EnerSys
Form 10-Q
November 05, 2014

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 28, 2014

¨ TRANSITION REPORT UNDER 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 incorporation or organization)	(I.R.S. Employer 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

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. ý 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 (§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 ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). ¨ YES ý NO.

Common Stock outstanding at October 31, 2014: 45,357,718 shares

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PART I –FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ENERSYS
Consolidated Condensed Balance Sheets (Unaudited)
(In Thousands, Except Share and Per Share Data)

	September 28, 2014	March 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$239,900	$240,103
Accounts receivable, net of allowance for doubtful accounts: September 28, 2014 - $8,967; March 31, 2014 - $9,446	563,852	564,584
Inventories, net	389,172	361,846
Deferred taxes	42,020	64,765
Prepaid and other current assets	72,999	69,402
Total current assets	1,307,943	1,300,700
Property, plant, and equipment, net	361,492	370,166
Goodwill	411,998	426,056
Other intangible assets, net	167,836	172,472
Other assets	46,760	52,464
Total assets	$2,296,029	$2,321,858
Liabilities and Equity		
Current liabilities:		
Short-term debt	$25,537	$33,814
Capital lease obligations	303	354
Accounts payable	260,395	259,484
Accrued expenses	203,277	287,751
Total current liabilities	489,512	581,403
Long-term debt and capital lease obligations	436,856	288,132
Deferred taxes	95,613	101,149
Other liabilities	78,177	81,225
Total liabilities	1,100,158	1,051,909
Commitments and contingencies	—	—
Redeemable noncontrolling interests	7,710	8,047
Redeemable equity component of Convertible Notes	5,558	9,613
Equity:		
Preferred Stock, $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding at September 28, 2014 and at March 31, 2014	—	—
Common Stock, $0.01 par value per share, 135,000,000 shares authorized; 53,626,832 shares issued and 45,450,544 shares outstanding at September 28, 2014; 53,263,348 shares issued and 46,942,126 shares outstanding at March 31, 2014	536	532
Additional paid-in capital	512,128	500,254
Treasury stock, at cost, 8,176,288 shares held as of September 28, 2014; 6,321,222 shares held as of March 31, 2014	(291,581)	(170,643)
Retained earnings	937,353	848,414
Accumulated other comprehensive income	18,392	67,845
Total EnerSys stockholders’ equity	1,176,828	1,246,402

Nonredeemable noncontrolling interests	5,775	5,887
Total equity	1,182,603	1,252,289
Total liabilities and equity	$2,296,029	$2,321,858

See accompanying notes.

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ENERSYS
Consolidated Condensed Statements of Income (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Quarter ended September 28, 2014	September 29, 2013
Net sales	$629,927	$568,847
Cost of goods sold	467,387	424,497
Gross profit	162,540	144,350
Operating expenses	96,910	82,226
Restructuring and other exit charges	1,810	1,119
Reversal of legal accrual, net of fees - See Note 9	(16,233)	—
Operating earnings	80,053	61,005
Interest expense	4,362	4,119
Other (income) expense, net	(3,407)	515
Earnings before income taxes	79,098	56,371
Income tax expense	22,548	15,220
Net earnings	56,550	41,151
Net earnings (losses) attributable to noncontrolling interests	234	(188)
Net earnings attributable to EnerSys stockholders	$56,316	$41,339
Net earnings per common share attributable to EnerSys stockholders:		
Basic	$1.22	$0.87
Diluted	$1.16	$0.84
Dividends per common share	$0.175	$0.125
Weighted-average number of common shares outstanding:		
Basic	46,133,637	47,573,496
Diluted	48,537,276	49,405,818

See accompanying notes.

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Consolidated Condensed Statements of Income (Unaudited)

(In Thousands, Except Share and Per Share Data)

	Six months ended	
	September 28, 2014	September 29, 2013
Net sales	$1,264,037	$1,166,144
Cost of goods sold	938,920	881,655
Gross profit	325,117	284,489
Operating expenses	185,969	159,336
Restructuring and other exit charges	3,639	1,540
Reversal of legal accrual, net of fees - See Note 9	(16,233)	—
Operating earnings	151,742	123,613
Interest expense	9,246	8,390
Other (income) expense, net	(2,379)	2,873
Earnings before income taxes	144,875	112,350
Income tax expense	39,210	30,782
Net earnings	105,665	81,568
Net earnings (losses) attributable to noncontrolling interests	180	(618)
Net earnings attributable to EnerSys stockholders	$105,485	$82,186
Net earnings per common share attributable to EnerSys stockholders:		
Basic	$2.27	$1.72
Diluted	$2.15	$1.67
Dividends per common share	$0.35	$0.25
Weighted-average number of common shares outstanding:		
Basic	46,516,470	47,721,239
Diluted	49,131,757	49,355,381

See accompanying notes.

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ENERSYS
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
(In Thousands)

	Quarter ended		Six months ended	
	September 28, 2014	September 29, 2013	September 28, 2014	September 29, 2013
Net earnings	$56,550	$41,151	$105,665	$81,568
Other comprehensive income (loss):				
Net unrealized gain on derivative instruments, net of tax	76	3,778	2,567	2,290
Pension funded status adjustment, net of tax	181	115	366	316
Foreign currency translation adjustment	(50,458)	24,601	(53,015)	22,667
Total other comprehensive income (loss), net of tax	(50,201)	28,494	(50,082)	25,273
Total comprehensive income	6,349	69,645	55,583	106,841
Comprehensive loss attributable to noncontrolling interests	(228)	(399)	(449)	(1,630)
Comprehensive income attributable to EnerSys stockholders	$6,577	$70,044	$56,032	$108,471

See accompanying notes.

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Consolidated Condensed Statements of Cash Flows (Unaudited)
(In Thousands)

	Six months ended September 28, 2014	September 29, 2013
Cash flows from operating activities		
Net earnings	$105,665	$81,568
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	28,366	25,320
Write-off of assets relating to restructuring	547	—
Derivatives not designated in hedging relationships:		
Net (gains) losses	(364)	180
Cash proceeds (settlements)	198	(217)
Provision for doubtful accounts	567	612
Deferred income taxes	22,270	144
Reversal of legal accrual, net of fees - See Note 9	(16,233)	—
Gain on disposition of equity interest in Altergy - See Note 9	(2,000)	—
Non-cash interest expense	4,655	4,404
Stock-based compensation	17,059	7,592
Gain on disposal of property, plant, and equipment	(58)	(310)
Changes in assets and liabilities:		
Accounts receivable	(17,429)	(15,508)
Inventories	(40,304)	4,104
Prepaid and other current assets	(3,910)	1,314
Other assets	1,163	858
Accounts payable	9,152	(18,936)
Accrued expenses	(67,909)	237
Other liabilities	9,130	(185)
Net cash provided by operating activities	50,565	91,177
Cash flows from investing activities		
Capital expenditures	(27,513)	(24,736)
Purchases of businesses	—	(856)
Proceeds from disposition of equity interest in Altergy	2,000	—
Proceeds from disposal of property, plant, and equipment	103	1,263
Net cash used in investing activities	(25,410)	(24,329)
Cash flows from financing activities		
Net (decrease) increase in short-term debt	(7,534)	443
Proceeds from revolving credit borrowings	246,000	—
Repayments of revolving credit borrowings	(251,000)	—
Proceeds from long-term debt	150,000	—
Repurchase of Convertible Notes	(203)	—
Deferred financing costs	(1,076)	(823)
Capital lease obligations	(134)	(161)
Option proceeds (taxes paid related to net share settlement of equity awards), net	(12,664)	(7,947)
Excess tax benefits from exercise of stock options and vesting of equity awards	3,035	4,614

Purchase of treasury stock	(120,938)	(33,593)
Dividends paid to stockholders	(16,156)	(11,902)
Net cash used in financing activities	(10,670)	(49,369)
Effect of exchange rate changes on cash and cash equivalents	(14,688)	5,863
Net (decrease) increase in cash and cash equivalents	(203)	23,342
Cash and cash equivalents at beginning of period	240,103	249,348
Cash and cash equivalents at end of period	$239,900	$272,690

See accompanying notes.

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ENERSYS
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)
(In Thousands, Except Share and Per Share Data)

1. Basis of Presentation

The accompanying interim unaudited consolidated condensed financial statements of EnerSys (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes required for complete financial statements. In the opinion of management, the unaudited consolidated condensed financial statements include all normal recurring adjustments considered necessary for the fair presentation of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company’s 2014 Annual Report on Form 10-K (SEC File No. 001-32253), which was filed on May 28, 2014 (the "2014 Annual Report").

