,980	65,275	47,292	38,018
Net earnings	181,525	146,767	164,958	143,967	113,426
Net gains (losses) attributable to noncontrolling interests	337	(3,561	) (1,550	) (36) —
Net earnings attributable to EnerSys stockholders	\$181,188	\$150,328	\$166,508	\$144,003	\$113,426
Net earnings per common share attributable to EnerSys stockholders:					
Basic	\$3.97	\$3.17	\$3.47	\$2.95	\$2.30
Diluted	\$3.77	\$3.02	\$3.42	\$2.93	\$2.27
Weighted-average number of common shares outstanding:					
Basic	45,606,317	47,473,690	48,022,005	48,748,205	49,376,132
Diluted	48,052,729	49,788,155	48,635,449	49,216,035	50,044,246
Fiscal Year Ended March 31,					
	2015	2014	2013	2012	2011
	(In thousands)				
Consolidated cash flow data:					
Net cash provided by operating activities	\$194,471	\$193,621	\$244,400	\$204,196	\$76,459
Net cash used in investing activities	(59,616	) (232,005	) (55,092	) (72,420	) (91,661
Net cash (used in) provided by financing activities	(59,313	) 21,562	(95,962	) (79,382	) (82,677
Other operating data:					
Capital expenditures	63,625	61,995	55,286	48,943	59,940
As of March 31,					
	2015	2014	2013	2012	2011
	(In thousands)				

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Consolidated balance sheet data:

Cash and cash equivalents	\$268,921	\$240,103	\$249,348	\$160,490	\$108,869
Working capital	800,047	719,297	685,403	611,372	554,164
Total assets	2,163,047	2,321,858	1,987,867	1,924,955	1,828,387
Total debt, including capital leases, excluding discount on the Convertible Notes	515,925	322,300	178,489	256,101	253,400
Total EnerSys stockholders' equity	1,038,900	1,246,402	1,169,401	1,032,195	974,331

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ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition for the fiscal years ended March 31, 2015, 2014 and 2013, should be read in conjunction with our audited consolidated financial statements and the notes to those statements included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. Our discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, opinions, expectations, anticipations and intentions and beliefs. Actual results and the timing of events could differ materially from those anticipated in those forward-looking statements as a result of a number of factors. See “Cautionary Note Regarding Forward-Looking Statements,” “Business” and “Risk Factors,” sections elsewhere in this Annual Report on Form 10-K. In the following discussion and analysis of results of operations and financial condition, certain financial measures may be considered “non-GAAP financial measures” under the SEC rules. These rules require supplemental explanation and reconciliation, which is provided in this Annual Report on Form 10-K.

EnerSys’ management uses the non-GAAP measures, EBITDA and Adjusted EBITDA, in its computation of compliance with loan covenants. These measures, as used by EnerSys, adjust net earnings determined in accordance with GAAP for interest, taxes, depreciation and amortization, and certain charges or credits as permitted by our credit agreements, that were recorded during the periods presented.

EnerSys’ management uses the non-GAAP measures, "primary working capital" and "primary working capital percentage" (see definition in “Overview” below) along with capital expenditures, in its evaluation of business segment cash flow and financial position performance.

These non-GAAP disclosures have limitations as analytical tools, should not be viewed as a substitute for cash flow or operating earnings determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company’s results as reported under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. This supplemental presentation should not be construed as an inference that the Company’s future results will be unaffected by similar adjustments to operating earnings determined in accordance with GAAP.

Overview

EnerSys (the “Company,” “we,” or “us”) is the world’s largest manufacturer, marketer and distributor of industrial batteries. We also manufacture, market and distribute products such as battery chargers, power equipment, battery accessories, and outdoor equipment enclosure solutions. Additionally, we provide related aftermarket and customer-support services for our products. We market our products globally to over 10,000 customers in more than 100 countries through a network of distributors, independent representatives and our internal sales force.

We operate and manage our business in three geographic regions of the world—Americas, EMEA and Asia, as described below. Our business is highly decentralized with manufacturing locations throughout the world. More than half of our manufacturing capacity is located outside the United States, and approximately 60% of our net sales were generated outside the United States. The Company has three reportable business segments based on geographic regions, defined as follows:

- ▲Americas, which includes North and South America, with our segment headquarters in Reading, Pennsylvania, USA;
- EMEA, which includes Europe, the Middle East and Africa, with our segment headquarters in Zurich, Switzerland;
- and
- ▲Asia, which includes Asia, Australia and Oceania, with our segment headquarters in Singapore.

We evaluate business segment performance based primarily upon operating earnings exclusive of highlighted items. Highlighted items are those that the Company deems are not indicative of ongoing operating results, including those charges that the Company incurs as a result of restructuring activities and those charges and credits that are not directly related to ongoing business segment performance. All corporate and centrally incurred costs are allocated to the business segments based principally on net sales. We evaluate business segment cash flow and financial position performance based primarily upon capital expenditures and primary working capital levels (see definition of primary working capital in “Liquidity and Capital Resources” below). Although we monitor the three elements of primary working capital (receivables, inventory and payables), our primary focus is on the total amount due to the significant impact it has on our cash flow.

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Our management structure, financial reporting systems, and associated internal controls and procedures, are all consistent with our three geographic business segments. We report on a March 31 fiscal year-end. Our financial results are largely driven by the following factors:

- global economic conditions and general cyclical patterns of the industries in which our customers operate;
- changes in our selling prices and, in periods when our product costs increase, our ability to raise our selling prices to pass such cost increases through to our customers;
- the extent to which we are able to efficiently utilize our global manufacturing facilities and optimize our capacity;
- the extent to which we can control our fixed and variable costs, including those for our raw materials, manufacturing, distribution and operating activities;
- changes in our level of debt and changes in the variable interest rates under our credit facilities;
- and
- the size and number of acquisitions and our ability to achieve their intended benefits.

We have two primary product lines: reserve power products and motive power products. Net sales classifications by product line are as follows:

Reserve power products are used for backup power for the continuous operation of critical applications in telecommunications systems, uninterruptible power systems, or “UPS” applications for computer and computer-controlled systems, and other specialty power applications, including security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities, large-scale energy storage, energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships and tactical vehicles. Reserve power products also include thermally managed cabinets and enclosures for electronic equipment and batteries.

Motive power products are used to provide power for electric industrial forklifts used in manufacturing, warehousing and other material handling applications as well as mining equipment, diesel locomotive starting and other rail equipment.

Current Market Conditions

Economic Climate

Recent indicators continue to suggest a mixed trend in economic activity among the different geographical regions. Economic activity continues to strengthen in North America while EMEA is experiencing limited growth. Our Asia region is experiencing the fastest growth of any region in which we do business.

Volatility of Commodities and Foreign Currencies

Our most significant commodity and foreign currency exposures are related to lead and the euro. Historically, volatility of commodity costs and foreign currency exchange rates have caused large swings in our production costs. As the global economic climate changes, we anticipate that our commodity costs and foreign currency exposures may continue to fluctuate as they have in the past several years. Overall, on a consolidated basis, we have experienced stable trends more recently in our revenue and order rates and commodity cost changes have not been substantial. However, we have experienced lower revenues and increased costs due to movements in foreign currency exchange rates.

Customer Pricing

Our selling prices fluctuated during the last several years to offset the volatile cost of commodities. Approximately 35% of our revenue is currently subject to agreements that adjust pricing to a market-based index for lead. During fiscal 2015, our selling prices increased slightly, compared to the comparable prior year periods.

Liquidity and Capital Resources

We believe that our financial position is strong, and we have substantial liquidity with \$269 million of available cash and cash equivalents and undrawn committed and uncommitted credit lines of approximately \$465 million at March 31, 2015 to cover short-term liquidity requirements and anticipated growth in the foreseeable future. Our 2011 Credit Facility, which we entered into in March 2011 and expanded in July 2014, is committed through September 2018 as long as we continue to comply with its covenants and conditions.

Current market conditions related to our liquidity and capital resources are favorable. We believe current conditions remain favorable for the Company to have continued positive cash flow from operations that, along with available cash and cash

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equivalents and our undrawn lines of credit, will be sufficient to fund our capital expenditures, acquisitions and other investments for growth.

The Convertible Notes became convertible at the option of the holders effective March 1, 2015. Additionally, on May 7, 2015, the Company announced that it had called for redemption all of the Convertible Notes on June 8, 2015, at a price equal to \$1,000.66 per \$1,000 original principal amount of Convertible Notes, which is equal to 100% of the accreted principal amount of the Convertible Notes being repurchased, plus accrued and unpaid interest. Additionally, the holders are now permitted to convert their Convertible Notes at their option on or before June 5, 2015. The conversion rate, as of May 7, 2015, of the Convertible Notes is 25.1086 shares of the Company's common stock per \$1,000 in principal amount of the Convertible Notes. The Company has also offered (the "Offer") to purchase all outstanding Convertible Notes in cash at a purchase price of \$1,000 original principal amount of Convertible Notes, with such offer expiring on May 29, 2015. As of March 31, 2015, the Company has \$172.3 million of Convertible Notes outstanding. If the holders of the Convertible Notes would exercise their conversion rights or have their Convertible Notes repurchased by the Company pursuant to the terms and conditions of the Offer, it is our current intent to pay the principal amount and any accrued and unpaid interest by using the net proceeds from the April 2015 financings discussed below, and/or drawing on our 2011 Credit Facility. However, the Company may, at its election, pay the premium on the Convertible Notes in connection with any conversion with cash or shares of our common stock or a combination of both cash or shares.

In April 2015, we issued \$300 million of Notes bearing interest at 5% and maturing in April 2023. See Note 24 to the Consolidated Financial Statements for additional details.

Our leverage increased in fiscal 2015 mainly due to the our share repurchase program. We believe that our strong capital structure and liquidity affords us access to capital for future acquisition and additional stock repurchase opportunities and continued dividend payments.

A substantial majority of the Company's cash and investments are held by foreign subsidiaries and are considered to be indefinitely reinvested and expected to be utilized to fund local operating activities, capital expenditure requirements and acquisitions. The Company believes that it has sufficient sources of domestic and foreign liquidity.

Cost Savings Initiatives-Restructuring

Cost savings programs remain a continuous element of our business strategy and are directed primarily at further reductions in plant manufacturing (labor and overhead), raw material costs and our operating expenses (primarily selling, general and administrative). In order to realize cost savings benefits for a majority of these initiatives, costs are incurred either in the form of capital expenditures, funding the cash obligations of previously recorded restructuring expenses or current period expenses.

During fiscal 2012, we announced restructuring programs related to our operations in EMEA, primarily consisting of the transfer of manufacturing of select products between certain of our manufacturing operations and restructuring of our selling, general and administrative operations. These actions were completed during fiscal 2014 and resulted in the reduction of approximately 85 employees with an estimated annual savings of \$6.0 million.

During fiscal 2013, we announced further restructuring related to improving the efficiency of our manufacturing operations in EMEA, primarily consisting of cash expenses for employee severance-related payments and non-cash expenses associated with the write-off of certain fixed assets and inventory. These actions were substantially completed in fiscal 2015 and resulted in the reduction of approximately 140 employees. Our fiscal 2015 operating results reflect the full benefit of the estimated \$7.0 million of favorable annualized pre-tax earnings impact of the fiscal 2013 programs. There are no further costs to be incurred under these programs.

During fiscal 2014, we announced additional restructuring programs to improve the efficiency of our manufacturing, sales and engineering operations in EMEA including the restructuring of its manufacturing operations in Bulgaria. The restructuring of the Bulgaria operations was announced during the third quarter of fiscal 2014 and consists of the transfer of motive power and a portion of reserve power battery manufacturing to our facilities in Western Europe. We estimate that the total charges for all actions announced during fiscal 2014 will amount to approximately \$23.4 million, primarily from non-cash charges related to the write-off of fixed assets and inventory of approximately \$11.0 million, along with cash charges for employee severance-related payments and other charges of \$12.4 million. We estimate that these actions will result in the reduction of approximately 500 employees upon completion. Our fiscal 2015 operating results reflect approximately \$19.0 million of the total estimated \$20.0 million of favorable annualized pre-tax earnings impact of the fiscal 2014 programs. We expect to be committed to an additional \$1.2 million of restructuring charges related to these programs during fiscal 2016, and expect to complete the program during fiscal 2016.

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Critical Accounting Policies and Estimates

Our significant accounting policies are described in Notes to Consolidated Financial Statements in Item 8. In preparing our financial statements, management is required to make estimates and assumptions that, among other things, affect the reported amounts in the Consolidated Financial Statements and accompanying notes. These estimates and assumptions are most significant where they involve levels of subjectivity and judgment necessary to account for highly uncertain matters or matters susceptible to change, and where they can have a material impact on our financial condition and operating performance. We discuss below the more significant estimates and related assumptions used in the preparation of our consolidated financial statements. If actual results were to differ materially from the estimates made, the reported results could be materially affected.

Revenue Recognition

We recognize revenue when the earnings process is complete. This occurs when risk and title transfers, collectibility is reasonably assured and pricing is fixed or determinable. Shipment terms to our battery product customers are either shipping point or destination and do not differ significantly between our business segments of the world. Accordingly, revenue is recognized when risk and title is transferred to the customer. Amounts invoiced to customers for shipping and handling are classified as revenue. Taxes on revenue producing transactions are not included in net sales.

We recognize revenue from the service of reserve power and motive power products when the respective services are performed.

Management believes that the accounting estimates related to revenue recognition are critical accounting estimates because they require reasonable assurance of collection of revenue proceeds and completion of all performance obligations. Also, revenues are recorded net of provisions for sales discounts and returns, which are established at the time of sale. These estimates are based on our past experience.

Asset Impairment Determinations

We test for the impairment of our goodwill and indefinite-lived trademarks at least annually and whenever events or circumstances occur indicating that a possible impairment has been incurred.

We perform our annual goodwill impairment test on the first day of our fourth quarter for each of our reporting units based on the income approach, also known as the discounted cash flow (“DCF”) method, which utilizes the present value of future cash flows to estimate fair value. We also use the market approach, which utilizes market price data of companies engaged in the same or a similar line of business as that of our company, to estimate fair value. A reconciliation of the two methods is performed to assess the reasonableness of fair value of each of the reporting units.

The future cash flows used under the DCF method are derived from estimates of future revenues, operating income, working capital requirements and capital expenditures, which in turn reflect specific global, industry and market conditions. The discount rate developed for each of the reporting units is based on data and factors relevant to the economies in which the business operates and other risks associated with those cash flows, including the potential variability in the amount and timing of the cash flows. A terminal growth rate is applied to the final year of the projected period and reflects our estimate of stable growth to perpetuity. We then calculate the present value of the respective cash flows for each reporting unit to arrive at the fair value using the income approach and then determine the appropriate weighting between the fair value estimated using the income approach and the fair value estimated using the market approach. Finally, we compare the estimated fair value of each reporting unit to its respective carrying value in order to determine if the goodwill assigned to each reporting unit is potentially impaired. If the carrying amount of a reporting unit exceeds its fair value, we are required to perform a second step of the goodwill

impairment test to measure the amount of impairment loss, if any.

Significant assumptions used include management's estimates of future growth rates, the amount and timing of future operating cash flows, capital expenditures, discount rates as well as market and industry conditions and relevant comparable company multiples for the market approach. Assumptions utilized are highly judgmental, especially given the role technology plays in driving the demand for products in the telecommunications and aerospace markets.

With respect to our other long-lived assets other than goodwill and indefinite-lived trademarks, we test for impairment when indicators of impairment are present. An asset is considered impaired when the undiscounted estimated net cash flows expected to be generated by the asset are less than its carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset.

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Our annual goodwill impairment test, which we performed during the fourth quarter of fiscal 2015, resulted in an impairment charge for goodwill and certain indefinite-lived assets such as trademarks in the Purcell and Quallion/ABSL US reporting units, which are both part of the Americas operating segment, as discussed in Note 5 to the Consolidated Financial Statements. The excess of fair value over carrying value for each of our other reporting units as of December 29, 2014, the annual testing date, ranged from approximately 6% to approximately 146% of carrying value. The ABSL UK and South Africa reporting units have the lowest excess of fair value over carrying value at 6% and 11%, respectively. The aggregate carrying value as of March 31, 2015, of goodwill and indefinite-lived intangibles of ABSL UK was \$8.9 million and goodwill of South Africa was \$2.3 million.

In order to evaluate the sensitivity of the fair value calculations on the goodwill impairment test, we applied a hypothetical 10% decrease to the fair values of each reporting unit. This hypothetical 10% decrease would result in the ABSL UK reporting unit having a fair value below its carrying value of 5%. For the remaining reporting units, such hypothetical decrease would result in excess fair values over carrying values range from approximately 1% to approximately 122% of the carrying values. We will continue to evaluate goodwill on an annual basis as of the beginning of our fourth fiscal quarter and whenever events or changes in circumstances, such as significant adverse changes in business climate or operating results, changes in management's business strategy or loss of a major customer, indicate that there may be a potential indicator of impairment.

Litigation and Claims

From time to time, the Company has been or may be a party to various legal actions and investigations including, among others, employment matters, compliance with government regulations, federal and state employment laws, including wage and hour laws, contractual disputes and other matters, including matters arising in the ordinary course of business. These claims may be brought by, among others, governments, customers, suppliers and employees. Management considers the measurement of litigation reserves as a critical accounting estimate because of the significant uncertainty in some cases relating to the outcome of potential claims or litigation and the difficulty of predicting the likelihood and range of potential liability involved, coupled with the material impact on our results of operations that could result from litigation or other claims.

In determining legal reserves, management considers, among other issues:

- interpretation of contractual rights and obligations;
- the status of government regulatory initiatives, interpretations and investigations;
- the status of settlement negotiations;
- prior experience with similar types of claims;
- whether there is available insurance coverage; and
- advice of outside counsel.

Environmental Loss Contingencies

Accruals for environmental loss contingencies (i.e., environmental reserves) are recorded when it is probable that a liability has been incurred and the amount can reasonably be estimated. Management views the measurement of environmental reserves as a critical accounting estimate because of the considerable uncertainty surrounding estimation, including the need to forecast well into the future. From time to time, we may be involved in legal proceedings under federal, state and local, as well as international environmental laws in connection with our operations and companies that we have acquired. The estimation of environmental reserves is based on the evaluation of currently available information, prior experience in the remediation of contaminated sites and assumptions with respect to government regulations and enforcement activity, changes in remediation technology and practices, and financial obligations and creditworthiness of other responsible parties and insurers.

Warranty

We record a warranty reserve for possible claims against our product warranties, which generally run for a period ranging from one to twenty years for our reserve power batteries and for a period ranging from one to seven years for our motive power batteries. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

Management believes that the accounting estimate related to the warranty reserve is a critical accounting estimate because the underlying assumptions used for the reserve can change from time to time and warranty claims could potentially have a material impact on our results of operations.

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Allowance for Doubtful Accounts

We encounter risks associated with sales and the collection of the associated accounts receivable. We record a provision for accounts receivable that are considered to be uncollectible. In order to calculate the appropriate provision, management analyzes the creditworthiness of specific customers and the aging of customer balances. Management also considers general and specific industry economic conditions, industry concentration and contractual rights and obligations.

Management believes that the accounting estimate related to the allowance for doubtful accounts is a critical accounting estimate because the underlying assumptions used for the allowance can change from time to time and uncollectible accounts could potentially have a material impact on our results of operations.

Retirement Plans

We use certain economic and demographic assumptions in the calculation of the actuarial valuation of our defined benefit plans. These assumptions include the discount rate, expected long-term rates of return on assets and rates of increase in compensation levels. Changes in these assumptions can result in changes to the pension expense and recorded liabilities. Management reviews these assumptions at least annually. We use independent actuaries to assist us in formulating assumptions and making estimates. These assumptions are updated periodically to reflect the actual experience and expectations on a plan-specific basis, as appropriate. During fiscal 2015, we revised our mortality assumptions to incorporate the new set of tables issued by the Society of Actuaries for purposes of measuring U.S. pension and other post-retirement obligations at year-end.

For benefit plans which are funded, we establish strategic asset allocation percentage targets and appropriate benchmarks for significant asset classes with the aim of achieving a prudent balance between return and risk. We set the expected long-term rate of return based on the expected long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this rate, we consider historical and expected returns for the asset classes in which the plans are invested, advice from pension consultants and investment advisors, and current economic and capital market conditions. The expected return on plan assets is incorporated into the computation of pension expense. The difference between this expected return and the actual return on plan assets is deferred and will affect future net periodic pension costs through subsequent amortization.

We believe that the current assumptions used to estimate plan obligations and annual expense are appropriate in the current economic environment. However, if economic conditions change materially, we may change our assumptions, and the resulting change could have a material impact on the consolidated statements of income and on the consolidated balance sheets.

Equity-Based Compensation

We recognize compensation cost relating to equity-based payment transactions by using a fair-value measurement method whereby all equity-based payments to employees, including grants of restricted stock units, stock options, market share units and performance market share units, are recognized as compensation expense based on fair value at grant date over the requisite service period of the awards. We determine the fair value of restricted stock units based on the quoted market price of our common stock on the date of grant. The fair value of stock options is determined using the Black-Scholes option-pricing model, which uses both historical and current market data to estimate the fair value. The fair value of market share units and performance market share units are estimated at the date of grant using a binomial lattice model and a Monte Carlo Simulation, respectively. All models incorporate various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the awards. When estimating the requisite service period of the awards, we consider many related factors including types of awards, employee class, and historical experience. Actual results, and future changes in estimates of the requisite service

period may differ substantially from our current estimates.

Income Taxes

Our effective tax rate is based on pretax income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate. We account for income taxes in accordance with applicable guidance on accounting for income taxes, which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between book and tax bases on recorded assets and liabilities. Accounting guidance also requires that deferred tax assets be reduced by a valuation allowance, when it is more likely than not that a tax benefit will not be realized.

The recognition and measurement of a tax position is based on management's best judgment given the facts, circumstances and information available at the reporting date. We evaluate tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we recognize the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement in the financial statements. For tax positions that are not more likely than not of being sustained upon audit, we do not recognize any portion of the benefit in the financial statements. If the more likely than

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not threshold is not met in the period for which a tax position is taken, we may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

We evaluate, on a quarterly basis, our ability to realize deferred tax assets by assessing our valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

To the extent we prevail in matters for which reserves have been established, or are required to pay amounts in excess of our reserves, our effective tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement would require use of cash and result in an increase in the effective tax rate in the year of resolution. A favorable tax settlement would be recognized as a reduction in our effective tax rate in the year of resolution.