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 end 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.

The consolidated condensed 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. 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.

Recently Issued 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). 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.

2. Acquisitions

In fiscal 2014, the Company completed the acquisitions of Purcell Systems, Inc. ("Purcell"), Quallion, LLC. ("Quallion"), and UTS Holdings Sdn. Bhd. and its subsidiaries ("UTS") and assigned values and useful lives to assets acquired based on preliminary valuations. During the first quarter of fiscal 2015, the Company completed purchase accounting for Purcell and based on final valuations performed, 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 relationships were estimated at 10 and 9 years, respectively. Trademarks were considered to be indefinite-lived assets.

During the first quarter of fiscal 2015, the Company also completed purchase accounting for Quallion and based on final valuations performed, 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.
The Company expects to complete purchase accounting for UTS during fiscal 2015.

3. Inventories
Inventories, net consist of:

	September 28, 2014	March 31, 2014
Raw materials	$104,291	$87,469
Work-in-process	119,543	116,124
Finished goods	165,338	158,253
Total	$389,172	$361,846

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4. Goodwill

The changes in the carrying amount of goodwill during the six months of fiscal 2015 by reportable segment are as follows:

	Six months ended September 28, 2014			
	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 Purcell	(3,256)	—	—	(3,256)
Foreign currency translation adjustment	(484)	(10,549)	231	(10,802)
Balance at end of year	$211,890	$167,037	$33,071	$411,998

5. Fair Value of Financial Instruments

The following tables represent the financial assets and (liabilities) measured at fair value on a recurring basis as of September 28, 2014 and March 31, 2014:

	Total Fair Value Measurement September 28, 2014	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	$(3,343)	$—	$(3,343)	$—
Foreign currency forward contracts	2,312	—	2,312	—
Total derivatives	$(1,031)	$—	$(1,031)	$—

	Total Fair Value Measurement March 31, 2014	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	$(2,371)	$—	$(2,371)	$—
Foreign currency forward contracts	113	—	113	—
Total derivatives	$(2,258)	$—	$(2,258)	$—

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 within the fair value hierarchy, as described in the Company's consolidated financial statements included in its 2014 Annual Report in Note 1, Summary of Significant Accounting Policies.

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 11), 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 senior notes due 2038 (“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 September 28, 2014, the Company’s stock price closed at $60.07 per share. The conversion rate of the Convertible Notes as of October 1, 2014, the date when the the holders were notified that they can submit the Convertible Notes for conversion, was 24.9692 shares of the Company's common stock per one thousand dollars in principal amount of the Convertible Notes, which equated to $40.05 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 154% of face value on September 28, 2014 and at 175% of face value on March 31, 2014. See Note 11 for further details.

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The carrying amounts and estimated fair values of the Company's derivatives and Convertible Notes at September 28, 2014 and March 31, 2014 were as follows:

	September 28, 2014				March 31, 2014			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
Financial assets:								
Derivatives [1]	$2,312		$2,312		$113		$113	
Financial liabilities:								
Convertible Notes	$166,739	[2]	$265,337	[3]	$162,887	[2]	$301,875	[3]
Derivatives [1]	3,343		3,343		2,371		2,371	

(1) Represents lead and foreign currency hedges.

(2) The carrying amounts of the Convertible Notes at September 28, 2014 and March 31, 2014 represent the $172,297 and $172,500 principal balance, less the unamortized debt discount (see Note 11 for further details).

(3) The fair value amounts of the Convertible Notes at September 28, 2014 and March 31, 2014 represent the trading values of the Convertible Notes with a principal balance of $172,297 and $172,500, respectively.

6. 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 September 28, 2014 and March 31, 2014 were 95.4 million pounds and 89.9 million pounds, respectively.

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts and purchased 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 September 28, 2014 and March 31, 2014, the Company had entered into a total of $71,141 and $70,332, respectively, of such contracts.

In the coming twelve months, the Company anticipates that $488 of pretax gain relating to lead and foreign currency forward contracts will be reclassified from accumulated other comprehensive income ("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 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 Condensed Statements of Income. As of September 28, 2014 and March 31, 2014, the notional amount of these contracts was $18,363 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 Condensed Balance Sheets and derivative gains and losses in the Consolidated Condensed Statements of Income:
Fair Value of Derivative Instruments
September 28, 2014 and March 31, 2014

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	September 28, 2014	March 31, 2014	September 28, 2014	March 31, 2014
Prepaid and other current assets				
Foreign currency forward contracts	$2,044	$12	$ 268	$ 101
Total assets	$2,044	$12	$ 268	$ 101
Accrued expenses				
Lead hedge forward contracts	$3,343	$2,371	$ —	$ —
Total liabilities	$3,343	$2,371	$ —	$ —

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the quarter ended September 28, 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 contracts	$(3,296)	Cost of goods sold	$(1,147)
Foreign currency forward contracts	2,222	Cost of goods sold	(48)
Total	$(1,074)		$(1,195)

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	$374
Total		$374

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the quarter ended September 29, 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 contracts	$2,427	Cost of goods sold	$(3,661)
Foreign currency forward contracts	(492)	Cost of goods sold	(411)
Total	$1,935		$(4,072)

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	46
Total		$46

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The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the six months ended September 28, 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 contracts	$(260)	Cost of goods sold	$(1,675)
Foreign currency forward contracts	2,724	Cost of goods sold	72
Total	$2,464		$(1,603)

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	$364
Total		$364

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the six months ended September 29, 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 contracts	$2,124	Cost of goods sold	$(1,615)
Foreign currency forward contracts	(1,098)	Cost of goods sold	(1,002)
Total	$1,026		$(2,617)

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	$(180)
Total		$(180)

7. Income Taxes

The Company’s income tax provision consists of federal, state and foreign income taxes. The tax provision for the second quarters of fiscal 2015 and 2014 were based on the estimated effective tax rates applicable for the full years ending March 31, 2015 and March 31, 2014, respectively, after giving effect to items specifically related to the interim periods. The Company’s 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 the Company operates and the amount of the Company's consolidated income before taxes.

The worldwide effective income tax rates for the second quarters of fiscal 2015 and 2014 were 28.5% and 27.0%, respectively, and 27.1% and 27.4%, respectively, for the six months of fiscal 2015 and 2014. The rate increase in the second quarter of fiscal 2015 compared to the prior year period is primarily due to permanent tax differences increasing the Company's domestic income taxes. The rate decrease in the six months of fiscal 2015 compared to the prior year period is primarily due to a reduction in income taxes from the release of a valuation allowance against a state net operating loss deferred tax asset of a domestic subsidiary of the Company and changes in the mix of earnings among tax jurisdictions.

Foreign income as a percentage of worldwide income is estimated to be 54% for the six months of fiscal 2015. The foreign effective income tax rate for the six months of fiscal 2015 and 2014 were 15.5% and 15.9%, respectively, and the rate decrease compared to the prior year period is primarily due to a change in the mix of income between the foreign jurisdictions. Income from the Company's Swiss subsidiary comprised a substantial portion of the Company's overall foreign mix of income and is taxed at approximately 6%.

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8. Warranties

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

	Quarter ended		Six months ended	
	September 28, 2014	September 29, 2013	September 28, 2014	September 29, 2013
Balance at beginning of period	$41,316	$42,202	$40,426	$42,591
Current period provisions	5,102	2,302	9,617	7,645
Costs incurred	(4,901)	(4,477)	(8,465)	(10,230)
Foreign currency translation adjustment	(999)	1,497	(1,060)	1,518
Balance at end of period	$40,518	$41,524	$40,518	$41,524

9. Commitments, Contingencies and Litigation

Litigation and Other Legal Matters

The Company is involved in litigation incidental to the conduct of its business, the results of which, in the opinion of management, are not likely to be material to the Company’s financial position, results of operations, or cash flows.

Altergy

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 Altergy Systems (“Altergy”). EDI and Altergy 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 Altergy for various applications throughout the United States. Commencing in 2011, various disputes arose and, because of the mandatory arbitration provision in the SDA, an arbitration action was filed by EDI in November 2012 seeking arbitration of claims relating to the SDA. In February 2013, EDI terminated the SDA. Following unsuccessful attempts to resolve their disputes by mediation in July 2013, the parties moved forward with arbitration in August 2013, where each party asserted various claims against the other.

After discovery, a hearing and post-hearing submissions by each party, on May 13, 2014, the arbitration panel issued an award in favor of Altergy. As a result, the arbitration panel concluded that Altergy should recover $58,184 in net money damages from EDI. On May 13, 2014, Altergy filed a petition with the U.S. District Court for the Northern District of California (the “District Court”) seeking to confirm the arbitration panel award as well as post-award, prejudgment interest at the rate of 5.75% and post-judgment interest at the applicable federal statutory rate.

On July 11, 2014, EDI filed a motion to vacate this award with the District Court. On August 12, 2014, prior to a hearing scheduled before the District Court in late September 2014, EDI, on behalf of itself and its affiliates, entered into a binding term sheet with Altergy that resolved the outstanding legal challenges related to this award. In accordance with the term sheet, EDI and Altergy entered into (a) a settlement agreement and release of claims pursuant to which EDI paid Altergy $40,000 in settlement of this award, a separate proceeding related to certain rights of EDI as a shareholder of Altergy and related litigations and the parties granted the other a release and (b) a stock purchase agreement pursuant to which Altergy paid EDI $2,000 to purchase EDI’s entire equity interest in Altergy. These agreements were entered into on September 2, 2014, and September 5, 2014, respectively. On September 16, 2014, courts in the respective jurisdictions had issued orders ending all of the ongoing litigation between EDI and Altergy. 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 current quarter. The Company also included the $2,000 received in exchange for of its equity interest in Altergy in the Consolidated Condensed Statements of Income in Other (income) expense, net. The Company had previously written off the carrying value of the investment of $5,000 in the third quarter of fiscal 2014.

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 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 September 28, 2014 and March 31, 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.

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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 September 28, 2014 and March 31, 2014, the Company has hedged the price to purchase 95.4 million pounds and 89.9 million pounds of lead, respectively, for a total purchase price of $93,502 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 purchased 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 and third party trade transactions. To hedge these exposures, the Company has entered into a total of $89,504 and $92,793, respectively, of foreign currency forward and purchased option contracts with financial institutions as of September 28, 2014 and March 31, 2014.

10. Restructuring and Other Exit Charges

Restructuring Plans

During fiscal 2013, the Company announced a restructuring 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 $7,000, 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 135 employees upon completion. The Company recorded restructuring charges of $6,463 through fiscal 2014, consisting of non-cash charges of $1,399 and cash charges of $5,064 and recorded an additional charge of $244 during the six months of fiscal 2015. The Company incurred $3,700 of costs against the accrual through fiscal 2014, and incurred $1,222 in costs against the accrual during the six months of fiscal 2015. As of September 28, 2014, the reserve balance associated with these actions is $403. The Company expects to be committed to an additional $300 of restructuring charges in fiscal 2015 related to these actions, and expects to complete the program during fiscal 2015.

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 $23,700, primarily from non-cash charges related to the write-off of fixed assets and inventory of $11,000, along with cash charges for employee severance-related payments and other charges of $12,700. 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, and cash charges of $8,950 related to employee severance. During the six months of fiscal 2015, the Company recorded an additional charge of $2,291 consisting of non-cash charges of $547 related to the write-off of inventory, and $1,744 related to other cash charges. During fiscal 2014, the Company incurred $2,130 in costs against the accrual and incurred an additional $5,924 against the accrual during the six months of fiscal 2015. As of September 28, 2014, the reserve balance associated with these actions is $2,517. The Company expects to be committed to an additional $2,400 of restructuring charges in fiscal 2015 related to these actions, comprising of $2,100 in severance and other charges and $300 in non-cash charges and expects to complete the program during fiscal 2015.

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

	Employee	Other	Total

	Severance		
Balance as of March 31, 2014	$7,312	$1,102	$8,414
Accrued	1,333	655	1,988
Costs incurred	(6,814)	(332)	(7,146)
Foreign currency impact and other	(229)	(107)	(336)
Balance as of September 28, 2014	$1,602	$1,318	$2,920

Other Exit Charges

During the second quarter of fiscal 2015, the Company recorded cash exit charges of $1,104 related to certain operations in Europe.

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11. Debt

The following summarizes the Company’s long-term debt including capital lease obligations as of September 28, 2014 and March 31, 2014:

	September 28, 2014	March 31, 2014
3.375% Convertible Notes, net of discount, due 2038	$166,739	$162,887
2011 Credit Facility, due 2018	270,000	125,000
Capital lease obligations and other	420	599
	437,159	288,486
Less current portion	303	354
Total long-term debt and capital lease obligations	$436,856	$288,132

3.375% Convertible Notes

The Convertible Notes will mature on June 1, 2038, unless earlier converted, redeemed or repurchased. Prior to maturity, the holders may convert their Convertible Notes into shares of the Company’s common stock at any time after March 1, 2015, or prior to that date under certain circumstances. 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 October 1, 2014, the most recent date when the holders were notified that they can submit the Convertible Notes for conversion, was 24.9692 shares of the Company's common stock per one thousand dollars in principal amount of the Convertible Notes due to the cumulative impact of cash dividends paid on the Company's common stock. The conversion rate 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 additional conversion consideration in cash, shares of the Company's common stock or a combination of cash and shares.

At any time, on or after June 6, 2015, the Company may at its option redeem the Convertible Notes, in whole or in part, in cash, at a redemption price equal to 100% of the principal amount of Convertible Notes to be redeemed, plus any accrued and unpaid interest.

Holders may convert their Convertible Notes prior to March 1, 2015, at the option of the holder, under the following circumstances: (i) during any calendar quarter (and only during such calendar quarter), if the last reported sale price (as defined in the indenture for the Convertible Notes) of a share of the Company's common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the applicable conversion price in effect for the Convertible Notes on the last trading day of the immediately preceding calendar quarter, (ii) upon the occurrence of specified corporate events, or (iii) during the five business-day period after any five consecutive trading day period (the “measurement period”) in which the “trading price” (as defined in the indenture for the Convertible Notes) of the Convertible Notes for each day of the measurement period was less than 98% of the product of the “last reported sale price” (as defined in the indenture for the Convertible Notes) of a share of the Company's common stock and the applicable conversion rate on such day.

At September 30, 2014, the closing price of the Company's common stock exceeded 130% of the conversion price for more than 20 trading days during the period of 30 consecutive trading days ending September 30, 2014, thereby satisfying one of the early conversion events and as a result, the Convertible Notes became convertible on demand, and the holders were notified that they can elect to submit the Convertible Notes for conversion, between the notification date of October 1, 2014 and December 31, 2014. The carrying value of the Convertible Notes of $166,739 continues to be reported as long-term debt on the Consolidated Condensed Balance Sheet as of September 28, 2014 as the Company intends to draw on the 2011 Credit Facility to settle, at a minimum, the principal amount of any such conversions in cash. No gain or loss was recognized when the Convertible Notes became convertible.

This optional conversion period is reset each calendar quarter and the Company will reassess on December 31, 2014.

In addition, 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 Condensed 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 issued shares or a combination of cash and shares for the remaining value of the Convertible Notes, the reclassification into temporary equity as of September 28, 2014 was $5,558 based on the Convertible Notes principal of $172,297 and the carrying value of $166,739. If a conversion event takes place in the following quarter, this temporary equity balance will be recalculated based on the difference between the Convertible Notes principal and the debt carrying value. If the Convertible Notes are settled during the third quarter of fiscal 2015, 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 the Convertible Notes as of September 28, 2014 and March 31, 2014:

	September 28, 2014	March 31, 2014
Principal	$172,297	$172,500
Unamortized discount	(5,558)	(9,613)
Net carrying amount	$166,739	$162,887

As of September 28, 2014, the remaining discount will be amortized over a period of 8 months. The conversion price of the $172,297 in aggregate principal amount of the Convertible Notes as of October 1, 2014, equated to $40.05 per share and the number of shares on which the aggregate consideration is to be delivered upon conversion is 4,302,047. 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 $2,049 and $1,883, respectively, during the quarters ended September 28, 2014 and September 29, 2013 and was $4,055 and $3,727, respectively, during the six months ended September 28, 2014 and September 29, 2013.

2011 Credit Facility

The Company is party to a $350,000 senior secured revolving credit facility (as amended, “2011 Credit Facility”) and, on July 8, 2014, amended the 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 ("Term Loan") which 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 term loans 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% (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).

As of September 28, 2014, the Company had $120,000 outstanding in revolver borrowings and $150,000 under its term loan borrowings.

Short-Term Debt

As of September 28, 2014 and March 31, 2014, the Company had $25,537 and $33,814, respectively, of short-term borrowings. The weighted-average interest rates on these borrowings were approximately 12% and 7%, respectively.