Results of Operations—Fiscal 2015 Compared to Fiscal 2014

The following table presents summary consolidated statement of income data for fiscal year ended March 31, 2015, compared to fiscal year ended March 31, 2014:

	Fiscal 2015		Fiscal 2014		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Net sales	\$2,505.5	100.0	% \$2,474.4	100.0	% \$31.1	1.3	%
Cost of goods sold	1,864.6	74.4	1,844.8	74.6	19.8	1.1	
Gross profit	640.9	25.6	629.6	25.4	11.3	1.8	
Operating expenses	358.4	14.3	344.4	13.9	14.0	4.1	
Restructuring and other exit charges	11.4	0.5	27.4	1.1	(16.0)	(58.2))
Impairment of goodwill and indefinite-lived intangibles	23.9	1.0	5.2	0.2	18.7	NM	
Legal proceedings charge (reversal of legal accrual, net of fees)	(16.2)	(0.7)	58.2	2.3	(74.4)	NM	
Operating earnings	263.4	10.5	194.4	7.9	69.0	35.4	
Interest expense	19.7	0.8	17.1	0.7	2.6	14.8	
Other (income) expense, net	(5.6)	(0.2)	13.6	0.6	(19.2)	NM)
Earnings before income taxes	249.3	9.9	163.7	6.6	85.6	52.3	
Income tax expense	67.8	2.7	17.0	0.7	50.8	NM	
Net earnings	181.5	7.2	146.7	5.9	34.8	23.7	
Net losses attributable to noncontrolling interests	0.3	—	(3.6)	(0.1)	3.9	NM)
Net earnings attributable to EnerSys stockholders	\$181.2	7.2	% \$150.3	6.0	% \$30.9	20.5	%

NM = not meaningful

Overview

Our sales in fiscal 2015 were \$2.5 billion, a 1.3% increase from prior year's sales. This was the result of a 2% increase in organic volume and a 3% increase from acquisitions partially offset by a 4% decrease due to foreign currency

translation impact.

Gross margin percentage in fiscal 2015 increased by 20 basis points to 25.6% compared to fiscal 2014, mainly due to higher organic volume and favorable mix combined with the benefits of restructuring programs in EMEA.

A discussion of specific fiscal 2015 versus fiscal 2014 operating results follows, including an analysis and discussion of the results of our reportable segments.

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Net Sales

Net sales by reportable segment were as follows:

	Fiscal 2015		Fiscal 2014		Increase (Decrease)		
	In Millions	% Net Sales	In Millions	% Net Sales	In Millions	%	
Americas	\$1,322.4	52.8	% \$1,267.6	51.2	% \$54.8	4.3	%
EMEA	948.8	37.9	966.1	39.1	(17.3)	(1.8))
Asia	234.3	9.3	240.7	9.7	(6.4)	(2.6))
Total net sales	\$2,505.5	100.0	% \$2,474.4	100.0	% \$31.1	1.3	%

The Americas segment's revenue increased by \$54.8 million or 4.3% in fiscal 2015, as compared to fiscal 2014, primarily due to an increase in acquisitions and organic volume of approximately 4% and 2%, respectively, partially offset by a negative currency translation impact of approximately 2%.

The EMEA segment's revenue decreased by \$17.3 million or 1.8% in fiscal 2015, as compared to fiscal 2014, primarily due to an 8% decrease due to currency translation impact partially offset by an increase of 5% in organic volume and a 1% increase in pricing.

The Asia segment's revenue decreased by \$6.4 million or 2.6% in fiscal 2015, as compared to fiscal 2014, primarily due to a 14% decrease in organic volume and a 3% decrease in currency translation impact partially offset by a 14% increase in acquisitions. The decrease in Asia's organic volume is primarily due to lower sales to a major Chinese telecommunication company under a new tender program pursuant to which we participated at a lower volume.

Net sales by product line were as follows:

	Fiscal 2015		Fiscal 2014		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Reserve power	\$1,252.7	50.0	% \$1,234.5	49.9	% \$18.2	1.5	%
Motive power	1,252.8	50.0	1,239.9	50.1	12.9	1.1	
Total net sales	\$2,505.5	100.0	% \$2,474.4	100.0	% \$31.1	1.3	%

Sales in our reserve power product line increased in fiscal 2015 by \$18.2 million or 1.5% compared to the prior year primarily due to acquisitions and higher organic volume which contributed approximately 5% and 1%, respectively, offset by negative currency translation impact of 4%.

Sales in our motive power product line increased in fiscal 2015 by \$12.9 million or 1.1% compared to the prior year primarily due to higher organic volume and acquisitions of 2% each, pricing of approximately 1%, offset partially by negative currency translation impact of 4%.

Gross Profit

	Fiscal 2015		Fiscal 2014		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Gross profit	\$640.9	25.6	% \$629.6	25.4	% \$11.3	1.8	%

Gross profit increased \$11.3 million or 1.8% in fiscal 2015 compared to fiscal 2014. Gross profit, excluding the effect of foreign currency translation, increased \$30 million or 4.7% in fiscal 2015 compared to fiscal 2014. This increase is primarily attributed to higher organic volume and favorable mix combined with the benefits of restructuring programs in EMEA.

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Operating Items

	Fiscal 2015		Fiscal 2014		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Operating expenses	\$358.4	14.3	% \$344.4	13.9	% \$14.0	4.1	%
Restructuring and other exit charges	11.4	0.5	27.4	1.1	(16.0)	(58.2))
Impairment of goodwill and indefinite-lived intangibles	23.9	1.0	5.2	0.2	18.7	NM	
Legal proceedings charge / (reversal of legal accrual, net of fees)	(16.2)	(0.7)	58.2	2.3	(74.4)	NM	

NM = not meaningful

Operating Expenses

Operating expenses increased \$14.0 million or 4.1% in fiscal 2015 from fiscal 2014. Operating expenses, excluding the effect of foreign currency translation, increased \$8.0 million or 2.3% in fiscal 2015 compared to fiscal 2014. As a percentage of sales, operating expenses increased from 13.9% in fiscal 2014 to 14.3% in fiscal 2015 primarily due to acquisitions, stock-based compensation, implementation costs for a new ERP system in the Americas, and payroll related expenses.

Restructuring and other exit charges

Included in fiscal 2015 operating results are restructuring and other exit charges in EMEA of \$7.5 million and restructuring charges of \$3.9 million in Asia.

In fiscal 2014, we recorded \$27.4 million of restructuring charges, primarily for staff reductions and write-off of fixed assets and inventory in EMEA including relocating our motive power and a portion of our reserve power manufacturing from Bulgaria to our facilities in Western Europe. Included in these charges are exit charges of \$5.6 million related to certain operations in Europe.

Impairment of goodwill and indefinite-lived intangibles

We perform our annual goodwill impairment test on the first day of our fourth quarter or whenever an event occurs that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We use the income approach, also known as the discounted cash flow (“DCF”) method, which utilizes the present value of future cash flows to estimate fair value for each of our reporting units. We also use the market approach, which utilizes market price data of companies engaged in the same or a similar line of business as that of our company, to estimate fair value. A reconciliation of the two methods is performed to assess the reasonableness of fair value of each of the reporting units. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the fair value of a reporting unit against its carrying amount, including the goodwill allocated to each reporting unit. If the carrying amount of the reporting unit is in excess of its fair value, step two requires the comparison of the implied fair value of the reporting unit’s goodwill against the carrying amount of the reporting unit’s goodwill. Any excess of the carrying value of the reporting unit’s goodwill over the implied fair value of the reporting unit’s goodwill is recorded as an impairment loss.

In the fourth quarter of fiscal 2015, we conducted step one of our annual goodwill impairment test which indicated that the fair values of two of our reporting units - Purcell and Quallion/ABSL US - in the Americas operating segment were less than their respective carrying value, and we proceeded to perform step two of the goodwill impairment analysis.

Step two of the goodwill impairment analysis measures the impairment charge by allocating the reporting unit's fair value to all of the assets and liabilities of the reporting unit in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. This allocation process was performed only for the purpose of measuring the goodwill impairment, and not to adjust the carrying values of the recognized tangible assets and liabilities. Indefinite-lived intangibles, like trademarks were adjusted as a result of fair value being lower than their respective carrying value. Any excess of the carrying value of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill is recorded as an impairment loss. Based on our analysis, the implied fair value of goodwill was lower than the carrying value of the goodwill for the Purcell and Quallion/ABSL US reporting units in the Americas operating segment. We recorded a non-cash charge of \$20.3 million related to goodwill impairment in the Americas and EMEA operating segments and \$3.6 million related to impairment of indefinite-lived trademarks in the Americas. The combined charges resulted

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in a tax benefit of \$3.2 million, for a net charge of \$20.7 million.

The key factors contributing to the impairments were that both reporting units were recent acquisitions that have not performed to our expectations. In the case of Purcell, sales were negatively impacted by the slowdown in the enclosure business resulting from lower capital spending by a major customer in the telecommunications market. In the case of Quallion/ABSL US, the cancellation of certain programs with a major contractor serving the aerospace and defense markets resulted in poor performance. The sales levels began to decline in our second quarter of fiscal 2015, and despite our initial expectation that the declines were temporary, their downward trend continued through fiscal 2015.

Legal proceedings charge / (reversal of legal accrual, net of fees)

In the fourth quarter of fiscal 2014, the Company recorded a \$58.2 million legal proceedings charge in connection with an adverse arbitration result involving disputes between the Company's wholly-owned subsidiary, EnerSys Delaware Inc. ("EDI"), and Altery Systems ("Altery"). EDI and Altery were parties to a Supply and Distribution Agreement (the "SDA") pursuant to which EDI was, among other things, granted the exclusive right to distribute and sell certain fuel cell products manufactured by Altery for various applications throughout the United States. Commencing in 2011, various disputes arose and, because of the mandatory arbitration provision in the SDA, the parties moved forward with arbitration in August 2013.

After discovery, a hearing and post-hearing submissions by each party, on May 13, 2014, the arbitration panel issued an award in favor of Altery. As a result, the arbitration panel concluded that Altery should recover \$58.2 million in net money damages from EDI.

On August 12, 2014, EDI, on behalf of itself and its affiliates, entered into a binding term sheet with Altery that resolved the outstanding legal challenges related to this award. In accordance with the term sheet, in September 2014, EDI and Altery entered into (a) a settlement agreement and release of claims pursuant to which EDI paid Altery \$40.0 million in settlement of this award, a separate proceeding related to certain rights of EDI as a shareholder of Altery and related litigations and the parties granted the other a release and (b) a stock purchase agreement pursuant to which Altery paid EDI \$2.0 million to purchase EDI's entire equity interest in Altery. On September 16, 2014, courts in the respective jurisdictions had issued orders ending all of the ongoing litigation between EDI and Altery. Since the full amount of the initial award of \$58.2 million was recorded in the fourth quarter of fiscal 2014, the Company reversed approximately \$16.2 million, net of professional fees, from this previously recorded legal proceedings charge during the second quarter of fiscal 2015. The Company also included the \$2.0 million received in exchange for its equity interest in Altery in the Consolidated Statements of Income in Other (income) expense, net during the second quarter of fiscal 2015. The Company had previously written off the carrying value of the investment of \$5.0 million in the third quarter of fiscal 2014.

Operating Earnings

Operating earnings by segment were as follows:

	Fiscal 2015		Fiscal 2014		Increase (Decrease)	
	In Millions	As % Net Sales ⁽¹⁾	In Millions	As % Net Sales ⁽¹⁾	In Millions	%
Americas	\$162.8	12.3	\$179.1	14.1	\$(16.3)	(9.1)%
EMEA	109.8	11.6	84.9	8.8	24.9	29.4
Asia	9.9	4.2	21.2	8.8	(11.3)	(53.2)
Subtotal	282.5	11.3	285.2	11.5	(2.7)	(0.9)

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Restructuring and other exit charges-EMEA	(7.5)	(0.8)	(27.1)	(2.8)	19.6	(72.1)	
Restructuring charges-Asia	(3.9)	(1.7)	(0.3)	(0.1)	(3.6)	NM	
Impairment of goodwill and indefinite-lived intangibles-Americas	(23.1	)	(1.8	)	—		—		(23.1	)	NM
Goodwill impairment charge-EMEA	(0.8	)	(0.1	)	—		—		(0.8	)	NM
Goodwill impairment charge-Asia	—		—		(5.2	)	(2.2	)	5.2		NM
Legal proceedings (charge) reversal of legal accrual, net of fees-Americas	16.2		1.2		(58.2	)	(4.6	)	74.4		NM
Total	\$263.4		10.5		% \$194.4		7.9		% \$69.0		35.4	%

NM = not meaningful

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales.

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Fiscal 2015 operating earnings of \$263.4 million were \$69.0 million higher than in fiscal 2014 and were 10.5% of sales. Fiscal 2015 operating earnings included \$19.1 million in net restructuring, impairment charges and reversal of legal proceedings accrual compared to \$90.8 million in fiscal 2014. Without these charges, operating earnings were \$282.5 million or 11.3% of sales in fiscal 2015 compared to \$285.2 million or 11.5% of sales in fiscal 2014, which reflects a relatively stable environment for revenues, pricing and commodity costs between the two fiscal years.

The Americas segment's operating earnings, excluding the highlighted items discussed above, decreased \$16.3 million or 9.1% in fiscal 2015 compared to fiscal 2014, with the operating margin decreasing 180 basis points to 12.3%. This decrease of operating margin in our Americas segment is primarily due to lower pricing for a single customer, our recent acquisition of Purcell, which has not delivered the accretion we had expected by this time, due primarily to the delay in capital spending in their enclosure programs by a large telecommunications customer, stock-based compensation and implementation costs relating to a new ERP system.

The EMEA segment's operating earnings, excluding the highlighted items discussed above, increased \$24.9 million or 29.4% in fiscal 2015 compared to fiscal 2014, with the operating margin increasing 280 basis points to 11.6%. Benefits of the restructuring programs on both production and operating expenses and better pricing and customer mix drove the improvements. This improvement in EMEA earnings primarily reflects improved market segment mix across the business, 4G expansion, strong reserve power demand in emerging markets and shifts to our premium TPPL solutions, further amplified by the execution of our restructuring programs.

Operating earnings in Asia, excluding the highlighted items discussed above, decreased \$11.3 million or 53.2% in fiscal 2015 compared to fiscal 2014, with the operating margin decreasing by 460 basis points to 4.2% primarily due to costs associated with a temporary shut down at one of our plants in the PRC, transition to our new plant in the PRC, reduction in telecom sales in the PRC and adverse impact of currency translation in Australia and Japan.

Interest Expense

	Fiscal 2015		Fiscal 2014		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Interest expense	\$19.7	0.8	% \$17.1	0.7	% \$2.6	14.8	%

Interest expense of \$19.7 million in fiscal 2015 (net of interest income of \$1.3 million) was \$2.6 million higher than the \$17.1 million in fiscal 2014 (net of interest income of \$1.0 million). The increase in interest expense in fiscal 2015 compared to fiscal 2014 was primarily due to higher average debt outstanding and increased accreted interest on the Convertible Notes partially offset by lower average interest rates.

Our average debt outstanding (including the average amount of the Convertible Notes discount of \$5.6 million) was \$422.5 million in fiscal 2015, compared to our average debt outstanding (including the average amount of the Convertible Notes discount of \$13.5 million) of \$236.9 million in fiscal 2014. Our average cash interest rate incurred in fiscal 2015 was 2.3% compared to 3.5% in fiscal 2014. This higher average debt outstanding is the result of our stock buy back program under which over \$205 million of our shares were purchased during fiscal 2015.

Included in interest expense was non-cash, accreted interest on the Convertible Notes of \$8.3 million in fiscal 2015 and \$7.6 million in fiscal 2014. Also included in interest expense were non-cash charges related to amortization of deferred financing fees of \$1.3 million in fiscal 2015 and \$1.1 million in fiscal 2014.

Other (Income) Expense, Net

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	Fiscal 2015		Fiscal 2014		Increase (Decrease)	
	In	As %	In	As %	In	%
	Millions	Net Sales	Millions	Net Sales	Millions	
Other (income) expense, net	\$ (5.6) (0.2)% \$ 13.6	0.6	% \$ (19.2) NM
NM = not meaningful						

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Other (income) expense, net was income of \$5.6 million in fiscal 2015 compared to expense of \$13.6 million in fiscal 2014. The favorable impact in fiscal 2015 is mainly attributable to foreign currency gains of \$5.0 million in fiscal 2015 compared to foreign currency losses in fiscal 2014 of \$5.8 million due mainly to the impact of a strong U.S. dollar and a weak euro on our foreign exchange exposures. Also contributing to the favorable impact in fiscal 2015 is the receipt of \$2.0 million in exchange for our equity interest in Alteryx pursuant to the final legal settlement with Alteryx compared to the write-off of \$5.0 million relating to the carrying value of our investment in Alteryx and \$1.5 million relating to other charges in fiscal 2014.

Earnings Before Income Taxes

	Fiscal 2015		Fiscal 2014		Increase (Decrease)			
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%		
Earnings before income taxes	\$249.3	9.9	% \$163.7	6.6	% \$85.6	52.3	%	

As a result of the factors discussed above, fiscal 2015 earnings before income taxes were \$249.3 million, an increase of \$85.6 million or 52.3% compared to fiscal 2014.

Income Tax Expense

	Fiscal 2015		Fiscal 2014		Increase (Decrease)			
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%		
Income tax expense	\$67.8	2.7	% \$17.0	0.7	% \$50.8	NM		
Effective tax rate	27.2	%	10.4	%	16.8	%		

Our effective corporate income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions in which we operate and the amount of our consolidated income before taxes.

The Company's income tax provisions consist of federal, state and foreign income taxes. The effective income tax rate was 27.2% in fiscal 2015 compared to the fiscal 2014 effective income tax rate of 10.4%. The rate increase in fiscal 2015 as compared to fiscal 2014 is primarily due to the reversal of a previously recognized deferred tax valuation allowance related to one of our foreign subsidiaries of \$24.9 million in fiscal 2014 and changes in the mix of earnings among tax jurisdictions, which were significantly impacted by a legal proceedings charge recorded in fiscal 2014. The fiscal 2015 effective income tax rate also includes an increase due to non-deductible goodwill impairment charges.

The fiscal 2015 foreign effective income tax rate on foreign pre-tax income of \$173.0 million was 14.8%. The difference in the foreign effective tax rate versus the U.S. statutory rate of 35% is primarily attributable to lower tax rates in the foreign countries in which we operate. The fiscal 2014 foreign effective income tax rate on foreign pre-tax income of \$116.0 million was a net benefit of 4.0%. The difference in the foreign effective tax rate versus the U.S. statutory rate of 35% is primarily due to a release of a valuation allowance in a European subsidiary combined with lower statutory tax rates in foreign countries. The foreign effective income tax rate of fiscal 2014 without the valuation allowance release was 17.5%, and is higher than the fiscal 2015 foreign effective income tax rate of 14.8% due to a change in mix of earnings between foreign jurisdictions.

Income from our Swiss subsidiary comprised a substantial portion of our overall foreign mix of income for both fiscal 2015 and fiscal 2014 and is taxed at approximately 7%.

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Results of Operations—Fiscal 2014 Compared to Fiscal 2013

The following table presents summary consolidated statement of income data for fiscal year ended March 31, 2014, compared to fiscal year ended March 31, 2013:

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Net sales	\$2,474.4	100.0	% \$2,277.6	100.0	% \$196.8	8.6	%
Cost of goods sold	1,844.8	74.6	1,708.2	75.0	136.6	8.0	
Gross profit	629.6	25.4	569.4	25.0	60.2	10.6	
Operating expenses	344.4	13.9	312.3	13.7	32.1	10.3	
Restructuring and other exit charges	27.4	1.1	7.2	0.3	20.2	NM	
Legal proceedings charge	58.2	2.3	—	—	58.2	NM	
Goodwill impairment charge	5.2	0.2	—	—	5.2	NM	
Operating earnings	194.4	7.9	249.9	11.0	(55.5)	(22.2))
Interest expense	17.1	0.7	18.7	0.8	(1.6)	(8.6))
Other (income) expense, net	13.6	0.6	0.9	0.1	12.7	NM	
Earnings before income taxes	163.7	6.6	230.3	10.1	(66.6)	(28.9))
Income tax expense	17.0	0.7	65.3	2.9	(48.3)	(74.0))
Net earnings	146.7	5.9	165.0	7.2	(18.3)	(11.0))
Net losses attributable to noncontrolling interests	(3.6)	(0.1)	(1.5)	(0.1)	(2.1)	NM)
Net earnings attributable to EnerSys stockholders	\$150.3	6.0	% \$166.5	7.3	% \$(16.2)	(9.7))%

NM = not meaningful

Overview

Our sales in fiscal 2014 were \$2.5 billion, an 8.6% increase from prior year's sales primarily due to improvement in organic volume and acquisitions of approximately 5% and 3%, respectively. Gross margin percentage in fiscal 2014 increased by 40 basis points to 25.4% compared to fiscal 2013, mainly due to organic volume of 5% and improved pricing offsetting increased commodity costs. Our fourth quarter gross margin was the highest compared to other quarters in the fiscal year.

A discussion of specific fiscal 2014 versus fiscal 2013 operating results follows, including an analysis and discussion of the results of our reportable segments.

Net Sales

Net sales by reportable segment were as follows:

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	% Net Sales	In Millions	% Net Sales	In Millions	%	
Americas	\$1,267.6	51.2	% \$1,126.9	49.5	% \$140.7	12.5	%
EMEA	966.1	39.1	926.2	40.7	39.9	4.3	
Asia	240.7	9.7	224.5	9.8	16.2	7.2	

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Total net sales	\$2,474.4	100.0	%	\$2,277.6	100.0	%	\$196.8	8.6	%
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The Americas segment's revenue increased by \$140.7 million or 12.5% in fiscal 2014, as compared to fiscal 2013, primarily due to an increase in organic volume, acquisitions and pricing of approximately 7%, 5% and 1%, respectively, partially offset by a negative currency translation impact of approximately 1%.

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The EMEA segment's revenue increased by \$39.9 million or 4.3% in fiscal 2014, as compared to fiscal 2013 primarily due to an increase of 1% each in organic volume and pricing and a 2% increase due to currency translation impact.

The Asia segment's revenue increased by \$16.2 million or 7.2% in fiscal 2014 as compared to fiscal 2013. Higher organic volume and acquisitions contributed approximately 10% and 2%, respectively, partially offset by a decrease in pricing and currency translation impact of approximately 2% and 3%, respectively.

Net sales by product line were as follows:

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Reserve power	\$1,234.5	49.9	% \$1,119.1	49.1	% \$115.4	10.3	%
Motive power	1,239.9	50.1	1,158.5	50.9	81.4	7.0	
Total net sales	\$2,474.4	100.0	% \$2,277.6	100.0	% \$196.8	8.6	%

Sales in our reserve power product line increased in fiscal 2014 by \$115.4 million or 10.3% compared to the prior year primarily due to acquisitions, higher organic volume and pricing which contributed approximately 6%, 4% and 1%, respectively, offset by negative currency translation impact of 1%.

Sales in our motive power product line increased in fiscal 2014 by \$81.4 million or 7.0% compared to the prior year primarily due to higher organic volume of approximately 6%.

Gross Profit

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Gross profit	\$629.6	25.4	% \$569.4	25.0	% \$60.2	10.6	%

Gross profit increased \$60.2 million or 10.6% in fiscal 2014 compared to fiscal 2013. Gross profit, excluding the effect of foreign currency translation, increased \$63 million or 11.1% in fiscal 2014 compared to fiscal 2013. This increase is primarily attributed to lower manufacturing costs resulting from higher volume and prior year's restructuring activities along with improved pricing.

Operating Items

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Operating expenses	\$344.4	13.9	% \$312.3	13.7	% \$32.1	10.3	%
Restructuring and other exit charges	27.4	1.1	7.2	0.3	20.2	NM	
Legal proceedings charge	58.2	2.3	—	—	58.2	NM	
Goodwill impairment charge	5.2	0.2	—	—	5.2	NM	

NM = not meaningful

Operating Expenses

Operating expenses increased \$32.1 million or 10.3% in fiscal 2014 from fiscal 2013. Operating expenses, excluding the effect of foreign currency translation, increased \$33.1 million or 10.6% in fiscal 2014 compared to fiscal 2013. As a percentage of sales, operating expenses increased from 13.7% in fiscal 2013 to 13.9% in fiscal 2014 partially as a result of higher payroll related costs, including stock compensation expense.

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Restructuring and other exit charges

In fiscal 2014, we recorded \$27.4 million of restructuring charges, primarily for staff reductions and write-off of fixed assets and inventory in EMEA including relocating our motive power and a portion of our reserve power manufacturing from Bulgaria to our facilities in Western Europe. Included in these charges are exit charges of \$5.6 million related to certain operations in Europe.

In fiscal 2013, we recorded \$7.2 million of restructuring charges, primarily for staff reductions and asset write-offs in Europe and Asia.

Legal proceedings charge

In connection with the litigation involving Alteryx, which is discussed in detail “- Results of Operations - Fiscal 2015 Compared to Fiscal 2014 - Legal proceedings charge/ (reversal of legal accrual, net of fees)” above, we recorded a \$58.2 million legal proceedings charge in the fourth quarter of fiscal 2014 in connection with the related adverse arbitration result. This reflected the full amount of the award, which amounted to an after tax expense of approximately \$35.7 million.

Goodwill impairment charge

Goodwill is tested annually for impairment during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances that indicate goodwill is more likely than not impaired. During the third quarter of fiscal 2014, we determined that the fair value of our subsidiary in India, which was acquired in fiscal 2012, was less than its carrying amount based on our analysis of the estimated future expected cash flows we anticipate from the operations of this subsidiary. Accordingly, we recorded a non-cash charge of \$5.2 million for goodwill impairment relating to this subsidiary (see Note 5 to the Consolidated Financial Statements).

Operating Earnings

Operating earnings by segment were as follows:

	Fiscal 2014		Fiscal 2013		Increase (Decrease)			
	In Millions	As % Net Sales ⁽¹⁾	In Millions	As % Net Sales ⁽¹⁾	In Millions	%		
Americas	\$179.1	14.1	\$171.7	15.3	\$7.4	4.2	%	
EMEA	84.9	8.8	64.2	6.9	20.7	32.6		
Asia	21.2	8.8	21.2	9.4	—	0.3		
Subtotal	285.2	11.5	257.1	11.3	28.1	11.0		
Restructuring and other exit charges-EMEA	(27.1	) (2.8	(4.5	) (0.5	(22.6	) NM		
Restructuring charges-Asia	(0.3	) (0.1	(2.7	) (1.2	2.4	NM		
Legal proceedings charge-Americas	(58.2	) (4.6	—	—	(58.2	) NM		
Goodwill impairment charge-Asia	(5.2	) (2.2	—	—	(5.2	) NM		
Total	\$194.4	7.9	\$249.9	11.0	\$(55.5	) (22.2)%	

NM = not meaningful

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales.

Fiscal 2014 operating earnings of \$194.4 million were \$55.5 million lower than in fiscal 2013 and were 7.9% of sales. Fiscal 2014 operating earnings were favorably affected by organic volume, acquisitions, our continuing cost savings programs and our pricing actions catching up to commodity cost increases in early fiscal 2014. The unfavorable arbitration ruling of \$58.2 million offset those other benefits. Fiscal 2014 and 2013 operating earnings included \$27.4 million and \$7.2 million, respectively, of restructuring charges and \$1.9 million and \$0.3 million, respectively, for acquisition activity related expense.

The Americas segment's operating earnings, excluding the highlighted items discussed above, increased \$7.4 million or 4.2% in fiscal 2014, with the operating margin decreasing 120 basis points to 14.1%. This decrease of operating margin in our Americas segment was primarily due to an increase in commodity costs and unfavorable product mix partially offset by improved pricing and volume.

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The EMEA segment's operating earnings, excluding the highlighted items discussed above, increased \$20.7 million or 32.6% in fiscal 2014 compared to fiscal 2013. Benefits of the restructuring programs on both production and operating expenses and better pricing and customer mix drove the improvements.

Operating earnings in Asia, excluding the highlighted items discussed above, remained flat in fiscal 2014 in comparison to fiscal 2013, with the operating margin as a percentage of sales decreasing by 60 basis points to 8.8%. The decrease in our Asia segment margins in fiscal 2014 was primarily attributable to unfavorable customer mix.

Interest Expense

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Interest expense	\$17.1	0.7	% \$18.7	0.8	% \$(1.6) (8.6)%

Interest expense of \$17.1 million in fiscal 2014 (net of interest income of \$1.0 million) was \$1.6 million lower than the \$18.7 million in fiscal 2013 (net of interest income of \$1.4 million). The decrease in interest expense in fiscal 2014 compared to fiscal 2013 is primarily due to lower average interest rates and lower average debt outstanding, partially offset by increased accreted interest on the Convertible Notes.

Our average debt outstanding (including the average amount of the Convertible Notes discount of \$13.5 million) was \$236.9 million in fiscal 2014, compared to our average debt outstanding (including the average amount of the Convertible Notes discount of \$20.8 million) of \$246.3 million in fiscal 2013. Our average cash interest rate incurred in fiscal 2014 was 3.5% compared to 4.2% in fiscal 2013.

Included in interest expense is non-cash, accreted interest on the Convertible Notes of \$7.6 million in fiscal 2014 and \$7.0 million in fiscal 2013. Also included in interest expense are non-cash charges related to amortization of deferred financing fees of \$1.1 million in fiscal 2014 and \$1.3 million in fiscal 2013.

Other (Income) Expense, Net

	Fiscal 2014		Fiscal 2013		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Other (income) expense, net	\$13.6	0.6	% \$0.9	0.1	% \$12.7	NM

NM = not meaningful

Other (income) expense, net was expense of \$13.6 million in fiscal 2014 compared to expense of \$0.9 million in fiscal 2013. The unfavorable impact in fiscal 2014 was mainly attributable to write-offs relating to non-operating assets and other charges of \$6.5 million and higher foreign currency losses of \$5.8 million compared to foreign currency losses of \$1.9 million in fiscal 2013. The prior year also included insurance recoveries of \$1.8 million.

Earnings Before Income Taxes

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
	\$163.7	6.6	% \$230.3	10.1	% \$(66.6) (28.9)%

Earnings before income
taxes

As a result of the factors discussed above, fiscal 2014 earnings before income taxes were \$163.7 million, a decrease of \$66.6 million or 28.9% compared to fiscal 2013.

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Income Tax Expense

	Fiscal 2014		Fiscal 2013		Increase (Decrease)		
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%	
Income tax expense	\$17.0	0.7	% \$65.3	2.9	% \$(48.3	) (74.0)%
Effective tax rate	10.4	%	28.4	%	(18.0)%	

Our corporate effective income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions in which we operate and the amount of our consolidated income before taxes.

The Company's income tax provisions consist of federal, state and foreign income taxes. The effective income tax rate was 10.4% in fiscal 2014 compared to the fiscal 2013 effective tax rate of 28.4%. The rate decrease in fiscal 2014 as compared to fiscal 2013 was primarily due to the reversal of a previously recognized deferred tax valuation allowance related to one of our foreign subsidiaries of \$24.9 million and changes in the mix of earnings among tax jurisdictions, which were significantly impacted by a legal proceedings charge recorded in fiscal 2014. The valuation allowance release was the result of an operational restructuring approved during fiscal 2014.

The fiscal 2014 foreign effective income tax rate on foreign pre-tax income of \$116.0 million was a net benefit of 4.0%. The difference in the foreign effective tax rate versus the U.S. statutory rate of 35% was primarily attributable to a release of a valuation allowance in a European subsidiary combined with lower statutory rates in foreign countries. The foreign effective income tax rate without the valuation allowance release was 17.5%. The fiscal 2013 foreign effective income tax rate on foreign pre-tax income of \$123.0 million was 13.8%. The difference in the foreign effective income tax rate versus the U.S. statutory rate of 35% was attributable to lower statutory rates in foreign countries.

Income from our Swiss subsidiary comprised a substantial portion of our overall foreign mix of income for both fiscal 2014 and fiscal 2013 and is taxed at approximately 7%.

Liquidity and Capital Resources

Cash Flow and Financing Activities

Cash and cash equivalents at March 31, 2015, 2014 and 2013, were \$268.9 million, \$240.1 million and \$249.3 million, respectively.

Cash provided by operating activities for fiscal 2015, 2014 and 2013, was \$194.5 million, \$193.6 million and \$244.4 million, respectively.

During fiscal 2015, cash from operating activities was provided primarily from net earnings of \$181.5 million, depreciation and amortization of \$57.0 million, non-cash charges relating to write-off of goodwill and other assets of \$23.9 million, deferred taxes of \$31.9 million, stock-based compensation of \$25.3 million, non-cash interest and restructuring charges of \$9.5 million and \$3.3 million, respectively, were partially offset by a non-cash gain of \$2.0 million on disposition of our equity interest in Alteryx and non-cash credits relating to the reversal of the remaining legal accrual of \$16.2 million. Also partially offsetting our cash provided from operating activities was the increase in Primary Working Capital of \$49.9 million, net of currency translation changes and our payment of \$40.0 million towards the Alteryx award, pursuant to the final legal settlement of the Alteryx matter and accrued income tax expense of \$15.5 million.

During fiscal 2014, cash from operating activities was provided primarily from net earnings of \$146.7 million, depreciation and amortization of \$54.0 million, non-cash charges relating to write-off of goodwill and other assets of \$10.2 million, restructuring charges of \$11.5 million, a net source of \$25.6 million from non-cash interest expense and stock compensation, \$90.3 million from other accrued, including the legal proceedings charge of \$58.2 million, were partially offset by cash used for the increase in Primary Working Capital of \$77.0 million and deferred taxes of \$49.7 million, net of currency translation changes.

During fiscal 2013, cash from operating activities was provided primarily from net earnings of \$165.0 million, depreciation and amortization of \$50.5 million and a net source of \$26.4 million from non-cash interest expense, provision for doubtful accounts, deferred taxes, net gains and settlements on derivatives, stock compensation, asset write-offs related to restructuring

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and losses on disposal of fixed assets. Primary Working Capital improved by \$9.9 million and was offset partially by a change in current and other assets, accrued expenses, and other liabilities of \$7.4 million.

As explained in the discussion of our use of “non-GAAP financial measures,” we monitor the level and percentage of Primary Working Capital to sales. Primary Working Capital for this purpose is trade accounts receivable, plus inventories, minus trade accounts payable and the resulting net amount is divided by the trailing three-month net sales (annualized) to derive a primary working capital percentage. Primary Working Capital was \$636.6 million (yielding a Primary Working Capital percentage of 25.3%) at March 31, 2015 and \$666.9 million (yielding a Primary Working Capital percentage of 25.1%) at March 31, 2014.

Primary Working Capital and Primary Working Capital percentages at March 31, 2015, 2014 and 2013 are computed as follows:

At March 31,	Trade Receivables	Inventory	Accounts Payable	Primary Working Capital	Quarter Revenue Annualized	Primary Working Capital (%)	
		(in millions)					
2015	\$518.2	\$337.0	\$(218.6)	) \$636.6	\$2,519.6	25.3	%
2014	564.6	361.8	(259.5)	) 666.9	2,661.0	25.1	
2013	448.1	353.9	(249.3)	) 552.7	2,288.5	24.2	

Cash used in investing activities for fiscal 2015, 2014 and 2013 was \$59.6 million, \$232.0 million and \$55.1 million, respectively. Capital expenditures were \$63.6 million, \$62.0 million and \$55.3 million in fiscal 2015, 2014 and 2013, respectively. Our current year’s capital spending focused primarily on manufacturing capacity expansion projects, the continuation of a new enterprise resource planning system (“ERP”) for our Americas and Asia businesses and an office building expansion to our Reading, Pennsylvania offices.

There were no acquisitions during fiscal 2015. In fiscal 2014, our purchases of and investments in businesses were \$171.5 million with three significant acquisitions comprising Purcell Systems Inc., a designer, manufacturer and marketer of thermally managed electronic equipment and battery cabinet enclosures, Quallion, LLC, a manufacturer of lithium ion cells and batteries for medical devices, defense, aviation and space, and UTS Holdings Sdn. Bhd. and its subsidiaries, a distributor of motive and reserve power battery products and services. There were no acquisitions during fiscal 2013.

Financing activities used cash of \$59.3 million primarily due to revolver borrowings and repayments of \$372.7 million and \$322.7 million, respectively, and \$150.0 million incremental term loan borrowing under the 2011 Credit Facility, purchase of treasury stock for \$205.4 million and payment of cash dividends to our stockholders of \$31.7 million. Taxes paid related to net share settlement of equity awards, net of option proceeds and related tax benefits resulted in a net outflow of \$8.6 million. Net repayments on short-term debt were \$11.9 million.

During fiscal 2014, we borrowed \$251.9 million on our revolver and repaid \$126.9 million. Borrowings on short-term debt were \$8.5 million. During fiscal 2014, we repurchased \$69.9 million of our common stock and paid cash dividends to our stockholders of \$23.7 million. We also acquired the share of noncontrolling interests in one of our foreign subsidiaries for \$6.0 million and paid deferred consideration of \$4.8 million in connection with an acquisition made in fiscal 2012. Taxes paid related to net share settlement of equity awards, net of option proceeds and related tax benefits resulted in a net outflow of \$6.3 million in fiscal 2014.

During fiscal 2013, we borrowed \$246.0 million on our revolver and repaid \$325.4 million. Borrowings on long-term debt and short-term debt were \$5.6 million and \$7.4 million, respectively, which were offset by repayments of

long-term debt of \$16.5 million in Asia. During fiscal 2013, we repurchased \$22.6 million of our common stock. The exercise of stock options and the related tax benefits contributed \$11.3 million in fiscal 2013.

As a result of the above, cash and cash equivalents increased \$28.8 million from \$240.1 million at March 31, 2014 to \$268.9 million at March 31, 2015.

We currently are in compliance with all covenants and conditions under our credit agreements.

In addition to cash flows from operating activities, we had available committed and uncommitted credit lines of approximately \$465 million at March 31, 2015 to cover short-term liquidity requirements. Our 2011 Credit Facility is committed through

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September 2018, as long as we continue to comply with the covenants and conditions of the credit facility agreement. Included in our available credit lines at March 31, 2015 is \$323 million under our 2011 Credit Facility.

On May 7, 2015, the Company called for redemption of all of the Convertible Notes on June 8, 2015. For more information regarding the redemption of, and the Company's offer to purchase all of, the Convertible Notes and the issuance in April 2015 of the \$300 million of 5.00% senior notes due 2023, see "Item 1A. Risk Factors - Risk of accelerated conversion or required repurchase of Convertible Notes could adversely affect the Company's liquidity" and "- Current Market Conditions - Liquidity and Capital Resources" above.

We believe that our cash flow from operations, available cash and cash equivalents and available borrowing capacity under our credit facilities will be sufficient to meet our liquidity needs, including normal levels of capital expenditures, for the foreseeable future; however, there can be no assurance that this will be the case.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements during any of the periods covered by this report.

Contractual Obligations and Commercial Commitments

At March 31, 2015, we had certain cash obligations, which are due as follows:

	Total	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
	(in millions)				
Debt obligations *	\$501.1	\$7.5	\$30.0	\$163.6	\$300.0
Short-term debt	19.7	19.7	—	—	—
Interest on debt *	130.3	17.9	35.0	31.1	46.3
Operating leases	66.9	19.9	24.8	14.9	7.3
Pension benefit payments and profit sharing	32.2	2.4	4.9	5.9	19.0
Restructuring	3.8	3.8	—	—	—
Capital spending commitments	76.7	76.7	—	—	—
Lead forward contracts	0.3	0.3	—	—	—
Purchase commitments	20.0	20.0	—	—	—
Capital lease obligations, including interest	0.3	0.3	—	—	—
Total	\$851.3	\$168.5	\$94.7	\$215.5	\$372.6

* On April 23, 2015, the Company issued \$300 million of Notes and has available to it the net proceeds from the sale of the Notes to redeem, settle, repurchase or otherwise repay and retire in full the principal of the Convertible Notes in cash, if it elects to do so. The Convertible Notes have been called for redemption on June 8, 2015. The above table reflects (i) the Notes and related interest payments beginning in fiscal 2016 and (ii) all of the Convertible Notes being retired in the first quarter of fiscal 2016.

Due to the uncertainty of future cash outflows, uncertain tax positions have been excluded from the above table.

Under our 2011 Credit Facility and other credit arrangements, we had outstanding standby letters of credit of \$3.9 million as of March 31, 2015.

Credit Facilities and Leverage

Our focus on working capital management and cash flow from operations is measured by our ability to reduce debt and reduce our leverage ratios. Shown below are the leverage ratios at March 31, 2015 and 2014, in connection with our 2011 Credit Facility.

The total net debt as defined under our 2011 Credit Facility is \$392.3 million for fiscal 2015 and is 1.0 times adjusted EBITDA (non-GAAP) as described below.

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The following table provides a reconciliation of net earnings to EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) as per our 2011 Credit Facility:

	Fiscal 2015	Fiscal 2014
	(in millions, except ratios)	
Net earnings as reported	\$181.5	\$146.7
Add back:		
Depreciation and amortization	57.0	54.0
Interest expense	19.7	17.1
Income tax expense	67.8	17.0
EBITDA (non GAAP) ⁽¹⁾	\$326.0	\$234.8
Adjustments per credit agreement definitions ⁽²⁾	52.6	43.9
Adjusted EBITDA (non-GAAP) per credit agreement	\$378.6	\$278.7
Total net debt ⁽³⁾	\$392.3	\$224.9
Leverage ratios:		
Total net debt/adjusted EBITDA ratio ⁽⁴⁾	1.0 X	0.8 X
Maximum ratio permitted	3.25 X	3.25 X
Consolidated interest coverage ratio ⁽⁵⁾	37.5 X	31.2 X
Minimum ratio required	4.5 X	4.5 X

We have included EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) because our lenders use it as a key measure of our performance. EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization. EBITDA is not a measure of financial performance under GAAP and should not be considered an alternative to net earnings or any other measure of performance under GAAP or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Our calculation of EBITDA may be different from the calculations used by other companies, and therefore comparability may be limited. Certain financial covenants in our 2011 Credit Facility are based on EBITDA,

(1) subject to adjustments, which are shown above. Continued availability of credit under our 2011 Credit Facility is critical to our ability to meet our business plans, we believe that an understanding of the key terms of our credit agreement is important to an investor's understanding of our financial condition and liquidity risks. Failure to comply with our financial covenants, unless waived by our lenders, would mean we could not borrow any further amounts under our revolving credit facility and would give our lenders the right to demand immediate repayment of all outstanding revolving credit loans. We would be unable to continue our operations at current levels if we lost the liquidity provided under our credit agreements. Depreciation and amortization in this table excludes the amortization of deferred financing fees, which is included in interest expense.

The \$52.6 million adjustment to EBITDA in fiscal 2015 primarily related to \$25.3 million of non-cash stock compensation, \$3.3 million of non-cash restructuring and other exit charges and \$23.9 million of impairment of goodwill and indefinite-lived intangibles. The \$43.9 million adjustment to EBITDA in fiscal 2014 primarily related to \$16.7 million of non-cash stock compensation, \$11.5 million of non-cash restructuring charges and \$5.2 million of goodwill impairment charge and \$5.0 million non-cash write-off of certain assets.

Debt includes capital lease obligations and letters of credit and is net of U.S. cash and cash equivalents and a portion of European cash investments, as defined in the 2011 Credit Facility. In fiscal 2015, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of \$4 million and \$124 million, respectively, and in fiscal 2014, \$9 million and \$100 million, respectively.

(4) These ratios are included to show compliance with the leverage ratios set forth in our credit facilities. We show both our current ratios and the maximum ratio permitted or minimum ratio required under our 2011 Credit Facility.

(5) As defined in the 2011 Credit Facility, for fiscal 2015 interest expense used in the consolidated interest coverage ratio excludes non-cash interest of \$9.5 million. For fiscal 2014, interest expense used in the consolidated interest coverage ratio excludes non-cash interest of \$8.8 million and includes \$0.7 million of interest rate swap contract

settlements.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Note 1 to the Consolidated Financial Statements - Summary of Significant Accounting Policies for a description of certain recently issued accounting standards that were adopted or are pending adoption that would have a significant impact on our Consolidated Financial Statements or the Notes to the Consolidated Financial Statements.