Available Lines of Credit

As of September 28, 2014 and March 31, 2014, the Company had available and undrawn, under all its lines of credit, $524,946 and $360,275, respectively, including $146,746 and $136,525, of uncommitted lines of credit as of September 28, 2014 and March 31, 2014, respectively.

As of September 28, 2014 and March 31, 2014, the Company had $3,897 and $1,653, respectively, of standby letters of credit.

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12. Retirement Plans

The following tables present the components of the Company's net periodic benefit cost related to its defined benefit pension plans:

	United States Plans Quarter ended		International Plans Quarter ended	
	September 28, 2014	September 29, 2013	September 28, 2014	September 29, 2013
Service cost	$102	$90	$202	$206
Interest cost	168	156	662	596
Expected return on plan assets	(222)	(198)	(581)	(525)
Amortization and deferral	87	134	174	107
Net periodic benefit cost	$135	$182	$457	$384

	United States Plans Six months ended		International Plans Six months ended	
	September 28, 2014	September 29, 2013	September 28, 2014	September 29, 2013
Service cost	$204	$181	$413	$406
Interest cost	337	312	1,342	1,176
Expected return on plan assets	(443)	(397)	(1,173)	(1,036)
Amortization and deferral	174	267	352	211
Net periodic benefit cost	$272	$363	$934	$757

13. Stock-Based Compensation

As of September 28, 2014, the Company maintains the EnerSys 2010 Equity Incentive Plan ("2010 EIP"). The 2010 EIP reserved 3,177,477 shares of common stock for the grant of various types of equity awards including nonqualified stock options, restricted stock, restricted stock units, market share units and other forms of stock-based compensation. The Company recognized stock-based compensation expense associated with its equity incentive plans of $11,963 for the second quarter of fiscal 2015 and $4,569 for the second quarter of fiscal 2014. Stock-based compensation expense was $17,059 for the six months of fiscal 2015 and $7,592 for the six months of fiscal 2014. The Company recognizes compensation expense using the straight-line method over the vesting period of the awards, except for awards issued to certain retirement-eligible participants, which are expensed on an accelerated basis.

During the six months ended September 28, 2014, the Company granted to non-employee directors 16,474 restricted stock units, pursuant to the EnerSys Deferred Compensation Plan for Non-Employee Directors.

During the six months ended September 28, 2014, the Company granted to management and other key employees 76,512 non-qualified stock options that vest three years from the date of grant, 118,312 restricted stock units that vest 25% each year over four years from the date of grant, and 152,300 market share units that vest three years from the date of grant.

Common stock activity during the six months ended September 28, 2014 included the vesting of 182,204 restricted stock units and 384,448 market share units.

As of September 28, 2014, there were 142,251 non-qualified stock options, 511,686 restricted stock units and 612,672 market share units outstanding.

14. Stockholders' Equity and Noncontrolling Interests

Common Stock

The following demonstrates the change in the number of shares of common stock outstanding during the six months ended September 28, 2014:

Shares outstanding as of March 31, 2014	46,942,126

Purchase of treasury stock	(1,855,066)
Shares issued as part of equity-based compensation plans, net of equity awards surrendered for option price and taxes	363,484
Shares outstanding as of September 28, 2014	45,450,544

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Treasury Stock

During the six months ended September 28, 2014, the Company purchased 1,855,066 shares of its common stock for $120,938. At September 28, 2014 and March 31, 2014, the Company held 8,176,288 shares and 6,321,222 shares as treasury stock, respectively.

Accumulated Other Comprehensive Income ("AOCI")

The components of AOCI, net of tax, as of September 28, 2014 and March 31, 2014, are as follows:

	March 31, 2014	Before Reclassifications	Amounts Reclassified from AOCI	September 28, 2014
Pension funded status adjustment	$(15,207)	$—	$366	$(14,841)
Net unrealized (loss) gain on derivative instruments	(2,253)	1,556	1,011	314
Foreign currency translation adjustment	85,305	(52,386)	—	32,919
Accumulated other comprehensive income	$67,845	$ (50,830)	$1,377	$18,392

The following table presents reclassifications from AOCI during the second quarter ended September 28, 2014:

Components of AOCI	Amounts Reclassified from AOCI	Location of Loss Recognized on Income Statement
Derivatives in Cash Flow Hedging Relationships:		
Net unrealized loss on derivative instruments	$1,195	Cost of Goods Sold
Tax benefit	(441)	
Net unrealized loss on derivative instruments, net of tax	$754	
Defined benefit pension costs:		
Prior service costs and deferrals	$261	Net periodic benefit cost, included in Cost of Goods Sold, Operating expenses - See Note 12
Tax benefit	(80)	
Net periodic benefit cost, net of tax	$181	

The following table presents reclassifications from AOCI during the six months ended September 28, 2014:

Components of AOCI	Amounts Reclassified from AOCI	Location of Loss Recognized on Income Statement
Derivatives in Cash Flow Hedging Relationships:		
Net unrealized loss on derivative instruments	$1,603	Cost of Goods Sold
Tax benefit	(592)	
Net unrealized loss on derivative instruments, net of tax	$1,011	
Defined benefit pension costs:		
Prior service costs and deferrals	$526	Net periodic benefit cost, included in Cost of Goods Sold, Operating expenses - See Note

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Tax benefit	(160	)
Net periodic benefit cost, net of tax	$366	

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The following table presents reclassifications from AOCI during the second quarter ended September 29, 2013:

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	$4,072	Cost of Goods Sold
Tax benefit	(1,511)	
Net unrealized loss on derivative instruments, net of tax	$2,561	
Defined benefit pension costs:		
Prior service costs and deferrals	$235	Net periodic benefit cost, included in Cost of Goods Sold, Operating expenses - See Note 12
Tax benefit	(120)	
Net periodic benefit cost, net of tax	$115	

The following table presents reclassifications from AOCI during the six months ended September 29, 2013:

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	$2,617	Cost of Goods Sold
Tax benefit	(971)	
Net unrealized loss on derivative instruments, net of tax	$1,646	
Defined benefit pension costs:		
Prior service costs and deferrals	$472	Net periodic benefit cost, included in Cost of Goods Sold, Operating expenses - See Note 12
Tax benefit	(156)	
Net periodic benefit cost, net of tax	$316	

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The following demonstrates the change in equity attributable to EnerSys stockholders and nonredeemable noncontrolling interests during the six months ended September 28, 2014:

	Equity Attributable to EnerSys Stockholders	Nonredeemable Noncontrolling Interests	Total Equity
Balance as of March 31, 2014	$1,246,402	$5,887	$1,252,289
Total comprehensive income:			
Net earnings	105,485	54	105,539
Net unrealized gain on derivative instruments, net of tax	2,567	—	2,567
Pension funded status adjustment, net of tax	366	—	366
Foreign currency translation adjustment	(52,386)	(166)	(52,552)
Total other comprehensive income (loss), net of tax	(49,453)	(166)	(49,619)
Total comprehensive income (loss)	56,032	(112)	55,920
Other changes in equity:			
Purchase of treasury stock	(120,938)	—	(120,938)
Cash dividends - common stock ($0.35 per share)	(16,156)	—	(16,156)
Reclassification of redeemable equity component of Convertible Notes	4,055	—	4,055
Other, including activity related to equity awards	7,433	—	7,433
Balance as of September 28, 2014	$1,176,828	$5,775	$1,182,603

The following demonstrates the change in redeemable noncontrolling interests during the six months ended September 28, 2014:

	Redeemable Noncontrolling Interests
Balance as of March 31, 2014	$ 8,047
Net earnings	126
Foreign currency translation adjustment	(463)
Balance as of September 28, 2014	$ 7,710

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15. 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.