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Related Party Transactions

None.

Sequential Quarterly Information

Fiscal 2015 and 2014 quarterly operating results, and the associated quarterly trends within each of those two fiscal years, are affected by the same economic and business conditions as described in the fiscal 2015 versus fiscal 2014 analysis previously discussed.

	Fiscal 2015				Fiscal 2014			
	June 29, 2014 1st Qtr.	Sep. 28, 2014 2nd Qtr.	Dec. 28, 2014 3rd Qtr.	March 31, 2015 4th Qtr.	June 30, 2013 1st Qtr.	Sep. 29, 2013 2nd Qtr.	Dec. 29, 2013 3rd Qtr.	March 31, 2014 4th Qtr.
	(in millions, except share and per share amounts)							
Net sales	\$634.1	\$629.9	\$611.6	\$629.9	\$597.3	\$568.8	\$643.1	\$665.2
Cost of goods sold	471.5	467.4	454.3	471.4	457.2	424.5	475.9	487.2
Gross profit	162.6	162.5	157.3	158.5	140.1	144.3	167.2	178.0
Operating expenses	89.1	96.9	86.2	86.2	77.1	82.2	90.1	95.0
Restructuring and other exit charges	1.8	1.8	2.4	5.4	0.4	1.1	13.0	12.9
Impairment of goodwill and indefinite-lived intangibles	—	—	—	23.9	—	—	5.2	—
Legal proceedings charge / (reversal of legal accrual, net of fees)	—	(16.2)	—	—	—	—	—	58.2
Operating earnings	71.7	80.0	68.7	43.0	62.6	61.0	58.9	11.9
Interest expense	4.9	4.3	5.0	5.5	4.3	4.1	4.6	4.1
Other (income) expense, net	1.0	(3.4)	(0.9)	(2.3)	2.3	0.5	8.2	2.6
Earnings before income taxes	65.8	79.1	64.6	39.8	56.0	56.4	46.1	5.2
Income tax expense (benefit)	16.7	22.5	15.3	13.3	15.6	15.2	(6.3)	(7.5)
Net earnings	49.1	56.6	49.3	26.5	40.4	41.2	52.4	12.7
Net gains (losses) attributable to noncontrolling interests	(0.1)	0.3	0.1	—	(0.4)	(0.2)	(2.9)	(0.1)
Net earnings attributable to EnerSys stockholders	\$49.2	\$56.3	\$49.2	\$26.5	\$40.8	\$41.4	\$55.3	\$12.8

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Net earnings per
common share
attributable to
EnerSys
stockholders:

Basic	\$1.05	\$1.22	\$1.09	\$0.60	\$0.85	\$0.87	\$1.17	\$0.27
Diluted	\$0.99	\$1.16	\$1.04	\$0.57	\$0.83	\$0.84	\$1.10	\$0.26

Weighted-average
number of
common shares
outstanding:

Basic	46,899,303	46,133,637	45,188,942	44,203,385	47,868,982	47,573,496	47,351,750	47,100,531
Diluted	49,726,238	48,537,276	47,368,173	46,579,230	49,304,944	49,405,818	50,214,782	50,227,076

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Net Sales

Quarterly net sales by segment were as follows:

	Fiscal 2015				Fiscal 2014				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	
	(in millions)								
Net sales by segment:									
Americas	\$330.9	\$333.2	\$314.3	\$344.0	\$315.6	\$287.7	\$327.0	\$337.3	
EMEA	242.0	233.3	242.3	231.2	231.0	223.3	251.3	260.5	
Asia	61.2	63.4	55.0	54.7	50.7	57.8	64.8	67.4	
Total	\$634.1	\$629.9	\$611.6	\$629.9	\$597.3	\$568.8	\$643.1	\$665.2	
Segment net sales as % of total:									
Americas	52.2	% 52.9	% 51.4	% 54.6	% 52.8	% 50.6	% 50.8	% 50.7	%
EMEA	38.1	37.0	39.6	36.7	38.7	39.3	39.1	39.2	
Asia	9.7	10.1	9.0	8.7	8.5	10.1	10.1	10.1	
Total	100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	%

Quarterly net sales by product line were as follows:

	Fiscal 2015				Fiscal 2014				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	
	(in millions)								
Net sales by product line:									
Reserve power	\$311.4	\$315.5	\$307.0	\$318.8	\$292.8	\$279.5	\$328.8	\$333.4	
Motive power	322.7	314.4	304.6	311.1	304.5	289.3	314.3	331.8	
Total	\$634.1	\$629.9	\$611.6	\$629.9	\$597.3	\$568.8	\$643.1	\$665.2	
Product line net sales as % of total:									
Reserve power	49.1	% 50.1	% 50.2	% 50.6	% 49.0	% 49.1	% 51.1	% 50.1	%
Motive power	50.9	49.9	49.8	49.4	51.0	50.9	48.9	49.9	
Total	100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	% 100.0	%

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

Our cash flows and earnings are subject to fluctuations resulting from changes in interest rates, foreign currency exchange rates and raw material costs. We manage our exposure to these market risks through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. We monitor our underlying market risk exposures on an ongoing basis and believe that we can modify or adapt our hedging strategies as needed.

Counterparty Risks

We have entered into lead forward purchase contracts and foreign exchange forward and purchased option contracts to manage the risk associated with our exposures to fluctuations resulting from changes in raw material costs and foreign currency

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exchange rates and raw material costs. The Company's agreements are with creditworthy financial institutions. Those contracts that result in a liability position at March 31, 2015 are \$1.5 million (pre-tax), therefore, there is minimal risk of nonperformance by these counterparties. Those contracts that result in an asset position at March 31, 2015 are \$5.3 million (pre-tax) and the vast majority of these will settle within one year. The impact on the Company due to nonperformance by the counterparties has been evaluated and not deemed material.

Interest Rate Risks

We are exposed to changes in variable U.S. interest rates on borrowings under our credit agreements as well as short term borrowings in our foreign subsidiaries.

A 100 basis point increase in interest rates would have increased annual interest expense by approximately \$3.4 million on the variable rate portions of our debt.

Commodity Cost Risks—Lead Contracts

We have a significant risk in our exposure to certain raw materials. Our largest single raw material cost is for lead, for which the cost remains volatile. In order to hedge against increases in our lead cost, we have entered into contracts with financial institutions to fix the price of lead. A vast majority of such contracts are for a period not extending beyond one year. We had the following contracts outstanding at the dates shown below:

Date	\$'s Under Contract (in millions)	# Pounds Purchased (in millions)	Average Cost/Pound	Approximate % of Lead Requirements (1)
March 31, 2015	\$76.1	91.6	\$0.83	19%
March 31, 2014	86.5	89.9	0.96	19
March 31, 2013	56.6	56.3	1.00	12

(1)Based on the fiscal year lead requirements for the period then ended.

We estimate that a 10% increase in our cost of lead would have increased our annual cost of goods sold by approximately \$61 million for the fiscal year ended March 31, 2015.

Foreign Currency Exchange Rate Risks

We manufacture and assemble our products globally in the Americas, EMEA and Asia. Approximately 60% of our sales and expenses are transacted in foreign currencies. Our sales revenue, production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. Additionally, as we report our financial statements in U.S. dollars, our financial results are affected by the strength of the currencies in countries where we have operations relative to the strength of the U.S. dollar. The principal foreign currencies in which we conduct business are the Euro, Swiss franc, British pound, Polish zloty, Chinese renminbi and Mexican peso.

We quantify and monitor our global foreign currency exposures. Our largest foreign currency exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in Europe. Additionally, we have currency exposures from intercompany financing and intercompany and third party trade transactions. On a selective basis, we enter into foreign currency forward contracts and purchase option contracts to reduce the impact from the volatility of currency movements; however, we cannot be certain that foreign currency fluctuations will not impact our

operations in the future.

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To hedge these exposures, we have entered into forward contracts and options with financial institutions to fix the value at which we will buy or sell certain currencies. The vast majority of such contracts are for a period not extending beyond one year. Forward contracts outstanding as of March 31, 2015 were \$102.1 million. The details of contracts outstanding as of March 31, 2015 were as follows:

Transactions Hedged	\$US Equivalent (in millions)	Average Rate Hedged		Approximate % of Annual Requirements ⁽¹⁾	
Sell Euros for U.S. dollars	\$48.1	\$/€	1.14	20	%
Sell Euros for Polish zloty	22.1	PLN/€	4.25	18	
Sell Euros for British pounds	16.2	£/€	0.77	38	
Sell U.S. dollars for Mexican pesos	6.2	MXN/\$	14.07	49	
Sell Japanese Yen for U.S. dollars	4.2	¥/\$	117.11	98	
Sell Australian dollars for Euros	1.9	AUD/€	1.45	15	
Sell Malaysian Ringgit for Euros	1.8	MYR/€	4.04	50	
Sell Australian dollars for U.S. dollars	0.7	\$/AUD	0.78	7	
Other	0.9				
Total	\$102.1				

(1) Based on the fiscal year currency requirements for the year ended March 31, 2015.

Foreign exchange translation adjustments are recorded as a separate component of accumulated other comprehensive income in EnerSys' stockholders' equity and noncontrolling interests.

Based on changes in the timing and amount of interest rate and foreign currency exchange rate movements and our actual exposures and hedges, actual gains and losses in the future may differ from our historical results.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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EnerSys

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of EnerSys

We have audited the accompanying consolidated balance sheets of EnerSys as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EnerSys at March 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), EnerSys' internal control over financial reporting as of March 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 27, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Philadelphia, Pennsylvania
May 27, 2015

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of EnerSys

We have audited EnerSys' internal control over financial reporting as of March 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). EnerSys' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, EnerSys maintained, in all material respects, effective internal control over financial reporting as of March 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of EnerSys as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2015 of EnerSys and our report dated May 27, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Philadelphia, Pennsylvania
May 27, 2015

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EnerSys

Consolidated Balance Sheets

(In Thousands, Except Share and Per Share Data)

	March 31, 2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$268,921	\$240,103
Accounts receivable, net of allowance for doubtful accounts (2015—\$7,562; 2014—\$9,446)	518,165	564,584
Inventories, net	337,011	361,846
Deferred taxes	31,749	64,765
Prepaid and other current assets	77,572	69,402
Total current assets	1,233,418	1,300,700
Property, plant, and equipment, net	356,854	370,166
Goodwill	369,730	426,056
Other intangible assets, net	158,160	172,472
Deferred taxes	28,547	33,446
Other assets	16,338	19,018
Total assets	\$2,163,047	\$2,321,858
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$19,715	\$33,814
Current portion of capital lease obligations	237	354
Accounts payable	218,574	259,484
Accrued expenses	193,262	284,902
Deferred taxes	1,583	2,849
Total current liabilities	433,371	581,403
Long-term debt	495,936	287,887
Capital lease obligations	37	245
Deferred taxes	99,398	101,149
Other liabilities	81,579	81,225
Total liabilities	1,110,321	1,051,909
Commitments and contingencies		
Redeemable noncontrolling interests	6,956	8,047
Redeemable equity component of Convertible Notes	1,330	9,613
Equity:		
Preferred Stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding at March 31, 2015 and at March 31, 2014	—	—
Common Stock, \$0.01 par value, 135,000,000 shares authorized, 53,664,639 shares issued and 44,068,588 shares outstanding at March 31, 2015; 53,263,348 shares issued and 46,942,126 shares outstanding at March 31, 2014	537	532
Additional paid-in capital	525,967	500,254
Treasury stock at cost, 9,596,051 shares held as of March 31, 2015 and 6,321,222 shares held as of March 31, 2014	(376,005	) (170,643
Retained earnings	997,376	848,414
Accumulated other comprehensive (loss) income	(108,975) 67,845
Total EnerSys stockholders' equity	1,038,900	1,246,402

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Nonredeemable noncontrolling interests	5,540	5,887
Total equity	1,044,440	1,252,289
Total liabilities and equity	\$2,163,047	\$2,321,858

See accompanying notes.

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EnerSys

Consolidated Statements of Income

(In Thousands, Except Share and Per Share Data)

	Fiscal year ended March 31,		
	2015	2014	2013
Net sales	\$2,505,512	\$2,474,433	\$2,277,559
Cost of goods sold	1,864,601	1,844,813	1,708,203
Gross profit	640,911	629,620	569,356
Operating expenses	358,381	344,421	312,324
Restructuring and other exit charges	11,436	27,326	7,164
Impairment of goodwill and indefinite-lived intangibles	23,946	5,179	—
Legal proceedings charge / (reversal of legal accrual, net of fees)	(16,233	) 58,184	—
Operating earnings	263,381	194,510	249,868
Interest expense	19,644	17,105	18,719
Other (income) expense, net	(5,602	) 13,658	916
Earnings before income taxes	249,339	163,747	230,233
Income tax expense	67,814	16,980	65,275
Net earnings	181,525	146,767	164,958
Net earnings (losses) attributable to noncontrolling interests	337	(3,561	) (1,550
Net earnings attributable to EnerSys stockholders	\$181,188	\$150,328	\$166,508
Net earnings per common share attributable to EnerSys stockholders:			
Basic	\$3.97	\$3.17	\$3.47
Diluted	\$3.77	\$3.02	\$3.42
Dividends per common share	\$0.70	\$0.50	\$—
Weighted-average number of common shares outstanding:			
Basic	45,606,317	47,473,690	48,022,005
Diluted	48,052,729	49,788,155	48,635,449

See accompanying notes.

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EnerSys
 Consolidated Statements of Comprehensive Income
 (In Thousands)

	Fiscal year ended March 31,		
	2015	2014	2013
Net earnings	\$181,525	\$146,767	\$164,958
Other comprehensive income (loss):			
Net unrealized gain (loss) on derivative instruments, net of tax	2,158	(1,421	) (2,007
Pension funded status adjustment, net of tax	(8,512	) (2,038	) (4,187
Foreign currency translation adjustment	(171,830	) 29,339	(28,894
Total other comprehensive income (loss), net of tax	(178,184	) 25,880	(35,088
Total comprehensive income	3,341	172,647	129,870
Comprehensive loss attributable to noncontrolling interests	(1,027	) (4,871	) (3,200
Comprehensive income attributable to EnerSys stockholders	\$4,368	\$177,518	\$133,070

See accompanying notes.

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EnerSys

Consolidated Statements of Changes in Equity

(In Thousands)	Preferred Stock	Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total EnerSys Stockholders' Equity	Non-redeemable Non-controlling Interests	Total Equity
Balance at March 31, 2012	\$—	\$522	\$474,924	\$(78,183)	\$560,839	\$74,093	\$1,032,195	\$8,620	\$1,040,815
Stock-based compensation	—	—	14,737	—	—	—	14,737	—	14,737
Exercise of stock options	—	7	10,026	—	—	—	10,033	—	10,033
Tax benefit from stock options	—	—	1,351	—	—	—	1,351	—	1,351
Purchase of common stock	—	—	—	(22,593)	—	—	(22,593)	—	(22,593)
Purchase of noncontrolling interests	—	—	608	—	—	—	608	(2,739)	(2,131)
Proceeds from noncontrolling interests	—	—	—	—	—	—	—	613	613
Net earnings (excluding \$1,429 of losses attributable to redeemable noncontrolling interests)	—	—	—	—	166,508	—	166,508	(121)	166,387
Other comprehensive income:									
Pension funded status adjustment (net of tax benefit of \$1,195)	—	—	—	—	—	(4,187)	(4,187)	—	(4,187)
Net unrealized gain (loss) on derivative instruments (net of tax benefit of \$1,134)	—	—	—	—	—	(2,007)	(2,007)	—	(2,007)
Foreign currency translation adjustment (excludes (\$1,159) related to redeemable noncontrolling interests)	—	—	—	—	—	(27,244)	(27,244)	(491)	(27,735)

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Balance at March 31, 2013	\$—	\$529	\$501,646	\$(100,776)	\$727,347	\$40,655	\$1,169,401	\$5,882	\$1,175,283
Stock-based compensation	—	—	16,742	—	—	—	16,742	—	16,742
Exercise of stock options (taxes paid related to net share settlement of equity awards), net	—	3	(7,873)	)	—	—	(7,870)	)	(7,870)
Tax benefit from stock options	—	—	1,612	—	—	—	1,612	—	1,612
Purchase of common stock	—	—	—	(69,867)	)	—	(69,867)	)	(69,867)
Purchase of noncontrolling interests	—	—	(2,866)	)	—	—	(2,866)	)	(2,866)
Reclassification of debt conversion feature	—	—	(9,613)	)	—	—	(9,613)	)	(9,613)
Net earnings (excluding \$3,536 of losses attributable to redeemable noncontrolling interests)	—	—	—	—	150,328	—	150,328	(25)	) 150,303
Dividends (\$0.50 per common share)	—	—	606	—	(24,287)	)	(23,681)	)	(23,681)
Redemption value adjustment attributable to redeemable noncontrolling interests	—	—	—	—	(4,974)	)	(4,974)	)	(4,974)
Other comprehensive income:									
Pension funded status adjustment (net of tax benefit of \$26)	—	—	—	—	—	(2,038)	(2,038)	)	(2,038)
Net unrealized gain (loss) on derivative instruments (net of tax benefit of \$834)	—	—	—	—	—	(1,421)	(1,421)	)	(1,421)
Foreign currency translation adjustment (excludes (\$1,340) related to redeemable noncontrolling	—	—	—	—	—	30,649	30,649	30	30,679

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interests)									
Balance at March 31, 2014	\$—	\$ 532	\$ 500,254	\$ (170,643)	\$ 848,414	\$ 67,845	\$ 1,246,402	\$ 5,887	\$ 1,252,289
Stock-based compensation	—	—	25,259	—	—	—	25,259	—	25,259
Exercise of stock options (taxes paid related to net share settlement of equity awards), net	—	5	(12,676)	)	—	—	(12,671))	—
Tax benefit from stock options	—	—	4,071	—	—	—	4,071	—	4,071
Purchase of common stock	—	—	—	(205,362)	)	—	(205,362))	—
Purchase of noncontrolling interests	—	—	—	—	—	—	—	(119))
Reclassification of debt conversion feature	—	—	8,283	—	—	—	8,283	—	8,283
Other	—	—	(3)	)	—	—	(3))	—
Net earnings (excluding \$191 of earnings attributable to redeemable noncontrolling interests)	—	—	—	—	181,188	—	181,188	146	181,334
Dividends (\$0.70 per common share)	—	—	779	—	(32,518)	)	(31,739))	—
Redemption value adjustment attributable to redeemable noncontrolling interests	—	—	—	—	292	—	292	—	292
Other comprehensive income:									
Pension funded status adjustment (net of tax benefit of \$3,250)	—	—	—	—	—	(8,512)	)	(8,512))
Net unrealized gain (loss) on derivative instruments (net of tax expense of \$1,266)	—	—	—	—	—	2,158	2,158	—	2,158
Foreign currency translation adjustment (excludes (\$990)	—	—	—	—	—	(170,466)	)	(170,466))
								(374))
									(170,840)

related to
redeemable
noncontrolling
interests)

Balance at March 31, 2015	\$—	\$ 537	\$ 525,967	\$(376,005)	\$ 997,376	\$(108,975)	\$ 1,038,900	\$ 5,540	\$ 1,044,440
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See accompanying notes.

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EnerSys

Consolidated Statements of Cash Flows

(In Thousands)

	Fiscal year ended March 31,		
	2015	2014	2013
Cash flows from operating activities			
Net earnings	\$181,525	\$146,767	\$164,958
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	57,040	53,972	50,502
Write-off of assets related to restructuring	3,349	11,497	3,689
(Gain) on disposition of equity interest in Alteryx / write-off of investment in Alteryx	(2,000)	) 5,000	—
Impairment of goodwill and indefinite-lived intangibles	23,946	5,179	—
Derivatives not designated in hedging relationships:			
Net (gains) losses	(972)	) 188	(2,496)
Cash proceeds (settlements)	654	(703)	) (851)
Provision for doubtful accounts	1,125	907	998
Deferred income taxes	31,886	(49,748)	) 1,673
Reversal of legal accrual, net of fees - See Note 18	(16,233)) —	—
Non-cash interest expense	9,546	8,826	8,492
Stock-based compensation	25,259	16,742	14,737
Loss (gain) on disposal of fixed assets	8	(100)	) 170
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(13,250)	) (70,134)	) 5,421
Inventory	(10,153)	) 8,144	(921)
Prepaid and other current assets	(18,998)	) (7,669)	) (15,754)
Other assets	701	(1,347)	) 3,293
Accounts payable	(26,500)	) (14,979)	) 5,370
Accrued expenses	(64,147)	) 90,339	2,997
Other liabilities	11,685	(9,260)	) 2,122
Net cash provided by operating activities	194,471	193,621	244,400
Cash flows from investing activities			
Capital expenditures	(63,625)	) (61,995)	) (55,286)
Purchase of businesses, net of cash acquired	—	(171,528)) —
Proceeds from disposition of equity interest in Alteryx	2,000	—	—
Proceeds from disposal of property, plant, and equipment and other assets	2,009	1,518	194
Net cash used in investing activities	(59,616)	) (232,005)	) (55,092)
Cash flows from financing activities			
Net (decrease) increase in short-term debt	(11,923)	) 8,458	7,435
Proceeds from revolving credit borrowings	372,700	251,900	246,050
Repayments of revolving credit borrowings	(322,700)	) (126,900)	) (325,450)
Proceeds from long-term debt—other	150,000	—	5,556
Payments of long-term debt—other	—	—	(16,468)
Repurchase of Convertible Notes	(234)) —	—
Deferred financing fees	(1,076)) (853)) —
Capital lease obligations and other	(260)) (404)) (358)
	(12,671)) (7,871)) 10,033

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Option proceeds (taxes paid related to net share settlement of equity awards), net				
Excess tax benefits from exercise of stock options and vesting of equity awards	4,071		1,612	1,351
Purchase of treasury stock	(205,362	)	(69,867	) (22,593
Dividends paid to stockholders	(31,739	)	(23,681) —
Payment of deferred purchase consideration	—		(4,820) —
Purchase of noncontrolling interests	(119	)	(6,012	) (2,131
Proceeds from noncontrolling interests	—		—	613
Net cash (used in) provided by financing activities	(59,313	)	21,562	(95,962
Effect of exchange rate changes on cash and cash equivalents	(46,724	)	7,577	(4,488
Net increase (decrease) in cash and cash equivalents	28,818		(9,245	) 88,858
Cash and cash equivalents at beginning of year	240,103		249,348	160,490
Cash and cash equivalents at end of year	\$268,921		\$240,103	\$249,348

See accompanying notes.