	Quarter ended		Six months ended	
	September 28, 2014	September 29, 2013	September 28, 2014	September 29, 2013
Net earnings attributable to EnerSys stockholders	$56,316	$41,339	$105,485	$82,186
Weighted-average number of common shares outstanding:				
Basic	46,133,637	47,573,496	46,516,470	47,721,239
Dilutive effect of:				
Common shares from exercise and lapse of equity awards, net of shares assumed reacquired	813,912	801,839	951,785	815,674
Convertible Notes	1,589,727	1,030,483	1,663,502	818,468
Diluted weighted-average number of common shares outstanding	48,537,276	49,405,818	49,131,757	49,355,381
Basic earnings per common share attributable to EnerSys stockholders	$1.22	$0.87	$2.27	$1.72
Diluted earnings per common share attributable to EnerSys stockholders	$1.16	$0.84	$2.15	$1.67
Anti-dilutive equity awards not included in diluted weighted-average common shares	—	11,010	207	13,321

The aggregate number of common shares that the Company could be obligated to issue upon conversion of its Convertible Notes, as of September 28, 2014, is 4,302,047. It is the Company’s current intent to settle the principal amount of any conversions in cash, and any additional conversion consideration ("conversion premium") in cash, shares of the Company’s common stock or a combination of cash and shares. During the second quarter of fiscal 2015, the average price of the Company's common stock of $64.17 per share exceeded the conversion price of $40.05 per share on the Convertible Notes. For the current quarter and six months ended September 28, 2014, 1,589,727 shares and 1,663,502 shares, respectively, relating to the conversion premium on the Convertible Notes were included in the diluted earnings per share using the "if converted" method.

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16. Business Segments

The Company has three reportable business segments based on geographic regions, defined as follows:

- 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.

Summarized financial information related to the Company's reportable segments for the quarters and six months ended September 28, 2014 and September 29, 2013 is shown below:

	Quarter ended		Six months ended	
	September 28, 2014	September 29, 2013	September 28, 2014	September 29, 2013
Net sales by segment to unaffiliated customers				
Americas	$333,185	$ 287,683	$664,113	$ 603,306
EMEA	233,340	223,374	475,275	454,341
Asia	63,402	57,790	124,649	108,497
Total net sales	$629,927	$ 568,847	$1,264,037	$ 1,166,144
Net sales by product line				
Reserve power	$315,525	$ 279,494	$626,899	$ 572,313
Motive power	314,402	289,353	637,138	593,831
Total net sales	$629,927	$ 568,847	$1,264,037	$ 1,166,144
Intersegment sales				
Americas	$10,977	$ 8,176	$19,895	$ 18,269
EMEA	17,192	18,276	34,891	36,573
Asia	9,125	10,052	20,584	17,763
Total intersegment sales (1)	$37,294	$ 36,504	$75,370	$ 72,605
Operating earnings by segment				
Americas	$38,378	$ 43,143	$79,867	$ 84,868
EMEA	23,439	15,243	52,040	31,326
Asia	3,813	3,738	7,241	8,959
Restructuring and other exit charges - EMEA	(1,810)	(1,119)	(3,639)	(1,540)
Reversal of legal accrual, net of fees - Americas	16,233	—	16,233	—
Total operating earnings (2)	$80,053	$ 61,005	$151,742	$ 123,613

(1) Intersegment sales are presented on a cost-plus basis, which takes into consideration the effect of transfer prices between legal entities.

(2) The Company does not allocate interest expense or other (income) expense to the reportable segments.

17. Subsequent Events

On October 30, 2014, the Company announced the declaration of a quarterly cash dividend of $0.175 per share of common stock to be paid on December 26, 2014, to stockholders of record as of December 12, 2014.

On November 5, 2014, the Company also announced an authorization of an additional $60,000 stock repurchase.

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

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 the Company's filings with the Securities and Exchange Commission and its reports to stockholders. Generally, the inclusion of the words "anticipate," "believe," "expect," "future," "intend," "estimate," "will," "plans," or the negative of such terms and similar expressions identify statemen 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 the Company's 2014 Annual Report on Form 10-K (the "2014 Annual Report") 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 Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q.

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 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;

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- 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.

In the following discussion and analysis of results of operations and financial condition, certain financial measures may be considered "non-GAAP financial measures" under Securities and Exchange Commission rules. These rules require supplemental explanation and reconciliation, which is provided in this Quarterly Report on Form 10-Q.

EnerSys' management uses the non-GAAP measures "primary working capital", "primary working capital percentage" and capital expenditures in its evaluation of business segment cash flow and financial position performance. These disclosures have limitations as an analytical tool, should not be viewed as a substitute for cash flow 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. Management believes that this non-GAAP supplemental information is helpful in understanding the Company's ongoing operating results.

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.

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 South America is experiencing limited growth. Middle East and Africa are experiencing strong economic activity while Western European economies are experiencing limited growth. Our Asia region is experiencing the fastest economic growth.

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 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.

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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 the second quarter of fiscal 2015, our selling prices remained relatively flat, compared to the comparable prior year period.
Liquidity and Capital Resources
Our capital structure and liquidity remain strong. We amended our 2011 Credit Facility during the second quarter of fiscal 2015 to provide additional liquidity for flexibility in funding the expected conversion of the Convertible Notes in fiscal 2016. As of September 28, 2014, we had $239.9 million of cash and cash equivalents and $525 million undrawn and available under all our lines of credit, including approximately $147 million of uncommitted credit lines. 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.
The Convertible Notes became convertible at the option of the holders effective January 2, 2014 and continue to remain convertible through December 31, 2014, as described in Note 11. Regardless of the foregoing circumstances, holders may, at their option, convert their Convertible Notes at any time on or after March 1, 2015 but prior to the close of business on the scheduled trading day immediately preceding June 1, 2038, the maturity date. If the Convertible Notes holders elect to exercise their conversion rights, we would pay the principal amount by drawing on our 2011 Credit Facility and, at our election, issue shares or pay cash for any remaining value. Beginning on June 6, 2015, we may redeem any or all of the Convertible Notes in cash at a redemption price equal to 100% of the accreted principal amount of the Convertible Notes being redeemed, plus accrued and unpaid interest.
Other than the 2011 Credit Facility and the Convertible Notes, we have no other significant amount of long-term debt maturing in the near future.
We believe that our strong capital structure and liquidity affords us access to capital for future acquisition and stock repurchase opportunities and continued dividend payments.

Results of Operations
Net Sales

	Quarter ended September 28, 2014			Quarter ended September 29, 2013			Increase (Decrease)		
Current quarter by segment	In Millions	Percentage of Total Net Sales		In Millions	Percentage of Total Net Sales		In Millions	%	
Americas	$333.2	52.9	%	$287.7	50.6	%	$45.5	15.8	%
EMEA	233.3	37.0		223.3	39.3		10.0	4.5	
Asia	63.4	10.1		57.8	10.1		5.6	9.7	
Total net sales	$629.9	100.0	%	$568.8	100.0	%	$61.1	10.7	%

	Six months ended September 28, 2014			Six months ended September 29, 2013			Increase (Decrease)		
Year to Date by segment	In Millions	Percentage of Total Net Sales		In Millions	Percentage of Total Net Sales		In Millions	%	
Americas	$664.1	52.5	%	$603.3	51.7	%	$60.8	10.1	%
EMEA	475.3	37.6		454.3	39.0		21.0	4.6	
Asia	124.6	9.9		108.5	9.3		16.1	14.9	
Total net sales	$1,264.0	100.0	%	$1,166.1	100.0	%	$97.9	8.4	%

Net sales increased $61.1 million or 10.7% in the second quarter of fiscal 2015 from the comparable period in fiscal 2014. This increase for the quarter was the result of a 7% increase in organic volume and a 6% increase due to acquisitions, partially offset by a 2% decrease due to foreign currency translation impact.

Net sales increased $97.9 million or 8.4% in the six months of fiscal 2015 from the comparable period in fiscal 2014. This increase for the six months was the result of a 6% increase due to acquisitions and a 2% increase due to organic volume.

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Segment sales

The Americas segment’s net sales increased $45.5 million or 15.8% in the second quarter of fiscal 2015, as compared to the second quarter of fiscal 2014, primarily due to an increase of approximately 10% in organic volume and an 8% increase due to acquisitions, partially offset by a 1% decrease each in pricing and foreign currency translation impact. Net sales increased $60.8 million or 10.1% in the six months of fiscal 2015, as compared to the six months of fiscal 2014, primarily due to an increase of approximately 8% due to acquisitions and 4% due to organic volume, partially offset by a 1% decrease each in pricing and foreign currency translation impact.

The EMEA segment’s net sales increased $10.0 million or 4.5% in the second quarter of fiscal 2015, as compared to the second quarter of fiscal 2014, primarily due to a 6% and 1% increase in organic volume and pricing, respectively, partially offset by a 3% decrease due to foreign currency translation impact. Net sales increased $21.0 million or 4.6% in the six months of fiscal 2015, as compared to the six months of fiscal 2014, primarily due to an increase of approximately 3% due to organic volume and a 1% increase each in pricing and foreign currency translation impact.