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Notes to Consolidated Financial Statements
March 31, 2015
(In Thousands, Except Share and Per Share Data)

1. Summary of Significant Accounting Policies

Description of Business

EnerSys (the “Company”) and its predecessor companies have been manufacturers of industrial batteries for over 125 years. EnerSys is a global leader in stored energy solutions for industrial applications. The Company manufactures, markets and distributes industrial batteries and related products such as chargers, outdoor cabinet enclosures, power equipment and battery accessories, and provides related after-market and customer-support services for industrial batteries.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and any partially owned subsidiaries that the Company has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50% owned are generally consolidated, investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method, and investments in affiliates of 20% or less are accounted for using the cost method. All intercompany transactions and balances have been eliminated in consolidation.

The Company also consolidates certain subsidiaries in which the noncontrolling interest party has within its control the right to require the Company to redeem all or a portion of its interest in the subsidiary. The redeemable noncontrolling interests are reported at their estimated redemption value, and the amount presented in temporary equity is not less than the initial amount reported in temporary equity. Any adjustment to the redemption value impacts retained earnings but does not impact net income or comprehensive income. Noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value.

Foreign Currency Translation

Results of foreign operations are translated into U.S. dollars using average exchange rates during the periods. The assets and liabilities are translated into U.S. dollars using exchange rates as of the balance sheet dates. Gains or losses resulting from translating the foreign currency financial statements are accumulated as a separate component of accumulated other comprehensive income (“AOCI”) in EnerSys’ stockholders’ equity and noncontrolling interests.

Transaction gains and losses resulting from exchange rate changes on transactions denominated in currencies other than the functional currency of the applicable subsidiary are included in the Consolidated Statements of Income, within “Other (income) expense, net”, in the year in which the change occurs.

Revenue Recognition

The Company recognizes revenue when the earnings process is complete. This occurs when risk and title transfers, collectibility is reasonably assured and pricing is fixed or determinable. Shipment terms are either shipping point or destination and do not differ significantly between the Company’s business segments. Accordingly, revenue is recognized when risk and title are transferred to the customer. Amounts invoiced to customers for shipping and handling are classified as revenue. Taxes on revenue producing transactions are not included in net sales.

The Company recognizes revenue from the service of its products when the respective services are performed.

Accruals are made at the time of sale for sales returns and other allowances based on the Company's historical experience.

Freight Expense

Amounts billed to customers for outbound freight costs are classified as sales in the Consolidated Statements of Income. Costs incurred by the Company for outbound freight costs to customers, inbound and transfer freight are classified in cost of goods sold.

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Warranties

The Company's products are warranted for a period ranging from one to twenty years for reserve power batteries and for a period ranging from one to seven years for motive power batteries. The Company provides for estimated product warranty expenses when the related products are sold. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased.

Concentration of Credit Risk

Financial instruments that subject the Company to potential concentration of credit risk consist principally of short-term cash investments and trade accounts receivable. The Company invests its cash with various financial institutions and in various investment instruments limiting the amount of credit exposure to any one financial institution or entity. The Company has bank deposits that exceed federally insured limits. In addition, certain cash investments may be made in U.S. and foreign government bonds, or other highly rated investments guaranteed by the U.S. or foreign governments. Concentration of credit risk with respect to trade receivables is limited by a large, diversified customer base and its geographic dispersion. The Company performs ongoing credit evaluations of its customers' financial condition and requires collateral, such as letters of credit, in certain circumstances.

Accounts Receivable

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The allowance is based on management's estimate of uncollectible accounts, analysis of historical data and trends, as well as reviews of all relevant factors concerning the financial capability of its customers. Accounts receivable are considered to be past due based on how payments are received compared to the customer's credit terms. Accounts are written off when management determines the account is uncollectible.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventory consists of material, labor, and associated overhead.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost and include expenditures that substantially increase the useful lives of the assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows: 10 to 33 years for buildings and improvements and 3 to 15 years for machinery and equipment.

Maintenance and repairs are expensed as incurred. Interest on capital projects is capitalized during the construction period.

Business Combinations

The purchase price of an acquired company is allocated between tangible and intangible assets acquired and liabilities assumed from the acquired business based on their estimated fair values, with the residual of the purchase price

recorded as goodwill. The results of operations of the acquired business are included in the Company's operating results from the date of acquisition.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived trademarks are tested for impairment at least annually and whenever events or circumstances occur indicating that a possible impairment may have been incurred. Goodwill is tested for impairment by determining the fair value of the Company's reporting units. These estimated fair values are based on financial projections, certain cash flow measures, and market capitalization. The indefinite-lived trademarks are tested for impairment by comparing the carrying value to the fair value based on current revenue projections of the related operations, under the relief from royalty method. Any excess carrying value over the amount of fair value is recognized as impairment. Any impairment would be recognized in full in the reporting period in which it has been identified.

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Goodwill impairment test involves a two-step process. In the first step, the Company compares the fair value of each reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, the Company must perform the second step of the impairment test to measure the amount of impairment loss, if any. In the second step, the reporting unit's fair value is allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment loss.

The Company estimates the fair value of its reporting units using a weighting of fair values derived from both the income approach and the market approach. Under the income approach, the Company calculates the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the business's ability to execute on the projected cash flows. The market approach estimates fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit. The weighting of the fair value derived from the market approach ranges from 0% to 50% depending on the level of comparability of these publicly-traded companies to the reporting unit.

In order to assess the reasonableness of the calculated fair values of its reporting units, the Company also compares the sum of the reporting units' fair values to its market capitalization and calculates an implied control premium (the excess of the sum of the reporting units' fair values over the market capitalization). The Company evaluates the control premium by comparing it to control premiums of recent comparable market transactions.

Finite-lived assets such as customer relationships, patents, and non-compete agreements are amortized over their estimated useful lives, generally over periods ranging from 3 to 20 years. The Company reviews the carrying values of these assets for possible impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on undiscounted estimated cash flows expected to result from its use and eventual disposition. The Company continually evaluates the reasonableness of the useful lives of these assets.

Impairment of Long-Lived Assets

The Company reviews the carrying values of its long-lived assets to be held and used for possible impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable, based on undiscounted estimated cash flows expected to result from its use and eventual disposition. The factors considered by the Company in performing this assessment include current operating results, trends and other economic factors. In assessing the recoverability of the carrying value of a long-lived asset, the Company must make assumptions regarding future cash flows and other factors. If these estimates or the related assumptions change in the future, the Company may be required to record an impairment loss for these assets.

Environmental Expenditures

The Company records a loss and establishes a reserve for environmental remediation liabilities when it is probable that an asset has been impaired or a liability exists and the amount of the liability can be reasonably estimated. Reasonable estimates involve judgments made by management after considering a broad range of information including notifications, demands or settlements that have been received from a regulatory authority or private party, estimates performed by independent engineering companies and outside counsel, available facts existing and proposed technology, the identification of other potentially responsible parties, their ability to contribute and prior experience.

These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. However, the reserves may materially differ from ultimate actual liabilities if the loss contingency is difficult to estimate or if management's judgments turn out to be inaccurate. If management believes no best estimate exists, the minimum probable loss is accrued.

Derivative Financial Instruments

The Company utilizes derivative instruments to mitigate volatility related to interest rates, lead prices and foreign currency exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company recognizes derivatives as either assets or liabilities in the accompanying Consolidated Balance Sheets and measures those instruments at fair value. Changes in the fair value of those instruments are reported in AOCI if they qualify for hedge accounting or in earnings if they do not qualify for hedge accounting. Derivatives qualify for hedge accounting if they are

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designated as hedge instruments and if the hedge is highly effective in achieving offsetting changes in the fair value or cash flows of the asset or liability hedged. Effectiveness is measured on a regular basis using statistical analysis and by comparing the overall changes in the expected cash flows on the lead and foreign currency forward contracts with the changes in the expected all-in cash outflow required for the lead and foreign currency purchases. This analysis is performed on the initial purchases quarterly that cover the quantities hedged. Accordingly, gains and losses from changes in derivative fair value of effective hedges are deferred and reported in AOCI until the underlying transaction affects earnings.

The Company has commodity, foreign exchange and interest rate hedging authorization from the Board of Directors and has established a hedging and risk management program that includes the management of market and counterparty risk. Key risk control activities designed to ensure compliance with the risk management program include, but are not limited to, credit review and approval, validation of transactions and market prices, verification of risk and transaction limits, portfolio stress tests, sensitivity analyses and frequent portfolio reporting, including open positions, determinations of fair value and other risk management metrics.

Market risk is the potential loss the Company and its subsidiaries may incur as a result of price changes associated with a particular financial or commodity instrument. The Company utilizes forward contracts, options, and swaps as part of its risk management strategies, to minimize unanticipated fluctuations in earnings caused by changes in commodity prices, interest rates and/or foreign currency exchange rates. All derivatives are recognized on the balance sheet at their fair value, unless they qualify for Normal Purchase Normal Sale.

Credit risk is the potential loss the Company may incur due to the counterparty's non-performance. The Company is exposed to credit risk from interest rate, foreign currency and commodity derivatives with financial institutions. The Company has credit policies to manage their credit risk, including the use of an established credit approval process, monitoring of the counterparty positions and the use of master netting agreements.

The Company has elected to offset net derivative positions under master netting arrangements. The Company does not have any positions involving cash collateral (payables or receivables) under a master netting arrangement as of March 31, 2015 and 2014.

The Company does not have any credit-related contingent features associated with its derivative instruments.

Fair Value of Financial Instruments

The Company uses the following valuation techniques to measure fair value for its financial assets and financial liabilities:

- Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3 Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Company and its subsidiaries use, as

appropriate, a market approach (generally, data from market transactions), an income approach (generally, present value techniques and option-pricing models), and/or a cost approach (generally, replacement cost) to measure the fair value of an asset or liability. These valuation approaches incorporate inputs such as observable, independent market data and/or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk.

Lead contracts, foreign currency contracts and interest rate contracts generally use an income approach to measure the fair value of these contracts, utilizing readily observable inputs, such as forward interest rates (e.g., London Interbank Offered Rate—"LIBOR") and forward foreign currency exchange rates (e.g., GBP and euro) and commodity prices (e.g., London Metals Exchange), as well as inputs that may not be observable, such as credit valuation adjustments. When observable inputs are used to measure all or most of the value of a contract, the contract is classified as Level 2. Over-the-counter (OTC) contracts are

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valued using quotes obtained from an exchange, binding and non-binding broker quotes. Furthermore, the Company obtains independent quotes from the market to validate the forward price curves. OTC contracts include forwards, swaps and options. To the extent possible, fair value measurements utilize various inputs that include quoted prices for similar contracts or market-corroborated inputs.

When unobservable inputs are significant to the fair value measurement, a contract is classified as Level 3. Additionally, Level 2 fair value measurements include adjustments for credit risk based on the Company's own creditworthiness (for net liabilities) and its counterparties' creditworthiness (for net assets). The Company assumes that observable market prices include sufficient adjustments for liquidity and modeling risks. The Company did not have any contracts that transferred between Level 2 and Level 3 as well as Level 1 and Level 2.

Income Taxes

The Company accounts for income taxes using the asset and liability approach, which requires deferred tax assets and liabilities be recognized using enacted tax rates to measure the effect of temporary differences between book and tax bases on recorded assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets, if it is more likely than not some portion or all of the deferred tax assets will not be recognized. The need to establish valuation allowances against deferred tax assets is assessed quarterly. The primary factors used to assess the likelihood of realization are forecasts of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

The Company has not recorded United States income or foreign withholding taxes related to undistributed earnings of foreign subsidiaries because the Company currently plans to keep these amounts permanently invested overseas.

The Company recognizes tax related interest and penalties in income tax expense in its Consolidated Statement of Income.

With respect to accounting for uncertainty in income taxes, the Company evaluates tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement. For tax positions that are not more likely than not of being sustained upon audit, the Company does not recognize any portion of the benefit. If the more likely than not threshold is not met in the period for which a tax position is taken, the Company may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

Deferred Financing Fees

Debt issuance costs that are incurred by the Company in connection with the issuance of debt are deferred and amortized to interest expense over the life of the underlying indebtedness, adjusted to reflect any early repayments.

Stock-Based Compensation Plans

The Company measures the cost of employee services received in exchange for the award of an equity instrument based on the grant-date fair value of the award, with such cost recognized over the applicable vesting period.

Market Share Units and Performance Market Share Units

The fair value of the market share units is estimated at the date of grant using a binomial lattice model with the following assumptions: a risk-free interest rate, dividend yield, time to maturity and expected volatility. These units

vest and are settled in common stock on the third anniversary of the date of grant. Market share units are converted into between zero and two shares of common stock for each unit granted at the end of a three-year performance cycle. The conversion ratio is calculated by dividing the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the vesting date by the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the grant date, with the resulting quotient capped at two. This quotient is then multiplied by the number of market share units granted to yield the number of shares of common stock to be delivered on the vesting date.

The fair value of the performance market share units is estimated at the date of grant using a Monte Carlo Simulation. A participant may earn based on the total shareholder return (the "TSR") of the Company's common stock over a three-year period ranging from 0% to 200% of the number of performance market share units granted. The awards will cliff vest on the 3rd anniversary of the grant date. The TSR is calculated by dividing the 90-calendar day average price at end of the period and the reinvested dividends thereon by the 90-calendar day average price at start of the period. The maximum number of awards

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earned is capped at 200% of the target award. Additionally, no payout will be awarded in the event that the TSR at the vesting date reflects less than a 25% return from the average price at the grant date. The 90-calendar day average prices immediately preceding the beginning and the end of the performance period are used to calculate TSR. Performance market share units are similar to the market share units except that the performance schedule is more difficult to achieve.

The Company recognizes compensation expense using the straight-line method over the life of the market share units and performance market share units except for those issued to certain retirement-eligible participants, which are expensed on an accelerated basis.

Restricted Stock Units

The fair value of restricted stock units is based on the closing market price of the Company's common stock on the date of grant. These awards generally vest, and are settled in common stock, at 25% per year, over a four-year period from the date of grant. The Company recognizes compensation expense using the straight-line method over the life of the restricted stock units.

Stock Options

The fair value of the options granted is estimated at the date of grant using the Black-Scholes option-pricing model utilizing assumptions based on historical data and current market data. The assumptions include expected term of the options, risk-free interest rate, expected volatility, and dividend yield. The expected term represents the expected amount of time that options granted are expected to be outstanding, based on historical and forecasted exercise behavior. The risk-free rate is based on the rate at the grant date of zero-coupon U.S. Treasury Notes with a term equal to the expected term of the option. Expected volatility is estimated using historical volatility rates based on historical weekly price changes over a term equal to the expected term of the options. The Company's dividend yield is based on historical data. The Company recognizes compensation expense using the straight-line method over the vesting period of the options except for those issued to certain retirement-eligible participants, which are expensed on an accelerated basis.

Earnings Per Share

Basic earnings per common share ("EPS") are computed by dividing net earnings attributable to EnerSys stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. At March 31, 2015, 2014 and 2013, the Company had outstanding stock options, restricted stock units, market share units, performance market share units and Convertible Notes, which could potentially dilute basic earnings per share in the future.

Segment Reporting

A segment for reporting purposes is based on the financial performance measures that are regularly reviewed by the chief operating decision maker to assess segment performance and to make decisions about a public entity's allocation of resources. Based on this guidance, the Company reports its segment results based upon the three geographical regions of operations.

▲Americas, which includes North and South America, with segment headquarters in Reading, Pennsylvania, USA,
€EMEA, which includes Europe, the Middle East and Africa, with segment headquarters in Zurich, Switzerland, and
▲Asia, which includes Asia, Australia and Oceania, with segment headquarters in Singapore.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) providing guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance is effective for the interim and annual periods beginning on or after December 15, 2016 (early adoption is not permitted). However, the FASB has proposed a one-year deferral of the effective date, which is currently subject to approval. The guidance permits the use of either a full retrospective or modified retrospective transition method. The Company has not yet selected a transition method and is currently evaluating the impact of the amended guidance on the consolidated financial position, results of operations and related disclosures.

In April 2015, the FASB issued ASU 2015-03, "Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." The update simplifies the presentation of debt issuance costs by requiring that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or

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premiums. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update and amortization of the costs will continue to be reported as interest expense. For public companies, this update is effective for interim and annual periods beginning after December 15, 2015, and is to be applied retrospectively. Early adoption is permitted. The Company does not expect this standard to have a significant impact on its consolidated financial statements and has not yet concluded whether it will adopt ASU 2015-03 prior to the effective date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Acquisitions

There were no acquisitions in fiscal 2015, however, the Company finalized purchase accounting for acquisitions made in fiscal 2014.

In fiscal 2014, the Company completed two acquisitions in the Americas and one in Asia, using both cash on hand and borrowings under the 2011 Credit Facility.

The Company completed the acquisition of Purcell Systems, Inc., a designer, manufacturer and marketer of thermally managed electronic equipment and battery cabinet enclosures, headquartered in Spokane, Washington, for \$119,540, net of cash acquired. The Company acquired tangible and intangible assets, including trademarks, technology, customer relationships and goodwill. Based on the final valuation, trademarks were valued at \$16,800, technology at \$7,900, customer relationships at \$35,700, and goodwill was recorded at \$50,889. The useful lives of technology and customer lists were estimated at 10 and 9 years, respectively. Trademarks were considered to be indefinite-lived assets.

On October 28, 2013, the Company completed the acquisition of Quallion, LLC, a manufacturer of lithium ion cells and batteries for medical devices, defense, aviation and space, headquartered in Sylmar, California, for \$25,800, net of cash acquired. The Company acquired tangible and intangible assets, in connection with the acquisition, including trademarks, technology, customer relationships and goodwill. Based on the final valuation, trademarks were valued at \$500, technology at \$4,400, customer relationships at \$3,400, and goodwill was recorded at \$13,502. The useful lives of technology and customer relationships were estimated at 20 and 14 years, respectively. Trademarks were considered to be indefinite-lived assets.

On January 27, 2014, the Company completed the acquisition of UTS Holdings Sdn. Bhd. and its subsidiaries, a distributor of motive and reserve power battery products and services, headquartered in Kuala Lumpur, Malaysia, for \$25,332, net of cash acquired. The Company acquired tangible and intangible assets, including trademarks, customer relationships and goodwill. Based on the final valuation, trademarks were valued at \$1,410, non-compete at \$160, customer relationships at \$3,200 and goodwill was recorded at \$10,796. The useful life of customer relationships was estimated at 8 years and trademarks were considered to be indefinite-lived assets.

The results of these acquisitions have been included in the Company's results of operations from the dates of their respective acquisitions. Pro forma earnings and earnings per share computations have not been presented as these acquisitions are not considered material. Net sales and Net earnings attributable to EnerSys stockholders, related to the fiscal 2014 acquisitions were \$68,231 and \$2,126, respectively, during fiscal 2014.

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3. Inventories

Inventories, net consist of:

	March 31, 2015	2014
Raw materials	\$82,954	\$87,469
Work-in-process	106,196	116,124
Finished goods	147,861	158,253
Total	\$337,011	\$361,846

Inventory reserves for obsolescence and other estimated losses, mainly relating to finished goods, were \$20,242 and \$20,316 at March 31, 2015 and 2014, respectively, and have been included in the net amounts shown above.

4. Property, Plant, and Equipment

Property, plant, and equipment consist of:

	March 31, 2015	2014
Land, buildings, and improvements	\$224,617	\$226,008
Machinery and equipment	546,513	576,729
Construction in progress	48,889	35,463
	820,019	838,200
Less accumulated depreciation	(463,165	) (468,034
Total	\$356,854	\$370,166

Depreciation expense for the fiscal years ended March 31, 2015, 2014 and 2013 totaled \$49,261, \$49,693, and \$47,876, respectively. Interest capitalized in connection with major capital expenditures amounted to \$1,989, \$1,046, and \$619 for the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

5. Goodwill and Other Intangible Assets

Other Intangible Assets

Information regarding the Company's other intangible assets are as follows:

	March 31, 2015			2014		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Indefinite-lived intangible assets:						
Trademarks	\$100,546	\$(953	) \$99,593	\$104,917	\$(953	) \$103,964
Finite-lived intangible assets:						
Customer relationships	55,482	(12,377	) 43,105	55,505	(6,729	) 48,776
Non-compete	2,680	(2,155) 525	2,581	(1,822) 759
Patents	17,049	(3,642) 13,407	17,592	(2,073) 15,519

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Trademarks	2,004	(898) 1,106	2,004	(813) 1,191
Licenses	1,482	(1,058) 424	3,177	(914) 2,263
Total	\$179,243	\$(21,083) \$158,160	\$185,776	\$(13,304) \$172,472

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The Company's amortization expense related to finite-lived intangible assets was \$7,779, \$4,279, and \$2,626, for the years ended March 31, 2015, 2014 and 2013, respectively. The expected amortization expense based on the finite-lived intangible assets as of March 31, 2015, is \$7,476 in 2016, \$7,246 in 2017, \$6,921 in 2018, \$6,859 in 2019 and \$6,648 in 2020.

Goodwill

The changes in the carrying amount of goodwill by reportable segment are as follows:

	Fiscal year ended March 31, 2015			
	Americas	EMEA	Asia	Total
Balance at beginning of year	\$215,630	\$177,586	\$32,840	\$426,056
Adjustments related to the finalization of purchase accounting for fiscal 2014 acquisitions	(3,256	) —	1,542	(1,714)
Goodwill impairment charge	(19,621	) (750	) —	(20,371)
Foreign currency translation adjustment	(2,432	) (29,874	) (1,935	) (34,241)
Balance at end of year	\$190,321	\$146,962	\$32,447	\$369,730
	Fiscal year ended March 31, 2014			
	Americas	EMEA	Asia	Total
Balance at beginning of year	\$150,031	\$166,708	\$28,760	\$345,499
Goodwill acquired during the year	67,912	—	9,254	77,166
Goodwill impairment charge	—	—	(5,179	) (5,179)
Foreign currency translation adjustment	(2,313	) 10,878	5	8,570
Balance at end of year	\$215,630	\$177,586	\$32,840	\$426,056

A reconciliation of goodwill and accumulated goodwill impairment losses, by reportable segment, is as follows:

	March 31, 2015			
	Americas	EMEA	Asia	Total
Gross carrying value	\$209,942	\$147,712	\$37,626	\$395,280
Accumulated goodwill impairment charges	(19,621	) (750	) (5,179	) (25,550)
Net book value	\$190,321	\$146,962	\$32,447	\$369,730
	March 31, 2014			
	Americas	EMEA	Asia	Total
Gross carrying value	\$215,630	\$177,586	\$38,019	\$431,235
Accumulated goodwill impairment charges	—	—	(5,179	) (5,179)
Net book value	\$215,630	\$177,586	\$32,840	\$426,056

Goodwill is tested annually for impairment during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances that indicate goodwill is more likely than not impaired.

In the fourth quarter of fiscal 2015, the Company conducted step one of the annual goodwill impairment test which indicated that the fair values of two of its reporting units - Purcell and Quallion/ABSL US in the Americas - were less than their respective carrying values, and the Company proceeded to perform step two of the goodwill impairment analysis.

Step two of the goodwill impairment analysis measures the impairment charge by allocating the reporting unit's fair value to all of the assets and liabilities of the reporting unit in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit were being acquired in a business combination. This allocation process is performed only for the purposes of measuring the goodwill impairment, and not to adjust the carrying values of the recognized tangible assets and liabilities, other than indefinite-lived assets. Any excess of the carrying value of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill is recorded as an impairment loss. Based on the aforementioned analysis,

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the implied fair value of goodwill was lower than the carrying value of the goodwill for the Purcell and Quallion/ABSL US reporting units in the Americas operating segment.

The Company recorded a non-cash charge of \$20,371 related to goodwill impairment in the Americas and EMEA operating segments and \$3,575 related to impairment of indefinite-lived trademarks in the Americas under the caption "Impairment of goodwill and other indefinite-lived intangibles" in the Consolidated Statements of Income.

The key factors contributing to the impairments were that both reporting units were recent acquisitions that have not performed to management's expectations. In the case of Purcell, sales were negatively impacted by the slowdown in the enclosure business resulting from lower capital spending by a major customer in the telecommunications market. In the case of Quallion/ABSL US, the cancellation of certain programs with a major contractor serving the aerospace and defense markets resulted in poor performance. The sales levels began to decline in the second quarter of fiscal 2015, and despite management's initial expectation that the declines were temporary, their downward trend continued through the end of fiscal 2015.

In fiscal 2014, the Company determined that the fair value of its subsidiary in India, which was acquired in fiscal 2012, was less than its carrying amount based on the Company's analysis of the estimated future expected cash flows the Company anticipated from the operations of this subsidiary. Accordingly, the Company recorded a non-cash charge of \$5,179 for goodwill impairment relating to this subsidiary.

The Company estimated tax-deductible goodwill to be approximately \$24,446 and \$28,126 as of March 31, 2015 and 2014, respectively.

6. Prepaid and Other Current Assets

Prepaid and other current assets consist of the following:

	March 31, 2015	2014
Prepaid non-income taxes	\$19,231	\$25,120
Prepaid income taxes	30,577	23,762
Non-trade receivables	4,050	4,435
Other	23,714	16,085
Total	\$77,572	\$69,402

7. Accrued Expenses

Accrued expenses consist of the following:

	March 31, 2015	2014
Payroll and benefits	\$47,323	\$62,518
Legal proceedings - Allergy	—	58,184
Accrued selling expenses	31,269	30,963
Income taxes payable	17,721	27,116
Warranty	18,285	17,577
Freight	14,315	14,700
VAT and other non-income taxes	8,657	12,789
Deferred income	12,188	10,839

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Restructuring	3,820	8,414
Lead forward contracts	341	2,371
Interest	1,970	1,980
Pension	1,226	1,602
Other	36,147	35,849
Total	\$193,262	\$284,902

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8. Debt

Summary of Long-Term Debt

The following summarizes the Company's long-term debt:

	March 31,	
	2015	2014
2011 Credit Facility, due 2018	\$325,000	\$125,000
3.375% Convertible Notes, net of discount, due 2038	170,936	162,887
	495,936	287,887
Less current portion	—	—
Total long-term debt	\$495,936	\$287,887

2011 Senior Secured Credit Facility

In July 2014, the Company amended its existing senior secured revolving credit facility (as amended, the "2011 Credit Facility") while also entering into an Incremental Commitment Agreement pursuant to which certain banks agreed to provide incremental term loan commitments of \$150,000 and incremental revolving commitments of \$150,000.

Pursuant to these changes, the 2011 Credit Facility is now comprised of a \$500,000 senior secured revolving credit facility and a \$150,000 senior secured incremental term loan (the "Term Loan") that matures on September 30, 2018.

The Term Loan is payable in quarterly installments of \$1,875 beginning June 30, 2015 and \$3,750 beginning June 30, 2016 with a final payment of \$108,750 on September 30, 2018. The 2011 Credit Facility may be increased by an aggregate amount of \$300,000 in revolving commitments and/or one or more new tranches of term loans, under certain conditions. Both revolving loans and the Term Loan under the 2011 Credit Facility will bear interest, at the Company's option, at a rate per annum equal to either (i) the London Interbank Offered Rate ("LIBOR") plus between 1.25% and 1.75% (currently 1.25% and based on the Company's consolidated net leverage ratio) or (ii) the Base Rate (which is the highest of (a) the Bank of America prime rate, and (b) the Federal Funds Effective Rate) plus between 0.25% and 0.75% (based on the Company's consolidated net leverage ratio).

Obligations under the 2011 Credit Facility are secured by substantially all of the Company's existing and future acquired assets, including substantially all of the capital stock of the Company's United States subsidiaries that are guarantors under the credit facility, and 65% of the capital stock of certain of the Company's foreign subsidiaries that are owned by the Company's United States companies.

There are no prepayment penalties on loans under the 2011 Credit Facility. The Company had \$175,000 revolver borrowings and \$150,000 Term Loan borrowings outstanding under its 2011 Credit Facility as of March 31, 2015.

The current portion of the Term Loan of \$7,500 is classified as long-term debt as the Company expects to refinance the quarterly payments beginning June 30, 2015 with revolver borrowings under its 2011 Credit Facility.

Senior Unsecured 3.375% Convertible Notes

On May 28, 2008, the Company completed a registered offering of \$172,500 aggregate principal amount of senior unsecured 3.375% Convertible Notes Due 2038 (the "Convertible Notes") (see prospectus and supplemental indenture dated May 28, 2008). The Company received net proceeds of \$168,200 after the deduction of commissions and offering expenses. The Company used all of the net proceeds to repay a portion of its then existing senior secured credit facility.

The Convertible Notes are general senior unsecured obligations and rank equally with the Company's existing and future senior unsecured obligations and are junior to any of the Company's future secured obligations to the extent of the value of the collateral securing such obligations. The Convertible Notes are not guaranteed, and are structurally subordinate in right of payment to, all of the (i) existing and future indebtedness and other liabilities of the Company's subsidiaries and (ii) preferred stock of the Company's subsidiaries to the extent of their respective liquidation preferences.

The Convertible Notes require the semi annual payment of interest in arrears on June 1 and December 1 of each year beginning December 1, 2008, at 3.375% per annum on the principal amount outstanding. The Convertible Notes will accrete principal on June 1, 2015. While the Convertible Notes have a maturity date of June 1, 2038, on May 7, 2015, the Company announced that it had called for redemption all of the Convertible Notes on June 8, 2015, at a price equal to \$1,000.66 per \$1,000 original principal amount of Convertible Notes, which is equal to 100% of the accreted principal amount of the Convertible Notes being

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repurchased plus accrued and unpaid interest. Holders are permitted to convert their Convertible Notes at their option on or before June 5, 2015.

When issued, the initial conversion rate was 24.6305 shares of the Company's common stock per one thousand dollars in principal amount of Convertible Notes, which was equivalent to an initial conversion price of \$40.60 per share. The conversion rate as of May 7, 2015, the date the Company filed a notice of redemption, was 25.1086 shares of the Company's common stock per one thousand dollars in principal amount of the Convertible Notes which equated to \$39.83 per share, due to the cumulative impact of cash dividends paid on the Company's common stock. Based on this conversion rate, the number of shares to be delivered upon conversion is 4,325,031. The conversion price is subject to adjustment under certain circumstances. It is the Company's current intent to settle the principal amount of any conversions in cash, and any premium on the Convertible Notes in cash, shares of EnerSys common stock or a combination of cash and shares.

On April 23, 2015, the Company issued \$300,000 in aggregate principal amount of its 5.00% Senior Notes due 2023 (the "Notes"). The Company intends to use the net proceeds from the sale of the Notes to redeem, settle, repurchase or otherwise repay and retire in full the \$172,266 principal amount of the Company's outstanding 3.375% Convertible Notes due 2038 with the remaining net proceeds to be used to pay the premium on the Convertible Notes, partially repay outstanding revolving loans under its existing senior secured credit facilities and/or for general corporate purposes. The Notes bear interest at a rate of 5.00% per annum accruing from April 23, 2015. Interest is payable semiannually in arrears on April 30 and October 30 of each year, commencing on October 30, 2015. The Notes will mature on April 30, 2023, unless earlier redeemed or repurchased in full. The Notes are unsecured and unsubordinated obligations of the Company. The Notes are fully and unconditionally guaranteed (the "Guarantees"), jointly and severally, by each of its subsidiaries that are guarantors under the 2011 Credit Facility (the "Guarantors"). The Guarantees are unsecured and unsubordinated obligations of the Guarantors.

The carrying value of the Convertible Notes of \$170,936 continues to be reported as long-term debt on the Consolidated Balance Sheet as of March 31, 2015 as the Company intends to pay the principal amount together with any accrued and unpaid interest by using on the net proceeds from the Notes and the 2011 Credit Facility and may pay the premium on the Convertible Notes with cash or shares of the Company's common stock or a combination of both cash or shares. No gain or loss was recognized when the debt became convertible. The estimated fair value of the Convertible Notes was approximately \$277,348 as of March 31, 2015.

At any time after June 6, 2015, the Company may at its option redeem the Convertible Notes, in whole or in part, for cash, at a redemption price equal to 100% of the principal amount of Convertible Notes to be redeemed, plus any accrued and unpaid interest. As permitted and as discussed above, on May 7, 2015, the Company filed a notice of redemption for all of the Convertible Notes with a redemption date of June 8, 2015. The Company has offered (the "Offer") to purchase all of the outstanding Convertible Notes in cash at a purchase price of \$1,000 original principal amount of Convertible Notes, with such offer expiring on May 29, 2015. The Company will redeem the Convertible Notes unless the holders either (a) exercise their conversion rights on or before June 5, 2015 or (b) have their Convertible Notes repurchased by the Company pursuant to the terms and conditions of the Offer.

Upon becoming convertible, a portion of the equity component that was recorded upon the issuance of the Convertible Notes was considered redeemable and that portion of the equity was reclassified to temporary equity in the Consolidated Balance Sheet. Such amount was determined based on the cash consideration to be paid upon conversion and the carrying amount of the debt. As the holders of the Convertible Notes will be paid in cash for the principal amount and paid in cash or issued shares or a combination of cash and shares for the remaining value of the Convertible Notes, the reclassification into temporary equity as of March 31, 2015 was \$1,330 based on the Convertible Notes principal of \$172,266 and the carrying value of \$170,936. If the Convertible Notes are settled during the first quarter of fiscal 2016, an amount equal to the fair value of the liability component immediately prior to

the settlement will be deducted from the fair value of the total settlement consideration transferred and allocated to the liability component. Any difference between the amount allocated to the liability and the net carrying amount of the Convertible Notes (including any unamortized debt issue costs and discount) will be recognized in earnings as a gain or loss on debt extinguishment. Any remaining consideration is allocated to the reacquisition of the equity component and will be recognized as a reduction of EnerSys stockholders' equity, including the amount classified as temporary equity.

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The following represents the principal amount of the liability component, the unamortized discount, and the net carrying amount of our Convertible Notes as of March 31, 2015 and 2014, respectively:

	March 31, 2015	2014	
Principal	\$172,266	\$172,500	
Unamortized discount	(1,330	) (9,613)
Net carrying amount	\$170,936	\$162,887	

As of March 31, 2015, the remaining discount will be amortized during the first quarter of fiscal 2016. The effective interest rate on the liability component of the Convertible Notes is 8.50%. The amount of interest cost recognized for the amortization of the discount on the liability component of the Convertible Notes was \$8,283, \$7,614 and \$7,001, respectively, for the fiscal years ended March 31, 2015, 2014 and 2013.

The Company paid \$10,088, \$8,490 and \$10,056, net of interest received, for interest during the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

The Company's financing agreements contain various covenants, which, absent prepayment in full of the indebtedness and other obligations, or the receipt of waivers, would limit the Company's ability to conduct certain specified business transactions including incurring debt, mergers, consolidations or similar transactions, buying or selling assets out of the ordinary course of business, engaging in sale and leaseback transactions, paying dividends and certain other actions. The Company is in compliance with all such covenants.

Short-Term Debt

As of March 31, 2015 and 2014, the Company had \$19,715 and \$33,814, respectively, of short-term borrowings from banks. The weighted-average interest rates on these borrowings were approximately 10% and 7% for fiscal years ended March 31, 2015 and 2014, respectively.

Letters of Credit

As of March 31, 2015 and 2014, the Company had \$3,862 and \$1,653, respectively, of standby letters of credit outstanding under the 2011 Credit Facility and other credit arrangements.

Deferred Financing Fees

Deferred financing fees, net of accumulated amortization, totaled \$2,712 and \$2,899 as of March 31, 2015 and 2014, respectively. Amortization expense, relating to deferred financing fees, included in interest expense was \$1,263, \$1,141, and \$1,279 for the fiscal years ended March 31, 2015, 2014 and 2013, respectively.

Available Lines of Credit

As of March 31, 2015 and 2014, the Company had available and undrawn, under all its lines of credit, \$464,733 and \$360,275, respectively, including \$141,533 and \$136,525, respectively, of uncommitted lines of credit as of March 31, 2015 and March 31, 2014.

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9. Leases

The Company's future minimum lease payments under operating leases that have noncancelable terms in excess of one year as of March 31, 2015 are as follows:

	Operating Leases
2016	\$ 19,923
2017	14,307
2018	10,513
2019	7,861
2020	7,007
Thereafter	7,329
Total minimum lease payments	\$ 66,940

Rental expense was \$35,974, \$34,923, and \$33,090 for the fiscal years ended March 31, 2015, 2014 and 2013, respectively. Certain operating lease agreements contain renewal or purchase options and/or escalation clauses.

10. Other Liabilities

Other liabilities consist of the following:

	March 31, 2015	2014
Pension	\$ 42,144	\$ 37,900
Warranty	21,525	22,849
Liability for uncertain tax benefits	3,796	4,265
Deferred income	6,564	7,012
Other	7,550	9,199
Total	\$ 81,579	\$ 81,225

11. Fair Value Measurements

Recurring Fair Value Measurements

The following tables represent the financial assets and (liabilities), measured at fair value on a recurring basis as of March 31, 2015 and March 31, 2014 and the basis for that measurement:

	Total Fair Value Measurement March 31, 2015	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	\$(341)	\$—	\$(341)	\$—
Foreign currency forward contracts	4,155	—	4,155	—
Total derivatives	\$ 3,814	\$—	\$ 3,814	\$—
	Total Fair Value Measurement	Quoted Price in Active Markets	Significant Other	Significant Unobservable

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	March 31, 2014	for Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Lead forward contracts	\$(2,371	) \$—	\$(2,371) \$—
Foreign currency forward contracts	113	—	113	—
Total derivatives	\$(2,258) \$—	\$(2,258) \$—

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The fair values of lead forward contracts are calculated using observable prices for lead as quoted on the London Metal Exchange (“LME”) and, therefore, were classified as Level 2.

The fair values for foreign currency forward contracts are based upon current quoted market prices and are classified as Level 2 based on the nature of the underlying market in which these derivatives are traded.

Financial Instruments

The fair values of the Company’s cash and cash equivalents, accounts receivable and accounts payable approximate carrying value due to their short maturities.

The fair value of the Company’s short-term debt and borrowings under the 2011 Credit Facility (as defined in Note 8), approximate their respective carrying value, as they are variable rate debt and the terms are comparable to market terms as of the balance sheet dates and are classified as Level 2.

The Company's 3.375% Convertible Notes, with an original face value of \$172,500, were issued when the Company’s stock price was trading at \$30.19 per share. On March 31, 2015, the Company’s stock price closed at \$64.24 per share. The conversion rate as of May 7, 2015, the date when the the Company filed a notice of redemption was 25.1086 shares of the Company's common stock per one thousand dollars in principal amount of the Convertible Notes which equated to \$39.83 per share. The conversion rate may be adjusted in accordance with the terms of the Convertible Notes and the indenture under which the Convertible Notes were issued. The fair value of these notes represent the trading values based upon quoted market prices and are classified as Level 2. The Convertible Notes were trading at 161% of face value on March 31, 2015, and 175% of face value on March 31, 2014. See Note 8 for further details.

The carrying amounts and estimated fair values of the Company’s derivatives and Convertible Notes at March 31, 2015 and 2014 were as follows:

	March 31, 2015		March 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Derivatives ⁽¹⁾	\$4,155	\$4,155	\$113	\$113
Financial liabilities:				
Convertible Notes	\$170,936	⁽²⁾ \$277,348	⁽²⁾ \$162,887	⁽³⁾ \$301,875
Derivatives ⁽¹⁾	341	341	2,371	2,371

(1) Represents lead and foreign currency hedges (see Note 12 for asset and liability positions of the lead and foreign currency hedges at March 31, 2015 and March 31, 2014).

(2) The carrying amounts of the Convertible Notes at March 31, 2015 and March 31, 2014 represent the \$172,266 and \$172,500 principal balance, respectively, less the unamortized debt discount (see Note 8 for further details).

(3) The fair value amounts at March 31, 2015 and March 31, 2014 represent the trading values of the Convertible Notes with a principal balance of \$172,266 and \$172,500, respectively.

Non-recurring fair value measurements

The valuation of goodwill and other intangible assets is based on information and assumptions available to the Company at the time of acquisition, using income and market approaches to determine fair value. The Company tests goodwill and other intangible assets annually for impairment, or when indications of potential impairment exist (see Note 1).

Goodwill is tested for impairment by determining the fair value of the Company's reporting units. The unobservable inputs used to measure the fair value of the reporting units include projected growth rates, profitability, and the risk factor premium added to the discount rate. The remeasurement of goodwill is classified as a Level 3 fair value assessment due to the significance of unobservable inputs developed using company-specific information.

The inputs used to measure the fair value of other intangible assets were largely unobservable and accordingly were also classified as Level 3. The fair value of indefinite-lived assets, such as trademarks, is based on the royalties saved that would have been paid to a third party had the Company not owned the trademark. The Company used royalty rates ranging between 1%-2.5% based on comparable market rates, and used discount rates ranging between 19%-23.5%.

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The fair value of other intangible assets was estimated using the income approach, based on cash flow projections of revenue growth rates, taking into consideration industry and market conditions.

Indefinite-lived trademarks associated with Purcell and Quallion/ABSL US were recorded during the fourth quarter of fiscal 2015 at fair value on a nonrecurring basis at \$13,300 and \$1,070, respectively, and the remeasurement resulted in an aggregate impairment charge of \$3,575 which is included under the caption "Impairment of goodwill and other indefinite-lived assets" in the Consolidated Statements of Income.

12. Derivative Financial Instruments

The Company utilizes derivative instruments to reduce its exposure to fluctuations in commodity prices and foreign exchange rates, under established procedures and controls. The Company does not enter into derivative contracts for speculative purposes. The Company's agreements are with creditworthy financial institutions and the Company anticipates performance by counterparties to these contracts and therefore no material loss is expected.

Derivatives in Cash Flow Hedging Relationships

Lead Hedge Forward Contracts

The Company enters into lead hedge forward contracts to fix the price for a portion of its lead purchases. Management considers the lead hedge forward contracts to be effective against changes in the cash flows of the underlying lead purchases. The vast majority of such contracts are for a period not extending beyond one year and the notional amounts at March 31, 2015 and 2014 were 91.6 million pounds and 89.9 million pounds, respectively.

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts and options to hedge a portion of the Company's foreign currency exposures for lead as well as other foreign currency exposures so that gains and losses on these contracts offset changes in the underlying foreign currency denominated exposures. The vast majority of such contracts are for a period not extending beyond one year. As of March 31, 2015 and 2014, the Company had entered into a total of \$75,878 and \$70,332, respectively, of such contracts.

In the coming twelve months, the Company anticipates that \$165 of net pretax loss relating to lead and foreign currency forward contracts will be reclassified from AOCI as part of cost of goods sold. This amount represents the current net unrealized impact of hedging lead and foreign exchange rates, which will change as market rates change in the future, and will ultimately be realized in the Consolidated Statement of Income as an offset to the corresponding actual changes in lead costs to be realized in connection with the variable lead cost and foreign exchange rates being hedged.

Derivatives not Designated in Hedging Relationships

Foreign Currency Forward Contracts

The Company also enters into foreign currency forward contracts to economically hedge foreign currency fluctuations on intercompany loans and foreign currency denominated receivables and payables. These are not designated as hedging instruments and changes in fair value of these instruments are recorded directly in the Consolidated Statements of Income. As of March 31, 2015 and 2014, the notional amount of these contracts was \$26,246 and \$22,461, respectively.