The Asia segment’s net sales increased $5.6 million or 9.7% in the second quarter of fiscal 2015, as compared to the second quarter of fiscal 2014, primarily due to acquisitions of 17% and a 2% increase in pricing, partially offset by a decrease due to organic volume of approximately 9%. Net sales increased $16.1 million or 14.9% in the six months of fiscal 2015, as compared to the six months of fiscal 2014, primarily due to an increase of approximately 19% due to acquisitions and a 2% increase due to pricing, partially offset by a decrease of 5% in organic volume and a 1% decrease due to foreign currency translation impact. The decrease in Asia's organic volume is due to lower sales to a major Chinese telecommunication company under a new tender program pursuant to which we participated at a lower volume.

Product line sales

	Quarter ended September 28, 2014			Quarter ended September 29, 2013			Increase (Decrease)		
	In Millions	Percentage of Total Net Sales		In Millions	Percentage of Total Net Sales		In Millions	%	
Reserve power	$315.5	50.1	%	$279.5	49.1	%	$36.0	12.9	%
Motive power	314.4	49.9		289.3	50.9		25.1	8.7	
Total net sales	$629.9	100.0	%	$568.8	100.0	%	$61.1	10.7	%
	Six months ended September 28, 2014			Six months ended September 29, 2013			Increase (Decrease)		
	In Millions	Percentage of Total Net Sales		In Millions	Percentage of Total Net Sales		In Millions	%	
Reserve power	$626.9	49.6	%	$572.3	49.1	%	$54.6	9.5	%
Motive power	637.1	50.4		593.8	50.9		43.3	7.3	
Total net sales	$1,264.0	100.0	%	$1,166.1	100.0	%	$97.9	8.4	%

Net sales of our reserve power products in the second quarter of fiscal 2015 increased $36.0 million or 12.9% compared to the second quarter of fiscal 2014. Acquisitions and organic volume contributed to this improvement by approximately 9% and 6%, respectively, and were partially offset by a decrease due to foreign currency translation impact of 2%. Net sales increased $54.6 million or 9.5% in the six months of fiscal 2015, as compared to the six months of fiscal 2014, primarily due to an increase of approximately 9% due to acquisitions and a 1% increase due to organic volume.

Net sales of our motive power products in the second quarter of fiscal 2015 increased by $25.1 million or 8.7% compared to the second quarter of fiscal 2014. Organic volume, acquisitions and pricing contributed 7%, 3% and 1%, respectively, to this improvement and was partially offset by a 2% foreign currency translation impact in the second quarter of fiscal 2015. Net sales increased $43.3 million or 7.3% in the six months of fiscal 2015, as compared to the six months of fiscal 2014, primarily due to an increase of approximately 4% and 3% due to organic volume and acquisitions, respectively.

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Gross Profit

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Gross Profit	$162.5	25.8 %	$144.3	25.4 %	$18.2	12.6 %

	Six months ended September 28, 2014		Six months ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Gross Profit	$325.1	25.7 %	$284.4	24.4 %	$40.7	14.3 %

Gross profit increased $18.2 million or 12.6% in the second quarter of fiscal 2015 and increased $40.7 million or 14.3% compared to the comparable prior year periods. Gross profit, as a percentage of net sales, increased 40 basis points in the second quarter and increased 130 basis points in the six months when compared to the comparable prior year periods. The increase in the current quarter and six months compared to the prior year periods is primarily attributed to lower commodity costs and favorable mix combined with the benefits of restructuring programs in EMEA.

Operating Items

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Operating expenses	$96.9	15.4 %	$82.2	14.5 %	$14.7	17.9 %
Restructuring and other exit charges	$1.8	0.3 %	$1.1	0.2 %	$0.7	61.8 %
Reversal of legal accrual, net of fees	$(16.2)	(2.6)%	$—	— %	$(16.2)	NM

	Six months ended September 28, 2014		Six months ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Operating expenses	$186.0	14.7 %	$159.3	13.7 %	$26.7	16.7 %
Restructuring and other exit charges	$3.6	0.3 %	$1.5	0.1 %	$2.1	NM
Reversal of legal accrual, net of fees	$(16.2)	(1.3)%	$—	— %	$(16.2)	NM

NM = not meaningful

Operating expenses as a percentage of net sales increased 90 basis points and 100 basis points in the second quarter and six months of fiscal 2015 compared to the comparable prior year periods of fiscal 2014. Operating expenses, excluding the effect of foreign currency translation, increased $6.9 million or 8.5% in the second quarter of fiscal 2015 and increased $7.1 million or 4.5% in the six months of fiscal 2015 compared to the comparable prior year periods of fiscal 2014. The increase in operating expenses in both the second quarter and six months is primarily due to increased sales volume, acquisitions and acquisition related fees, stock-based compensation, implementation costs for a new ERP system in the Americas, and payroll related expenses. Selling expenses, our main component of operating expenses, were 51.8% and 55.0% of total operating expenses in the second quarter and six months of fiscal 2015, respectively, compared to 56.8% and 58.7% of total operating expenses in the second quarter and six months of fiscal 2014, respectively.

Restructuring and other exit charges

Included in our second quarter and six months of fiscal 2015 operating results are $1.8 million and $3.6 million, respectively, of exit charges and other restructuring charges in EMEA. Included in our second quarter and six months of fiscal 2014 are $1.1 million and $1.5 million of restructuring charges, respectively, primarily for staff reductions in EMEA.

Reversal of legal accrual, net of fees

Included in our second quarter and six months of fiscal 2015 operating results is a reversal of legal accrual, net of fees, of $16.2 million relating to the final settlement of the Altergy matter. See Note 9 for more details.

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Operating Earnings

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
Current quarter by segment	In Millions	Percentage of Total Net Sales (1)	In Millions	Percentage of Total Net Sales (1)	In Millions	%
Americas	$38.4	11.5 %	$43.2	15.0 %	$(4.8)	(11.0)%
EMEA	23.4	10.0	15.2	6.8	8.2	53.8
Asia	3.8	6.0	3.7	6.5	0.1	2.0
Subtotal	65.6	10.4	62.1	10.9	3.5	5.6
Restructuring charges - EMEA	(1.8)	(0.8)	(1.1)	(0.5)	(0.7)	61.8
Reversal of legal accrual, net of fees - Americas	16.2	4.9	—	—	16.2	NM
Total operating earnings	$80.0	12.7 %	$61.0	10.7 %	$19.0	31.2 %

	Six months ended September 28, 2014		Six months ended September 29, 2013		Increase (Decrease)	
Year to date by segment	In Millions	Percentage of Total Net Sales (1)	In Millions	Percentage of Total Net Sales (1)	In Millions	%
Americas	$79.9	12.0 %	$84.9	14.1 %	$(5.0)	(5.9)%
EMEA	52.0	11.0	31.3	6.9	20.7	66.1
Asia	7.2	5.8	8.9	8.3	(1.7)	(19.2)
Subtotal	139.1	11.0	125.1	10.7	14.0	11.2
Restructuring charges - EMEA	(3.6)	(0.8)	(1.5)	(0.3)	(2.1)	NM
Reversal of legal accrual, net of fees - Americas	16.2	2.4	—	—	16.2	NM
Total operating earnings	$151.7	12.0 %	$123.6	10.6 %	$28.1	22.8 %

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales.
NM = not meaningful

Operating earnings increased $19.0 million or 31.2% in the second quarter and increased $28.1 million or 22.8% in the six months of fiscal 2015 compared to the second quarter and six months of fiscal 2014. Operating earnings, as a percentage of net sales, increased 200 basis points in the second quarter of fiscal 2015 and increased 140 basis points in the six months of fiscal 2015 when compared to the second quarter and six months of fiscal 2014.

The Americas segment, excluding the reversal of legal accrual, had a decrease in operating earnings in the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014, with the operating margin decreasing 350 basis points to 11.5%. The second quarter of fiscal 2014 was a record quarter for the Americas due to favorable product mix. Operating earnings decreased in the six months of fiscal 2015 in comparison to the comparable period in the prior year, with the operating margin decreasing 210 basis points to 12.0%. This decrease in the second quarter and six months of fiscal 2015 compared to the comparable prior year periods is attributable to stock-based compensation, reserve power pricing, 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 customer and implementation costs relating to a new ERP system. While we remain confident in Purcell's future contribution, we do not anticipate this accretion to occur in our upcoming third quarter of fiscal 2015.

The EMEA segment's operating earnings, excluding restructuring charges discussed above, increased in the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014, with the operating margin increasing 320 basis points to 10.0%. Operating earnings increased in the six months of fiscal 2015 in comparison to the comparable period in the prior year, with the operating margin increasing 410 basis points to 11.0%. This improvement in EMEA earnings primarily reflects strong replacement and 4G Telecom sales, better customer mix, lower commodity costs and benefits of the restructuring programs, partially offset by stock-based compensation.

Operating earnings increased in the Asia segment in the second quarter and decreased in the six months of fiscal 2015 compared to the comparable prior year periods of fiscal 2014, with the operating margin decreasing by 50 basis points and 250 basis points, respectively, in the current quarter and six months to 6.0% and 5.8%, respectively, primarily due to lower operating results of our subsidiary in India and reduction in telecom sales in China.

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Interest Expense

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Interest expense	$4.3	0.7 %	$4.1	0.7 %	$0.2	5.9 %

	Six months ended September 28, 2014		Six months ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Interest expense	$9.2	0.7 %	$8.4	0.7 %	$0.8	10.2 %

Interest expense of $4.3 million in the second quarter of fiscal 2015 (net of interest income of $0.3 million) was $0.2 million higher than the interest expense of $4.1 million in the second quarter of fiscal 2014 (net of interest income of $0.1 million). Interest expense of $9.2 million in the six months of fiscal 2015 (net of interest income of $0.6 million) was $0.8 million higher than the interest expense of $8.4 million in the six months of fiscal 2014 (net of interest income of $0.4 million).

The increase in interest expense in the second quarter and six months of fiscal 2015 compared to the comparable prior year periods of fiscal 2014 is primarily due to higher average debt outstanding.
Included in interest expense are non-cash charges for deferred financing fees of $0.3 million and $0.6 million, respectively, in the second quarter and six months of fiscal 2015 which was the same in the second quarter and six months of fiscal 2014.
Included in interest expense is non-cash, accreted interest on the Convertible Notes of $2.1 million and $4.1 million, respectively, in the second quarter and six months of fiscal 2015 and $1.9 million and $3.7 million, respectively, in the second quarter and six months of fiscal 2014. For more information, see Note 11 to the Consolidated Condensed Financial Statements.
Our average debt outstanding (reflecting the reduction of the Convertible Notes discount) was $389.3 million and $357.0 million in the second quarter and six months of fiscal 2015, respectively, compared to $179.0 million and $178.2 million in the second quarter and six months of fiscal 2014. The increase was mainly due to borrowings under our 2011 Credit Facility, which were used to fund increases in primary working capital from higher sales, purchase of treasury stock and payment of the Altergy legal settlement. The average Convertible Notes discount excluded from our average debt outstanding was $6.6 million and $7.6 million, respectively, in the second quarter and six months of fiscal 2015 and $14.5 million and $15.4 million, respectively, in the second quarter and six months of fiscal 2014.

Other (Income) Expense, Net

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Other (income) expense, net	$(3.4)	(0.5)%	$0.5	0.1 %	$(3.9)	NM

Increase (Decrease)

	Six months ended September 28, 2014		Six months ended September 29, 2013			
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Other (income) expense, net	$(2.4)	(0.2)%	$2.8	0.3%	$(5.2)	NM

Other (income) expense, net in the second quarter of fiscal 2015 was income of $3.4 million compared to expense of $0.5 million in the second quarter of fiscal 2014. Other (income) expense, net in the six months of fiscal 2015 was income of $2.4 million compared to expense of $2.8 million in the six months of fiscal 2014. The favorable impact in the second quarter and six months of fiscal 2015 is attributable to foreign currency gains of $1.6 million and $0.8 million in the second quarter and six months of fiscal 2015, respectively, compared to foreign currency losses of $0.8 million and $2.6 million, respectively, in the comparable prior year periods. Also contributing to the favorable impact in both the current quarter and six months of fiscal 2015 is the receipt of $2.0 million towards our equity interest in Altergy pursuant to the final legal settlement with Altergy. Our investment in Altergy of $5.0 million was written off in the third quarter of fiscal 2014.

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Earnings Before Income Taxes

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Earnings before income taxes	$79.1	12.5 %	$56.4	9.9 %	$22.7	40.3 %

	Six months ended September 28, 2014		Six months ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Earnings before income taxes	$144.9	11.5 %	$112.4	9.6 %	$32.5	28.9 %

As a result of the above, earnings before income taxes in the second quarter of fiscal 2015 increased $22.7 million, or 40.3%, compared to the second quarter of fiscal 2014 and increased $32.5 million, or 28.9%, in the six months of fiscal 2015 compared to the six months of fiscal 2014. Earnings before income taxes as a percentage of net sales were 12.5% for the second quarter of fiscal 2015 compared to 9.9% in the second quarter of fiscal 2014 and 11.5% for the six months of fiscal 2015 compared to 9.6% for the six months of fiscal 2014.

Income Tax Expense

	Quarter ended September 28, 2014		Quarter ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Income tax expense	$22.5	3.5 %	$15.2	2.7 %	$7.3	48.2 %
Effective tax rate	28.5%		27.0%		1.5%	

	Six months ended September 28, 2014		Six months ended September 29, 2013		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Income tax expense	$39.2	3.1 %	$30.8	2.6 %	$8.4	27.4 %
Effective tax rate	27.1%		27.4%		(0.3)%	

The Company’s income tax provision consists of federal, state and foreign income taxes. The tax provision for the second quarters of fiscal 2015 and 2014 were based on the estimated effective tax rates applicable for the full years ending March 31, 2015 and March 31, 2014, respectively, after giving effect to items specifically related to the interim periods. 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 the we operate and the amount of our consolidated income before taxes.

The worldwide effective income tax rates for the second quarters of fiscal 2015 and 2014 were 28.5% and 27.0%, respectively, and 27.1% and 27.4%, respectively, for the six months of fiscal 2015 and 2014. The rate increase in the second quarter of fiscal 2015 compared to the prior year period is primarily due to permanent tax differences increasing our domestic income taxes. The rate decrease in the six months of fiscal 2015 compared to the prior year period is primarily due to a reduction in income taxes from the release of a valuation allowance against a state net operating loss deferred tax asset related to one of our domestic subsidiaries and changes in the mix of earnings among tax jurisdictions.

Foreign income as a percentage of worldwide income is estimated to be 54% for the six months of fiscal 2015. The foreign effective income tax rate for the six months of fiscal 2015 and 2014 were 15.5% and 15.9%, respectively, and the rate decrease compared to the prior year period is primarily due to a change in the mix of income between the foreign jurisdictions. Income from our Swiss subsidiary comprised a substantial portion of our overall foreign mix of income and is taxed at approximately 6%.

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Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies from those discussed under the caption "Critical Accounting Policies and Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2014 Annual Report. We are supplementing and restating our discussion regarding the specific valuation approach and methodology and significant assumptions used in our goodwill impairment test as follows:

In accordance with FASB ASC 350, "Intangibles – Goodwill and Other," we perform goodwill impairment testing at least annually, unless indicators of impairment exist in interim periods.

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. An adverse change in any of the assumptions could result in an impairment charge.

Liquidity and Capital Resources

Operating activities provided cash of $50.6 million in the six months of fiscal 2015 compared to $91.2 million in the comparable period of fiscal 2014. In the six months of fiscal 2015, net earnings of $105.7 million, depreciation and amortization of $28.4 million, non-cash charges relating to deferred taxes of $22.3 million, stock-based compensation of $17.1 million, interest of $4.7 million, restructuring charges of $0.5 million, were partially offset by non-cash credits relating to the reversal of the remaining legal accrual of $16.2 million and gain of $2.0 million on disposition of our equity interest in Altergy. Also partially offsetting our cash provided from operating activities was the increase in primary working capital of $48.6 million, net of currency translation changes and our payment of $40.0 million towards the Altergy award, pursuant to the final legal settlement of the Altergy matter and income tax changes of $22.5 million. In the six months of fiscal 2014, net earnings of $81.6 million and depreciation and amortization of $25.3 million were offset by cash used for the increase in primary working capital of $30.3 million, net of currency translation changes.