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Presented below in tabular form is information on the location and amounts of derivative fair values in the Consolidated Balance Sheets and derivative gains and losses in the Consolidated Statements of Income:

Fair Value of Derivative Instruments
March 31, 2015 and 2014

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Prepaid and other current assets				
Foreign currency forward contracts	\$3,735	\$12	\$420	\$101
Total assets	\$3,735	\$12	\$420	\$101
Accrued expenses				
Lead hedge forward contracts	\$341	\$2,371	\$—	\$—
Total liabilities	\$341	\$2,371	\$—	\$—

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2015

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
	Lead hedge forward contracts	\$(7,743)	Cost of goods sold	$(4,347 )
Foreign currency forward contracts	8,206	Cost of goods sold	1,386
Total	\$463		\$(2,961)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Pretax Gain (Loss)
	Foreign currency forward contracts	Other (income) expense, net	$972
Total		\$972

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2014

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
	Lead hedge forward contracts	\$(1,562)	Cost of goods sold	$718
Foreign currency forward contracts	(682)	Cost of goods sold	(707)
Total	\$(2,244)		\$11

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Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Pretax Gain (Loss)
Foreign currency forward contracts	Other (income) expense, net	\$(188)
Total		\$(188)

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Table of ContentsThe Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2013

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead hedge forward contracts	\$1,623	Cost of goods sold	\$3,309
Foreign currency forward contracts	248	Cost of goods sold	1,703
Total	\$1,871		\$5,012
Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative		Pretax Gain (Loss)
Interest rate swap contracts	Other (income) expense, net		\$(101)
Foreign currency forward contracts	Other (income) expense, net		2,597
Total			\$2,496

13. Income Taxes

Income tax expense is composed of the following:

	Fiscal year ended March 31,		
	2015	2014	2013
Current:			
Federal	\$12,299	\$41,256	\$38,480
State	3,044	2,845	5,684
Foreign	20,585	22,627	19,438
Total current	35,928	66,728	63,602
Deferred:			
Federal	25,113	(18,410	) 3,915
State	1,771	(4,088	) 214
Foreign	5,002	(27,250	) (2,456)
Total deferred	31,886	(49,748	) 1,673
Income tax expense	\$67,814	\$16,980	\$65,275

Earnings before income taxes consists of the following:

	Fiscal year ended March 31,		
	2015	2014	2013
United States	\$76,327	\$47,753	\$107,191
Foreign	173,012	115,994	123,042
Earnings before income taxes	\$249,339	\$163,747	\$230,233

Income taxes paid by the Company for the fiscal years ended March 31, 2015, 2014 and 2013 were \$42,404, \$76,644 and \$64,210, respectively.

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The following table sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities:

	March 31, 2015	2014	
Deferred tax assets:			
Accounts receivable	\$907	\$1,204	
Inventories	5,855	6,146	
Net operating loss carryforwards	46,069	60,359	
Accrued expenses	28,830	58,417	
Other assets	21,279	13,291	
Gross deferred tax assets	102,940	139,417	
Less valuation allowance	(20,063	) (23,583)
Total deferred tax assets	82,877	115,834	
Deferred tax liabilities:			
Property, plant and equipment	23,851	26,286	
Other intangible assets	65,432	71,094	
Convertible Notes	30,012	22,687	
Other liabilities	4,267	1,554	
Total deferred tax liabilities	123,562	121,621	
Net deferred tax liabilities	\$(40,685	) \$(5,787)

The Company has approximately \$2,169 in United States federal net operating loss carryforwards, all of which are limited by Section 382 of the Internal Revenue Code, with expirations between 2024 and 2030. The Company has approximately \$147,574 of foreign net operating loss carryforwards, of which \$120,513 may be carried forward indefinitely and \$27,061 expire between 2017 and 2023. In addition, the Company also had approximately \$41,340 of state net operating loss carryforwards with expirations between 2016 and 2035.

As of March 31, 2015 and 2014, the federal valuation allowance was \$1,050 and \$1,750, respectively. The decrease related to an adjustment to a capital loss deferred tax asset. As of March 31, 2015 and 2014, the valuation allowance associated with the state tax jurisdictions was \$608 and \$1,974, respectively. The net decrease is primarily related to state net operating losses that the Company believes as of March 31, 2015 are more likely than not to be realized. As of March 31, 2015 and 2014, the valuation allowance associated with certain foreign tax jurisdictions was \$18,404 and \$19,859, respectively. The change includes an increase of \$2,492 to tax expense primarily related to net operating loss carryforwards generated in the current year, and a decrease of \$3,947 primarily related to currency fluctuations and the sale of one of the Company's foreign subsidiaries.

A reconciliation of income taxes at the statutory rate to the income tax provision is as follows:

	Fiscal year ended March 31,		
	2015	2014	2013
United States statutory income tax expense (at 35%)	\$87,269	\$57,311	\$80,581
Increase (decrease) resulting from:			
State income taxes, net of federal effect	3,206	(647	) 3,742
Nondeductible expenses, domestic manufacturing deduction and other	8,666	5,124	7,664
Effect of foreign operations	(33,119	) (24,277	) (27,883
Valuation allowance	1,792	(20,531	) 1,171
Income tax expense	\$67,814	\$16,980	\$65,275

The effective income tax rates for the fiscal years ended March 31, 2015, 2014 and 2013 were 27.2%, 10.4% and 28.4%, respectively. Our corporate effective income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions in which we operate and the amount of our consolidated income before taxes.

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The fiscal 2015 foreign effective income tax rate on foreign pre-tax income of \$173,012 was 14.8%. The fiscal 2014 foreign effective income tax rate on foreign pre-tax income of \$115,994 was (4.0)%. The fiscal 2013 foreign effective income tax rate on foreign pre-tax income of \$123,042 was 13.8%.

Income from our Swiss subsidiary comprised a substantial portion of our overall foreign mix of income for the fiscal years ended March 31, 2015, 2014 and 2013 and is taxed at approximately 7%.

At March 31, 2015, the Company has not recorded United States income or foreign withholding taxes on approximately \$764,885 of undistributed earnings of foreign subsidiaries that could be subject to taxation if remitted to the United States because the Company currently plans to keep these amounts permanently invested overseas. It is not practical to calculate the income tax expense that would result upon repatriation of these earnings.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

March 31, 2012	\$12,945	
Increases related to current year tax positions	6,296	
Increases related to prior year tax positions	969	
Increases related to prior year tax positions due to foreign currency translation	245	
Lapse of statute of limitations	(3,970))
March 31, 2013	16,485	
Increases related to current year tax positions	207	
Increases related to prior year tax positions	2,877	
Decreases related to prior tax positions due to foreign currency translation	(68))
Decreases related to prior year tax positions	(14,835))
Lapse of statute of limitations	(923))
March 31, 2014	3,743	
Increases related to current year tax positions	3,241	
Increases related to prior year tax positions	9	
Decreases related to prior tax positions due to foreign currency translation	(85))
Decreases related to prior year tax positions settled	(2,695))
Lapse of statute of limitations	(101))
March 31, 2015	\$4,112	

All of the balance of unrecognized tax benefits at March 31, 2015 and 2014, if recognized, would be included in the Company's Consolidated Statements of Income and have a favorable impact on both the Company's net earnings and effective tax rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011.

While the net effect on total unrecognized tax benefits cannot be reasonably estimated, approximately \$314 is expected to reverse in fiscal 2016 due to expiration of various statute of limitations.

The Company recognizes tax related interest and penalties in income tax expense in its Consolidated Statements of Income. As of March 31, 2015 and 2014, the Company had an accrual of \$170 and \$522, respectively, for interest and penalties.

14. Retirement Plans

Defined Benefit Plans

The Company provides retirement benefits to substantially all eligible salaried and hourly employees. The Company uses a measurement date of March 31 for its pension plans.

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Net periodic pension cost for fiscal 2015, 2014 and 2013, includes the following components:

	United States Plans			International Plans		
	Fiscal year ended March 31,			Fiscal year ended March 31,		
	2015	2014	2013	2015	2014	2013
Service cost	\$400	\$348	\$349	\$767	\$829	\$679
Interest cost	673	619	649	2,546	2,412	2,377
Expected return on plan assets	(889	) (796	) (756	) (2,248	) (2,134	) (1,851
Amortization and deferral	319	479	393	688	56	209
Net periodic benefit cost	\$503	\$650	\$635	\$1,753	\$1,163	\$1,414

The following table sets forth a reconciliation of the related benefit obligation, plan assets, and accrued benefit costs related to the pension benefits provided by the Company for those employees covered by defined benefit plans:

	United States Plans		International Plans	
	March 31,		March 31,	
	2015	2014	2015	2014
Change in projected benefit obligation				
Benefit obligation at the beginning of the period	\$15,290	\$15,911	\$69,227	\$59,876
Service cost	400	348	767	829
Interest cost	673	619	2,546	2,412
Plan amendments	—	254	—	—
Benefits paid, inclusive of plan expenses	(770	) (670	) (1,904	) (2,000
Plan curtailments and settlements	—	—	(54	) (356
Actuarial (gains) losses	2,466	(1,172	) 14,198	3,329
Foreign currency translation adjustment	—	—	(12,689	) 5,137
Benefit obligation at the end of the period	\$18,059	\$15,290	\$72,091	\$69,227
Change in plan assets				
Fair value of plan assets at the beginning of the period	\$11,309	\$10,334	\$33,706	\$29,468
Actual return on plan assets	1,051	1,158	4,918	1,666
Employer contributions	789	487	1,890	1,852
Benefits paid, inclusive of plan expenses	(770	) (670	) (1,904	) (2,000
Plan curtailments and settlements	—	—	(54	) (115
Foreign currency translation adjustment	—	—	(4,155	) 2,835
Fair value of plan assets at the end of the period	\$12,379	\$11,309	\$34,401	\$33,706
Funded status deficit	\$(5,680	) \$(3,981	) \$(37,690	) \$(35,521
			March 31,	
			2015	2014
Amounts recognized in the Consolidated Balance Sheets consist of:				
Accrued expenses			\$(1,226) \$(1,602
Other liabilities			(42,144) (37,900
			\$(43,370) \$(39,502

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The following table represents pension components (before tax) and related changes (before tax) recognized in AOCI for the Company's pension plans for the years ended March 31, 2015, 2014 and 2013:

	Fiscal year ended March 31,		
	2015	2014	2013
Amounts recorded in AOCI before taxes:			
Prior service cost	\$ (800	) \$ (1,036	) \$ (816
Net loss	(28,734	) (19,239	) (16,645
Net amount recognized	\$ (29,534	) \$ (20,275	) \$ (17,461
	Fiscal year ended March 31,		
	2015	2014	2013
Changes in plan assets and benefit obligations:			
New prior service cost	\$—	\$255	\$—
Net loss arising during the year	13,831	2,262	6,376
Effect of exchange rates on amounts included in AOCI	(3,565	) 920	(392
Amounts recognized as a component of net periodic benefit costs:			
Amortization of prior service cost	(101	) (81	) (79
Amortization or settlement recognition of net loss	(906	) (694	) (523
Total recognized in other comprehensive income	\$9,259	\$2,662	\$5,382

The amounts included in AOCI as of March 31, 2015 that are expected to be recognized as components of net periodic pension cost during the next twelve months are as follows:

Prior service cost		\$ (93)
Net loss		(1,668)
Net amount expected to be recognized		\$ (1,761)

The accumulated benefit obligation related to all defined benefit pension plans and information related to unfunded and underfunded defined benefit pension plans at the end of each year are as follows:

	United States Plans		International Plans	
	March 31,		March 31,	
	2015	2014	2015	2014
All defined benefit plans:				
Accumulated benefit obligation	\$ 18,059	\$ 15,290	\$ 68,272	\$ 65,049
Unfunded defined benefit plans:				
Projected benefit obligation	\$—	\$—	\$ 28,984	\$ 31,335
Accumulated benefit obligation	—	—	27,768	29,693
Defined benefit plans with a projected benefit obligation in excess of the fair value of plan assets:				
Projected benefit obligation	\$ 18,059	\$ 15,290	\$ 72,091	\$ 69,227
Fair value of plan assets	12,379	11,309	34,401	33,706
Defined benefit plans with an accumulated benefit obligation in excess of the fair value of plan assets:				
Projected benefit obligation	\$ 18,059	\$ 15,290	\$ 72,091	\$ 68,446

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Accumulated benefit obligation	18,059	15,290	68,272	64,388
Fair value of plan assets	12,379	11,309	34,401	33,009

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Assumptions

Significant assumptions used to determine the net periodic benefit cost for the US and International plans were as follows:

	United States Plans			International Plans		
	Fiscal year ended March 31,			Fiscal year ended March 31,		
	2015	2014	2013	2015	2014	2013
Discount rate	4.5	% 4.0	% 4.8	% 3.0-4.6%	2.5-4.4%	2.5-5.5%
Expected return on plan assets	7.8	7.8	8.0	4.4-7.0	4.0-7.0	5.5-7.0
Rate of compensation increase	N/A	N/A	N/A	2.0-4.0	2.0-4.0	2.0-4.0

Significant assumptions used to determine the projected benefit obligations for the US and International plans were as follows:

	United States Plans		International Plans	
	March 31,		March 31,	
	2015	2014	2015	2014
Discount rate	3.8	% 4.5	% 1.25-3.4%	3.0-4.6%
Expected return on plan assets	7.0	7.8	3.2-6.5	4.4-7.0
Rate of compensation increase	N/A	N/A	1.5-3.75	2.0-4.0

N/A = not applicable

The United States plans do not include compensation in the formula for determining the pension benefit as it is based solely on years of service.

The expected long-term rate of return for the Company's pension plan assets is based upon the target asset allocation and is determined using forward looking assumptions in the context of historical returns and volatilities for each asset class, as well as correlations among asset classes. The Company evaluates the rate of return assumptions for each of its plans on an annual basis.

Pension Plan Investment Strategy

The Company's investment policy emphasizes a balanced approach to investing in securities of high quality and ready marketability. Investment flexibility is encouraged so as not to exclude opportunities available through a diversified investment strategy.

Equity investments are maintained within a target range of 40%-75% of the total portfolio market value for the U.S. plans and with a target of approximately 65% for international plans. Investments in debt securities include issues of various maturities, and the average quality rating of bonds should be investment grade with a minimum quality rating of "B" at the time of purchase.

The Company periodically reviews the asset allocation of its portfolio. The proportion committed to equities, debt securities and cash and cash equivalents is a function of the values available in each category and risk considerations. The plan's overall return will be compared to and expected to meet or exceed established benchmark funds and returns over a three to five year period.

The objectives of the Company's investment strategies are: (a) the achievement of a reasonable long-term rate of total return consistent with an emphasis on preservation of capital and purchasing power, (b) stability of annual returns through a portfolio risk level, which is appropriate to conservative accounts, and (c) reflective of the Company's willingness to forgo significantly above-average rewards in order to minimize above-average risks. These objectives may not be met each year but should be attained over a reasonable period of time.

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The following table represents our pension plan investments measured at fair value as of March 31, 2015 and 2014 and the basis for that measurement:

Asset category:	March 31, 2015 United States Plans				International Plans			
	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$1,248	\$ 1,248	\$—	\$ —	\$—	\$—	\$—	\$ —
Equity securities								
US ^(a)	7,282	7,282	—	—	3,431	3,431	—	—
International ^(b)	1,075	1,075	—	—	18,646	18,646	—	—
Fixed income ^(c)	2,774	2,774	—	—	12,324	12,324	—	—
Total	\$12,379	\$ 12,379	\$—	\$ —	\$34,401	\$ 34,401	\$—	\$ —
	March 31, 2014 United States Plans				International Plans			
	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$1,225	\$ 1,225	\$—	\$ —	\$—	\$—	\$—	\$ —
Equity securities								
US ^(a)	6,520	6,520	—	—	3,452	3,452	—	—
International ^(b)	1,011	1,011	—	—	19,193	19,193	—	—
Fixed income ^(c)	2,553	2,553	—	—	11,061	11,061	—	—
Total	\$11,309	\$ 11,309	\$—	\$ —	\$33,706	\$ 33,706	\$—	\$ —

The fair values presented above were determined based on valuation techniques to measure fair value as discussed in Note 1.

US equities include companies that are well diversified by industry sector and equity style (i.e., growth and value (a) strategies). Active and passive management strategies are employed. Investments are primarily in large capitalization stocks and, to a lesser extent, mid- and small-cap stocks.

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International equities are invested in companies that are traded on exchanges outside the U.S. and are well diversified by industry sector, country and equity style. Active and passive strategies are employed. The vast majority of the investments are made in companies in developed markets with a small percentage in emerging markets.

(c) Fixed income consists primarily of investment grade bonds from diversified industries.

The Company expects to make cash contributions of approximately \$2,190 to its pension plans in fiscal 2016.

Estimated future benefit payments under the Company's pension plans are as follows:

	Pension Benefits
2016	\$2,424
2017	2,480
2018	2,455
2019	2,717
2020	3,124
Years 2021-2025	19,047

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Defined Contribution Plan

The Company maintains defined contribution plans primarily in the U.S. and U.K. Eligible employees can contribute a portion of their pre-tax and/or after-tax income in accordance with plan guidelines and the Company will make contributions based on the employees' eligible pay and/or will match a percentage of the employee contributions up to certain limits. Matching contributions charged to expense for the fiscal years ended March 31, 2015, 2014 and 2013 were \$7,174, \$6,311 and \$5,191, respectively.

15. Stockholders' Equity and Noncontrolling Interests

Preferred Stock and Common Stock

The Company's certificate of incorporation authorizes the issuance of up to 1,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock"). At March 31, 2015 and 2014, no shares of Preferred Stock were issued or outstanding. The Board of Directors of the Company has the authority to specify the terms of any Preferred Stock at the time of issuance.

The following demonstrates the change in the number of shares of common stock outstanding during fiscal years ended March 31, 2013, 2014 and 2015, respectively:

Shares outstanding as of March 31, 2012	47,800,129	
Purchase of treasury stock	(683,192)
Shares issued as part of equity-based compensation plans, net of equity awards surrendered for option price and taxes	723,267	
Shares outstanding as of March 31, 2013	47,840,204	
Purchase of treasury stock	(1,191,145)
Shares issued as part of equity-based compensation plans, net of equity awards surrendered for option price and taxes	293,067	
Shares outstanding as of March 31, 2014	46,942,126	
Purchase of treasury stock	(3,274,829)
Shares issued as part of equity-based compensation plans, net of equity awards surrendered for option price and taxes	401,291	
Shares outstanding as of March 31, 2015	44,068,588	

Treasury Stock

In fiscal 2015 and 2014, the Company purchased 3,274,829 shares of its common stock for \$205,362 and 1,191,145 shares for \$69,867, respectively. At March 31, 2015 and 2014, the Company held 9,596,051 and 6,321,222 shares as treasury stock, respectively.

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Accumulated Other Comprehensive Income ("AOCI")

The components of AOCI, net of tax, are as follows:

	Beginning Balance	Before Reclassifications	Amount Reclassified from AOCI	Ending Balance
March 31, 2015				
Pension funded status adjustment	\$(15,207)	\$ (9,259)	\$ 747	\$(23,719)
Net unrealized gain (loss) on derivative instruments	(2,253)	289	1,869	(95)
Foreign currency translation adjustment	85,305	(170,466)	—	(85,161)
Accumulated other comprehensive income	\$67,845	\$ (179,436)	\$ 2,616	\$(108,975)
March 31, 2014				
Pension funded status adjustment	\$(13,169)	\$ (2,662)	\$ 624	\$(15,207)
Net unrealized (loss) on derivative instruments	(832)	(1,414)	(7)	(2,253)
Foreign currency translation adjustment	54,656	30,649	—	85,305
Accumulated other comprehensive income	\$40,655	\$ 26,573	\$ 617	\$67,845
March 31, 2013				
Pension funded status adjustment	\$(8,982)	\$ (5,382)	\$ 1,195	\$(13,169)
Net unrealized gain (loss) on derivative instruments	1,175	1,153	(3,160)	(832)
Foreign currency translation adjustment	81,900	(27,244)	—	54,656
Accumulated other comprehensive income	\$74,093	\$ (31,473)	\$(1,965)	\$40,655

The following table presents reclassifications from AOCI during the twelve months ended March 31, 2015:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in Cash Flow Hedging Relationships:		
Net unrealized loss on derivative instruments	\$2,961	Cost of goods sold
Tax benefit	(1,092)	
Net unrealized loss on derivative instruments, net of tax	\$1,869	
Defined benefit pension costs:		
Prior service costs and deferrals	\$1,007	Net periodic benefit cost, included in cost of goods sold, Operating expenses - See Note 14
Tax benefit	(260)	
Net periodic benefit cost, net of tax	\$747	

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The following table presents reclassifications from AOCI during the twelve months ended March 31, 2014:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in Cash Flow Hedging Relationships:		
Net unrealized gain on derivative instruments	\$(11	) Cost of goods sold
Tax expense	4	
Net unrealized gain on derivative instruments, net of tax	\$(7)
Defined benefit pension costs:		
Prior service costs and deferrals	\$944	Net periodic benefit cost, included in cost of goods sold, Operating expenses - See Note 14
Tax benefit	(320)
Net periodic benefit cost, net of tax	\$624	

The following demonstrates the change in redeemable noncontrolling interests during the fiscal years ended March 31, 2013, 2014 and 2015, respectively:

Balance as of March 31, 2012	\$9,782	
Net losses attributable to redeemable noncontrolling interests	(1,429)
Loan to equity conversion by redeemable noncontrolling interests	3,901	
Foreign currency translation adjustment	(1,159)
Balance as of March 31, 2013	\$11,095	
Net losses attributable to redeemable noncontrolling interests	(3,536)
Redemption value adjustment	4,974	
Purchase of subsidiary shares from redeemable noncontrolling interests	(3,146)
Foreign currency translation adjustment	(1,340)
Balance as of March 31, 2014	\$8,047	
Net earnings attributable to redeemable noncontrolling interests	191	
Redemption value adjustment	(292)
Foreign currency translation adjustment	(990)
Balance as of March 31, 2015	\$6,956	

16. Stock-Based Compensation

As of March 31, 2015, the Company maintains the Amended and Restated EnerSys 2010 Equity Incentive Plan ("2010 EIP"). The 2010 EIP reserved 3,177,477 shares of common stock for the grant of various classes of nonqualified stock options, restricted stock units, market share units and other forms of equity-based compensation. Shares subject to any awards that expire without being exercised or that are forfeited or settled in cash shall again be available for future grants of awards under the 2010 EIP. Shares subject to awards that have been retained by the Company in payment or satisfaction of the exercise price and any applicable tax withholding obligation of an award shall not count against the limit described above.

As of March 31, 2015, 1,826,372 shares are available for future grants. The Company's management equity incentive plans are intended to provide an incentive to employees and non-employee directors of the Company to remain in the

service of the Company and to increase their interest in the success of the Company in order to promote the long-term interests of the Company. The plans seek to promote the highest level of performance by providing an economic interest in the long-term performance of the Company. The Company settles employee share-based compensation awards with newly issued shares.

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Stock Options

During fiscal 2015, the Company granted to management and other key employees 76,512 non-qualified options that vest three years from the date of grant. Options granted prior to fiscal 2015 as well as the options granted in fiscal 2015 expire 10 years from the date of grant.