Primary working capital for this purpose is trade accounts receivable, plus inventories, minus trade accounts payable. 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 $692.7 million (yielding a primary working capital percentage of 27.5%) at September 28, 2014, $666.9 million (yielding a primary working capital percentage of 25.1%) at March 31, 2014 and $586.3 million at September 29, 2013 (yielding a primary working capital percentage of 25.8%). The primary working capital percentage of 27.5% at September 28, 2014 is 240 basis points higher than that for March 31, 2014, and is 170 basis points higher than that for the prior year period. Primary working capital increased during the

six months of fiscal 2015 largely due to increase in inventories and trade receivables.
Primary working capital and primary working capital percentages at September 28, 2014, March 31, 2014 and September 29, 2013 are computed as follows:

(In Millions)

Balance At	Trade Receivables	Inventory	Accounts Payable	Total	Quarter Revenue Annualized	Primary Working Capital %
September 28, 2014	$563.9	$389.2	$(260.4)	$692.7	$2,519.7	27.5 %
March 31, 2014	564.6	361.8	(259.5)	666.9	2,661.0	25.1
September 29, 2013	467.7	352.1	(233.5)	586.3	2,275.4	25.8

Investing activities used cash of $25.4 million in the six months of fiscal 2015 compared to $24.3 million in the six months of fiscal 2014 and primarily comprised of capital expenditures. Proceeds from the disposition of our equity interest in Altergy amounted to $2.0 million in the six months of fiscal 2015.

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Financing activities used cash of $10.7 million in the six months of fiscal 2015 primarily due to revolver borrowings and repayments of $246.0 million and $251.0 million, respectively, and $150.0 million incremental term loan borrowing under the 2011 Credit Facility, purchase of treasury stock for $120.9 million and payment of cash dividends to our stockholders of $16.2 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 $9.6 million. Net repayments on short-term debt were $7.5 million. In the six months of fiscal 2014, financing activities used cash of $49.4 million, primarily due to the repurchase of our common stock for $33.6 million and payment of cash dividends to our stockholders of $11.9 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 $3.3 million. Net borrowings on short-term debt were $0.4 million.

As a result of the above, total cash and cash equivalents decreased by $0.2 million to $239.9 million, in the six months of fiscal 2015 compared to an increase of $23.3 million to $272.7 million, in the comparable period of fiscal 2014.

All obligations under our 2011 Credit Facility are secured by, among other things, substantially all of our U.S. assets. The 2011 Credit Facility contains various covenants which, absent prepayment in full of the indebtedness and other obligations, or the receipt of waivers, limit our ability to conduct certain specified business transactions, buy or sell assets out of the ordinary course of business, engage in sale and leaseback transactions, pay dividends and take certain other actions. There are no prepayment penalties on loans under this credit facility.

We are in compliance with all covenants and conditions under our credit agreement. We believe that we will continue to comply with these covenants and conditions, and that we have the financial resources and the capital available to fund the foreseeable organic growth in our business and to remain active in pursuing further acquisition opportunities. See Note 8 to the Consolidated Financial Statements included in our 2014 Annual Report and Note 11 to the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for a detailed description of our debt.

Contractual Obligations and Commercial Commitments

A table of our obligations is contained in Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations of our 2014 Annual Report for the year ended March 31, 2014. As of September 28, 2014, we had the following significant changes to our contractual obligations table contained in our 2014 Form 10-K:

We amended our 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 million and incremental revolving commitments of $150 million. Pursuant to these changes, the 2011 Credit Facility is now comprised of a $500 million senior secured revolving credit facility and a $150 million senior secured incremental term loan ("Term Loan") which matures on September 30, 2018. The Term Loan is payable in quarterly installments of $1.9 million beginning June 30, 2015 and $3.8 million beginning June 30, 2016 with a final payment of $108.8 million on September 30, 2018.

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ITEM 3. 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 foreign currency exchange rates and raw material costs. The Company’s agreements are with creditworthy financial institutions. Those contracts that result in a liability position at September 28, 2014 are $3.7 million (pre-tax), therefore, there is minimal risk of nonperformance by these counterparties. Those contracts that result in an asset position at September 28, 2014 are $2.7 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 2011 Credit Facility. On a selective basis, from time to time, we enter into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. We had no interest rate swap agreements as of September 28, 2014 and March 31, 2014.

A 100 basis point increase in interest rates would have increased interest expense, on an annualized basis, by approximately $3.0 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 forward 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)
September 28, 2014	$93.5	95.4	$0.98	21 %
March 31, 2014	86.5	89.9	0.96	19
September 29, 2013	88.5	94.2	0.94	19

(1) Based on approximate annual lead requirements for the periods then ended.

For the remaining two quarters of this fiscal year, we believe approximately 77% of the cost of our lead requirements is known. This takes into account the hedge contracts in place at September 28, 2014, lead purchased by September 28, 2014 that will be reflected in future costs under our FIFO accounting treatment, and the benefit from our lead tolling program.

We estimate that a 10% increase in our cost of lead would have increased our cost of goods sold by approximately $16 million and $31 million in the second quarter and six months of fiscal 2015, respectively.

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 trade transactions. On a selective basis, we enter into foreign currency forward contracts and 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 purchased 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 September 28, 2014 and March 31, 2014 were $89.5 million and $92.8 million, respectively. The details of contracts outstanding as of September 28, 2014 were as follows:

Transactions Hedged	$US Equivalent (in millions)	Average Rate Hedged		Approximate % of Annual Requirements (1)	
Sell Euros for U.S. dollars	$39.0	$/€	1.34	19	%
Sell Euros for Polish zloty	22.2	PLN/€	4.20	19	
Sell Euros for British pounds	12.8	£/€	0.81	29	
Sell JPY for U.S. dollars	5.5	¥/$	107.57	59	
Sell U.S. dollars for Mexican pesos	4.4	MXN/$	13.22	50	
Sell Australian dollars for Euros	2.0	€/AUD	1.46	16	
Sell Australian dollars for U.S. dollars	1.7	$/AUD	0.92	19	
Other	1.9				
Total	$89.5				

(1) Based on the fiscal year currency requirements.

Foreign exchange translation adjustments are recorded in the Consolidated Condensed Statements of Comprehensive Income.

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.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. 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 9 - Commitments, Contingencies and Litigation to the Consolidated Condensed Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors
In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our 2014 Annual Report for the year ended March 31, 2014, which could materially affect our business, financial condition or future results.

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

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)
June 30 – July 27, 2014	88,131	$68.12	88,131	$ 42,009,830
July 28 – August 24, 2014	544,545	61.73	544,545	68,396,777
August 25 – September 28, 2014	559,792	63.84	559,792	32,662,300
Total	1,192,468	$63.19	1,192,468	

(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 has been exhausted for fiscal 2015.

(2) The Company's Board of Directors authorized the Company to repurchase up to $70 million of its common stock, which expires on March 31, 2015. Additionally, on August 5, 2014, the Company announced that its Board of Directors had authorized the Company to repurchase an additional $60 million of its common stock. On November 5, 2014 the Company announced the authorization to repurchase an additional $60 million of its common stock, bringing the total of repurchase programs expiring on March 31, 2015 to $190 million.

Item 4. Mine Safety Disclosures

Not applicable.

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ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Fifth Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to EnerSys’ Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to EnerSys' Quarterly Report on Form 10-Q for the period ended December 30, 2012 (File No. 001-32253) filed on February 6, 2013).
3.3	Second Amended and Restated Bylaws of EnerSys.
10.1	Amended and Restated Credit Agreement, dated as of July 8, 2014, among EnerSys, Bank of America, N.A., as Administrative Agent, Wells Fargo Bank, National Association, as Syndication Agent, RB International Finance (USA) LLC and PNC Bank, National Association, as Co-Documentation Agents and Co-Managers and the various lending institutions party thereto (incorporated by reference to Annex A to Exhibit 10.1 to EnerSys’ Current Report on Form 8-K (File No. 001-32253) filed on July 8, 2014).
10.2	Incremental Commitment Agreement, dated July 8, 2014, among EnerSys and certain financial institutions (incorporated by reference to Exhibit 10.2 to EnerSys’ Current Report on Form 8-K (File No. 001-32253) filed on July 8, 2014).
10.3	Amended and Restated 2010 Equity Incentive Plan of EnerSys.
10.4	Side letter to Employment Agreement, dated October 10, 2014, between EnerSys and John D. Craig.
10.5	Employment Offer Letter, dated October 20, 2014, of EnerSys Delaware Inc. to David M. Shaffer.
10.6	Employment Contract, dated September 12, 2014, between EH Europe GmbH and Todd M. Sechrist.
10.7	Letter Agreement, dated September 12, 2014, between EnerSys and Todd M. Sechrist.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

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

ENERSYS (Registrant)

By /s/ Michael J. Schmidtlein
Michael J. Schmidtlein
Senior Vice President Finance & Chief Financial Officer
Date: November 5, 2014

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EnerSys
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