For fiscal 2015, 2014 and 2013, the Company recognized \$1,470 (\$968 net of taxes), \$0 (\$0 net of taxes) and \$97 (\$69 net of taxes), respectively, of stock-based compensation expense associated with stock option grants.

For purposes of determining the fair value of stock options granted in fiscal 2015, the Company used a Black-Scholes Model with the following assumptions:

	2015	
Risk-free interest rate	1.94	%
Dividend yield	1	%
Expected life (years)	6	
Volatility	40.48	%

The following table summarizes the Company's stock option activity in the years indicated:

	Number of Options	Weighted- Average Remaining Contract Term (Years)	Weighted- Average Exercise Price	Aggregate Intrinsic Value
Options outstanding as of March 31, 2012	633,663	6.1	\$20.85	\$8,879
Exercised	(555,677)		21.70	8,860
Options outstanding as of March 31, 2013	77,986	2.5	\$14.76	\$2,404
Exercised	(11,813)		14.72	537
Options outstanding as of March 31, 2014	66,173	1.4	\$14.77	\$3,608
Granted	76,512		69.85	—
Exercised	(39,868)		14.50	1,819
Options outstanding as of March 31, 2015	102,817	7.0	\$55.86	\$1,291
Options exercisable as of March 31, 2015	26,305	0.9	\$15.17	\$1,291
Options vested and expected to vest, as of March 31, 2015	100,289	7.0	\$55.51	\$1,291

The following table summarizes information regarding stock options outstanding as of March 31, 2015:

Range of Exercise Prices	Options Outstanding and Exercisable		
	Number of Options	Weighted- Average Remaining Contractual Life	Weighted- Average Exercise Price
\$10.01-\$15.00	19,000	0.5	\$13.96
\$15.01-\$20.00	7,305	2.2	18.32
\$69.85	76,512	9.1	69.85
	102,817	7.0	\$55.86

Restricted Stock Units and Market Share Units

In fiscal 2015, the Company granted to non-employee directors 14,781 deferred restricted stock units at the fair value of \$61.16 per restricted stock unit at the date of grant. In fiscal 2014, such grants amounted to 17,064 restricted stock units at the fair value of \$53.92 per restricted stock unit at the date of grant and in fiscal 2013, amounted to 21,328 restricted stock units at the

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fair value of \$37.51 per restricted stock unit at the date of grant. The awards vest immediately upon the date of grant and the payment of shares of common stock under this grant are payable upon such director's termination of service as a director.

In fiscal 2015, 2014 and 2013, the Company granted 3,434, 5,232 and 9,412 restricted stock units, respectively, at various fair values, under deferred compensation plans.

In fiscal 2015, the Company granted to management and other key employees 118,312 restricted stock units at the fair value of \$69.83 per restricted stock unit and 152,300 performance market share units at a weighted average fair value of \$70.42 per unit at the date of grant.

In fiscal 2014, the Company granted to management and other key employees 161,629 restricted stock units at the fair value of \$50.70 per restricted stock unit and 189,438 market share units at a weighted average fair value of \$65.03 per market share unit at the date of grant.

In fiscal 2013, the Company granted to management and other key employees 199,139 restricted stock units at the fair value of \$31.76 per restricted stock unit and 303,942 market share units at a weighted average fair value of \$41.36 per market share unit at the date of grant.

For purposes of determining the fair value of market share units granted in fiscal 2014 and fiscal 2013, the Company used a binomial lattice model with the following assumptions:

	2014	2013	
Risk-free interest rate	0.52	% 0.37	%
Dividend yield	1	% —	%
Expected life (years)	3	3	
Volatility	33.89	% 39.08	%

For purposes of determining the fair value of performance market share units granted in fiscal 2015, the Company used a Monte Carlo Simulation with the following assumptions:

	2015	
Risk-free interest rate	0.87	%
Dividend yield	—	%
Expected life (years)	3	
Volatility	30.83	%

A summary of the changes in restricted stock units and market share units awarded to employees and directors that were outstanding under the Company's equity compensation plans during fiscal 2015 is presented below:

	Restricted Stock Units (RSU)		Performance Market Share Units and Market Share Units (MSU)	
	Number of RSU	Weighted-Average Grant Date Fair Value	Number of MSU	Weighted-Average Grant Date Fair Value
Non-vested awards as of March 31, 2014	562,032	\$35.13	670,607	\$50.14
Granted	136,527	67.90	152,300	70.42
Stock dividend	5,498	45.52	6,759	55.74

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Performance factor	—	—	179,951	48.36
Vested	(194,392) 33.12	(384,448) 48.36
Canceled	(7,442) 44.64	(8,981) 52.77
Non-vested awards as of March 31, 2015	502,223	\$45.30	616,188	\$55.75

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The Company recognized stock-based compensation expense relating to restricted stock units and market share units of approximately \$23,789, with a related tax benefit of \$4,790 for fiscal 2015, \$16,742, with a related tax benefit of \$2,843 for fiscal 2014 and \$14,640, with a related tax benefit of \$4,105 for fiscal 2013.

All Award Plans

As of March 31, 2015, unrecognized compensation expense associated with the non-vested incentive awards outstanding was \$22,284 and is expected to be recognized over a weighted-average period of 17 months.

17. Earnings Per Share

The following table sets forth the reconciliation from basic to diluted weighted-average number of common shares outstanding and the calculations of net earnings per common share attributable to EnerSys stockholders.

	Fiscal year ended March 31,		
	2015	2014	2013
Net earnings attributable to EnerSys stockholders	\$181,188	\$150,328	\$166,508
Weighted-average number of common shares outstanding:			
Basic	45,606,317	47,473,690	48,022,005
Dilutive effect of:			
Common shares from exercise and lapse of equity awards, net of shares assumed reacquired	879,406	1,034,505	593,422
Convertible Notes	1,567,006	1,279,960	20,022
Diluted weighted-average number of common shares outstanding	48,052,729	49,788,155	48,635,449
Basic earnings per common share attributable to EnerSys stockholders	\$3.97	\$3.17	\$3.47
Diluted earnings per common share attributable to EnerSys stockholders	\$3.77	\$3.02	\$3.42
Anti-dilutive equity awards not included in diluted weighted-average common shares	—	—	—

The Company's Convertible Notes became convertible at the option of the holders effective March 1, 2015, and the aggregate number of common shares that the Company could be obligated to issue upon conversion of its Convertible Notes, as of March 31, 2015 is 4,325,031. It is the Company's current intent to settle the principal amount of any conversions in cash, and any premium on the Convertible Notes in cash, shares of the Company's common stock or a combination of cash and shares. During fiscal 2015, the average price of the Company's common stock of \$63.32 per share exceeded the conversion price of \$39.83 per share on the Convertible Notes and as such, the Company included the shares relating to the conversion premium in the diluted earnings per share using the "if converted" method.

18. Commitments, Contingencies and Litigation

Litigation and Other Legal Matters

In the ordinary course of business, the Company and its subsidiaries are routinely defendants in or parties to many pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of environmental, anti-competition, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Company and its subsidiaries. In the ordinary course of

business, the Company and its subsidiaries are also subject to regulatory and governmental examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. In connection with formal and informal inquiries by federal, state, local and foreign agencies, such subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their activities.

In view of the inherent difficulty of predicting the outcome of such litigation, regulatory and governmental matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a

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large number of parties, the Company generally cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter may be.

In accordance with applicable accounting guidance, the Company establishes an accrued liability for litigation, regulatory and governmental matters when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. As a litigation, regulatory or governmental matter develops, the Company, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. When a loss contingency is not both probable and estimable, the Company does not establish an accrued liability. If, at the time of evaluation, the loss contingency related to a litigation, regulatory or governmental matter is not both probable and estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and estimable. Once the loss contingency related to a litigation, regulatory or governmental matter is deemed to be both probable and estimable, the Company will establish an accrued liability with respect to such loss contingency and record a corresponding amount of litigation-related expense. The Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established.

Alteryg

In the fourth quarter of fiscal 2014, the Company recorded a \$58,184 legal proceedings charge in connection with an adverse arbitration result involving disputes between the Company's wholly-owned subsidiary, EnerSys Delaware Inc. ("EDI"), and Alteryg Systems ("Alteryg"). EDI and Alteryg were parties to a Supply and Distribution Agreement (the "SDA") pursuant to which EDI was, among other things, granted the exclusive right to distribute and sell certain fuel cell products manufactured by Alteryg for various applications throughout the United States. Commencing in 2011, various disputes arose and, because of the mandatory arbitration provision in the SDA, the parties moved forward with arbitration in August 2013.

After discovery, a hearing and post-hearing submissions by each party, on May 13, 2014, the arbitration panel issued an award in favor of Alteryg. As a result, the arbitration panel concluded that Alteryg should recover \$58,184 in net money damages from EDI.

On August 12, 2014, EDI, on behalf of itself and its affiliates, entered into a binding term sheet with Alteryg that resolved the outstanding legal challenges related to this award. In accordance with the term sheet, in September 2014, EDI and Alteryg entered into (a) a settlement agreement and release of claims pursuant to which EDI paid Alteryg \$40,000 in settlement of this award, a separate proceeding related to certain rights of EDI as a shareholder of Alteryg and related litigations and the parties granted the other a release and (b) a stock purchase agreement pursuant to which Alteryg paid EDI \$2,000 to purchase EDI's entire equity interest in Alteryg. On September 16, 2014, courts in the respective jurisdictions had issued orders ending all of the ongoing litigation between EDI and Alteryg. Since the full amount of the initial award of \$58,184 was recorded in the fourth quarter of fiscal 2014, the Company reversed approximately \$16,233, net of professional fees, from this previously recorded legal proceedings charge during the second quarter of fiscal 2015. The Company also included the \$2,000 received in exchange for its equity interest in Alteryg in the Consolidated Statements of Income in Other (income) expense, net during the second quarter of fiscal 2015. The Company had previously written off the carrying value of the investment of \$5,000 in the third quarter of fiscal 2014.

EnerSys Sarl Litigation

In fiscal 2009, the Court of Commerce in Lyon, France ruled that the Company's French subsidiary, EnerSys Sarl, which was acquired by the Company in 2002, was partially responsible for a 1999 fire in a French hotel under construction. The Company's portion of damages was assessed at €2,700 or \$4,200, which was duly recorded and paid by the Company, but the ruling was appealed. In a subsequent ruling by the Court of Appeal of Lyon, France, the Company's portion of damages was reduced, entitling the Company to a refund of the monies paid of €671 or \$900, which has been recorded and collected in the second quarter of fiscal 2012. The Company further appealed the ruling to the French Supreme Court, which on March 14, 2012, ruled in the Company's favor and ordered the case back to the Court of Appeal of Lyon to further review certain aspects of the original decision in the case, including the assessment of damages. The Court of Appeal of Lyon heard arguments on April 9, 2013 and ruled in the Company's favor on June 11, 2013, entitling the Company to a refund of the monies paid of €2,000, or \$2,756. One of the parties to the litigation that is adverse to the Company has appealed this ruling to the French Supreme Court which appeal was denied in January 2015. The Company is entitled to a refund of the monies paid and is pursuing such refund.

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Environmental Issues

As a result of its operations, the Company is subject to various federal, state and local, as well as international environmental laws and regulations and is exposed to the costs and risks of registering, handling, processing, storing, transporting, and disposing of hazardous substances, especially lead and acid. The Company's operations are also subject to federal, state, local and international occupational safety and health regulations, including laws and regulations relating to exposure to lead in the workplace.

The Company is responsible for certain cleanup obligations at the former Yuasa battery facility in Sumter, South Carolina that predates its ownership of this facility. This manufacturing facility was closed in 2001 and is separate from the Company's current metal fabrication facility in Sumter. The Company has established a reserve for this facility. As of March 31, 2015 and 2014, the reserves related to this facility were \$2,902 and \$2,915, respectively. Based on current information, the Company's management believes these reserves are adequate to satisfy the Company's environmental liabilities at this facility.

Collective Bargaining

At March 31, 2015, the Company had approximately 9,500 employees. Of these employees, approximately 31% were covered by collective bargaining agreements. Employees covered by collective bargaining agreements that did not exceed twelve months were approximately 7% of the total workforce. The average term of these agreements is two years, with the longest term being five years.

The Company considers its employee relations to be good and did not experience any significant labor unrest or disruption of production during fiscal 2015 except for a temporary shut down at one of the Company's plants in the People's Republic of China ("PRC").

Lead Contracts

To stabilize its costs, the Company has entered into contracts with financial institutions to fix the price of lead. The vast majority of such contracts are for a period not extending beyond one year. Under these contracts, at March 31, 2015 and 2014, the Company has hedged the price to purchase approximately 91.6 million pounds and 89.9 million pounds of lead, respectively, for a total purchase price of \$76,143 and \$86,494, respectively.

Foreign Currency Forward Contracts

The Company quantifies and monitors its global foreign currency exposures. On a selective basis, the Company will enter into foreign currency forward and option contracts to reduce the volatility from currency movements that affect the Company. The vast majority of such contracts are for a period not extending beyond one year. The Company's largest exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in EMEA. Additionally, the Company has currency exposures from intercompany financing and intercompany and third-party trade transactions. To hedge these exposures, the Company has entered into a total of \$102,124 and \$92,793, respectively, of foreign currency forward contracts with financial institutions as of March 31, 2015 and 2014, respectively.

Other

The Company has various purchase and capital commitments incident to the ordinary conduct of business. In the aggregate, such commitments are not at prices in excess of current market.

19. Restructuring and Other Exit Charges

Restructuring Plans

During fiscal 2011, the Company announced a restructuring of its European operations, which resulted in a reduction of approximately 60 employees upon completion across its operations. The Company recorded restructuring charges of \$5,178 in fiscal 2011 through 2012, with no additional charges in fiscal 2013. These charges were primarily from cash expenses for employee severance-related payments. This plan has been completed as of March 31, 2013.

During fiscal 2012, the Company announced restructuring plans related to its operations in EMEA, primarily consisting of the transfer of manufacturing of select products between certain of its manufacturing operations and restructuring of its selling, general and administrative operations, which resulted in the reduction of approximately 85 employees upon completion at the

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end of the second quarter of fiscal 2014. The total charges for these actions amounted to \$3,545, primarily from cash expenses for employee severance-related payments. The Company recorded restructuring charges of \$3,070 in fiscal 2012 and \$475 of charges in fiscal 2013 with no additional charges in fiscal 2014. The Company incurred \$2,433 of costs against the accrual during fiscal 2012, and \$913 of costs incurred in fiscal 2013 with \$185 of additional incurred against the accrual during fiscal 2014. This plan was completed as of September 29, 2013.

During fiscal 2013, the Company announced further restructurings related to improving the efficiency of its manufacturing operations in EMEA. The Company estimates that the total charges for these actions will amount to approximately \$6,900, primarily from cash expenses for employee severance-related payments and non-cash expenses associated with the write-off of certain fixed assets and inventory. The Company estimates that these actions will result in the reduction of approximately 140 employees upon completion. During fiscal 2013, the Company recorded restructuring charges of \$3,998, consisting of non-cash charges of \$1,399 related to the write-off of fixed assets and inventory, along with cash charges related to employee severance and other charges of \$2,599. During fiscal 2014, the Company recorded \$2,465 in charges and an additional \$432 was recorded in fiscal 2015. During fiscal 2013, 2014 and 2015, the Company incurred costs against the accrual of \$952, \$2,748 and \$1,507, respectively. As of March 31, 2015, the reserve balance associated with these actions is \$261. The Company expects no additional restructuring charges related to these actions during fiscal 2016, and expects to complete the program during fiscal 2016.

During fiscal 2013, the Company announced a restructuring related to the closure of its manufacturing facility located in Chaoan, People's Republic of China ("PRC"), pursuant to which the Company transferred the manufacturing at that location to its other facilities in PRC, to improve operational efficiencies. The total charges related to this action amounted to \$2,939. During fiscal 2013, the Company recorded restructuring charges of \$2,691, consisting of non-cash charges of \$2,290 related to the write-off of fixed assets and inventory, along with cash charges related to employee severance and other charges of \$401. During fiscal 2014, \$248 of additional other restructuring charges were accrued. During fiscal 2013, the Company incurred \$221 in costs against the accrual with an additional \$428 of costs incurred during fiscal 2014. This plan was completed as of March 31, 2014.

During fiscal 2014, the Company announced further restructuring programs to improve the efficiency of its manufacturing, sales and engineering operations in EMEA including the restructuring of its manufacturing operations in Bulgaria. The restructuring of the Bulgaria operations was announced during the third quarter of fiscal 2014 and consists of the transfer of motive power and a portion of reserve power battery manufacturing to the Company's facilities in Western Europe. The Company estimates that the total charges for all actions announced during fiscal 2014 will amount to approximately \$23,400, primarily from non-cash charges related to the write-off of fixed assets and inventory of approximately \$11,000, along with cash charges for employee severance-related payments and other charges of \$12,400. The Company estimates that these actions will result in the reduction of approximately 500 employees upon completion. During fiscal 2014, the Company recorded restructuring charges of \$19,039 consisting of non-cash charges of \$10,089 related to the write-off of fixed assets and inventory, along with cash charges of \$8,950 related to employee severance. During fiscal 2015 an additional \$3,076 in restructuring charges were recorded consisting of non-cash charges of \$845 and cash charges of \$2,231. During fiscal 2014, the Company incurred \$2,130 in costs against the accrual and an additional \$7,607 was incurred in fiscal 2015. As of March 31, 2015, the reserve balance associated with these actions is \$1,221. The Company expects to be committed to an additional \$1,200 of restructuring charges in fiscal 2016 related to these actions and expects to complete the program during fiscal 2016. During the third quarter of fiscal 2015, the Company announced a restructuring related to its manufacturing facility located in Jiangdu, the PRC, pursuant to which the Company transferred a significant portion of the manufacturing at that location to its other facilities in the PRC, as part of an expected closure of the Jiangdu facility in fiscal 2016. The Company estimates the total charges for this action will amount to approximately \$5,700, primarily for employee severance related payments and other charges. The Company recorded restructuring charges of \$3,870 during fiscal 2015 consisting of cash charges for employee severance-related payments associated with approximately 300 employees. During fiscal 2015 the Company incurred \$1,874 in costs against the reserve. As of March 31, 2015, the

reserve balance associated with these actions is \$1,996. The Company expects to be committed to an additional \$1,800 of restructuring charges in fiscal 2016 related to these actions, and expects to complete the program during fiscal 2016.

During fiscal 2015 the Company announced a restructuring primarily related to a portion of its sales and engineering organizations in Europe to improve efficiencies. The Company estimates that the total charges for these actions will amount to approximately \$500, primarily from cash charges for employee severance-related payments. The Company estimates that these actions will result in the reduction of approximately 10 employees upon completion in fiscal 2016. During fiscal 2015, the Company recorded restructuring charges of \$450 and incurred \$193 in costs against the reserve. As of March 31, 2015 the reserve balance associated with these actions was \$342.

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A roll-forward of the restructuring reserve is as follows:

	Employee Severance	Other	Total	
Balance at March 31, 2012	\$1,186	\$—	\$1,186	
Accrued	3,093	382	3,475	
Costs incurred	(2,485	) (157	) (2,642)
Foreign currency impact and other	(56	) (4	) (60)
Balance at March 31, 2013	\$1,738	\$221	\$1,959	
Accrued	10,285	1,378	11,663	
Costs incurred	(4,966	) (525	) (5,491)
Foreign currency impact and other	255	28	283	
Balance at March 31, 2014	\$7,312	\$1,102	\$8,414	
Accrued	6,140	843	6,983	
Costs incurred	(10,378	) (803	) (11,181)
Foreign currency impact and other	(108	) (288	) (396)
Balance at March 31, 2015	\$2,966	\$854	\$3,820	

Other Exit Charges

During fiscal 2015, the Company recorded exit charges of \$3,608 related to certain operations in Europe.

20. Warranty

The Company provides for estimated product warranty expenses when the related products are sold and are included within accrued expenses and other liabilities. Because warranty estimates are forecasts that are based on the best available information, primarily historical claims experience, costs may differ from amounts provided. An analysis of changes in the liability for product warranties is as follows:

Balance at March 31, 2012	\$42,067	
Current year provisions	19,724	
Costs incurred	(20,945)
Foreign currency translation adjustment	1,745	
Balance at March 31, 2013	42,591	
Current year provisions	16,098	
Costs incurred	(22,862)
Fair value of warranty reserves of acquired businesses	2,817	
Foreign currency translation adjustment	1,782	
Balance at March 31, 2014	40,426	
Current year provisions	18,413	
Costs incurred	(16,015)
Foreign currency translation adjustment	(3,014)
Balance at March 31, 2015	\$39,810	

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21. Other (Income) Expense, Net

Other (income) expense, net consists of the following:

	Fiscal year ended March 31,		2013
	2015	2014	
Foreign exchange transaction (gains) losses	\$ (5,011)	) \$ 5,845	\$ 1,887
(Gain) on disposition of equity interest in Alteryx / write-off of investment in Alteryx	(2,000)) 5,000	—
Insurance recoveries	—	—	(1,800)
Other	1,409	2,813	829
Total	\$ (5,602)) \$ 13,658	\$ 916

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22. Business Segments

Summarized financial information related to the Company's reportable segments at March 31, 2015, 2014 and 2013 and for each of the fiscal years then ended is shown below.

	Fiscal year ended March 31,		
	2015	2014	2013
Net sales by segment to unaffiliated customers			
Americas	\$1,322,337	\$1,267,598	\$1,126,904
EMEA	948,845	966,152	926,165
Asia	234,330	240,683	224,490
Total net sales	\$2,505,512	\$2,474,433	\$2,277,559
Net sales by product line			
Reserve power	\$1,252,637	\$1,234,538	\$1,118,965
Motive power	1,252,875	1,239,895	1,158,594
Total net sales	\$2,505,512	\$2,474,433	\$2,277,559
Intersegment sales			
Americas	\$29,987	\$33,951	\$36,854
EMEA	69,396	77,549	76,947
Asia	33,786	29,428	31,246
Total intersegment sales ⁽¹⁾	\$133,169	\$140,928	\$145,047
Operating earnings			
Americas	\$162,741	\$179,080	\$171,854
EMEA	109,861	84,902	64,032
Asia	9,928	21,217	21,146
Restructuring and other exit charges—EMEA	(7,567	) (27,078	) (4,473
Restructuring charges—Asia	(3,869))