EnerSys®
Power/Full Solutions

A MESSAGE FROM OUR NON-EXECUTIVE CHAIRMAN AND OUR CHIEF EXECUTIVE OFFICER

June 21, 2018

Dear Fellow Stockholders:

We are pleased to provide you with our Annual Report for the fiscal year ending March 31, 2018. During fiscal 2018, we invested significant capital into our business to create the foundation for a Lean and digital company with state-of-the-art new products. Our net sales for the year were a record $2.6 billion, which represented a 3% organic increase as compared to fiscal year 2017. However, rising commodity costs created a headwind that masked profitability improvements from our cost savings and product mix enhancements. In addition, we invested approximately $15 million upgrading our digital core, developing new products and implementing Lean programs. In spite of these headwinds, adjusted diluted earnings per share declined only 2% year-over-year to $4.65 through gains in volume, price and cost management.

At our February 2017 Investor Day, we laid out our plans for strategic growth and earnings expansion. Since then we have made great progress in the development of our new modular products, with the launch of our exciting motive power maintenance free battery system, which is expected to take place at the end of calendar year 2018. This virtually maintenance free battery will be either a lithium or thin plate pure lead (TPPL) battery chemistry, depending on the customer energy requirements. A comparable reserve power battery system will follow in mid-2019. The feedback from our customers on these new product offerings has been very positive. In addition, with the increased demand for our TPPL products, we increased our sales of premium, higher-margin products to over 40% of our portfolio for the first time during fiscal 2018. We are excited about the market opportunities we are pursuing.

To further our competitive differentiation in the market, we continue to prioritize capital spending investment. By the end of fiscal 2019 we will have invested and installed a new high speed TPPL line which will expand our premium product manufacturing capacity with enhanced plant automation. We have been very active in the review of acquisition opportunities as we seek transactions that will increase our product technology offerings and electronic systems development.

As we move into fiscal 2019 we are experiencing strong demand for our TPPL products and expanding our market share in the transportation segment, which represents a high-growth opportunity. Our new products are poised to launch and our Lean program is taking root throughout the organization. We are on track with our fiscal year 2021 profitability goal of a 200 basis points increase in operating earnings margin to 14.4%. We want to thank our stockholders for their ongoing support and confidence; our customers for their trust and loyalty placed on our products and people; and our employees for their commitment to excellence in serving our customers.

Sincerely,

Arthur T. Katsaros
Non-Executive Chairman of the Board

David M. Shaffer
President and Chief Executive Officer

Please refer to "Management's Discussion and Analysis" in our Annual Report on Form 10-K attached to this letter for additional information and to a reconciliation of the non-GAAP measures to the comparable GAAP measures contained in Exhibit 99.1 to the Company's Current Report on Form 8-K filed on May 30, 2018.

ANNUAL MEETING INVITATION

June 21, 2018

Dear Fellow Stockholder:

EnerSys will hold its 2018 annual meeting of stockholders (the “Annual Meeting”) on Thursday, August 2, 2018, at 10:00 a.m. (Eastern Time) at our corporate offices located at 2366 Bernville Road, Reading, Pennsylvania 19605. Directions to our corporate offices can be found on the Investors page of our website at *www.enersys.com* or at *investor.enersys.com*.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting in person, we urge you to read these proxy materials and cast your vote on the matters that will be presented at the Annual Meeting. Stockholders of record have the option of voting by telephone, through the Internet or by completing, signing, dating and returning the enclosed proxy card in the envelope provided. Doing so will not prevent you from voting in person at the Annual Meeting.

Thank you very much for your continued support and interest in EnerSys.

Sincerely,

Arthur T. Katsaros
Non-Executive Chairman of the Board

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Notice of 2018 Annual Meeting of Stockholders

EnerSys®
Power/Full Solutions

Date and Time: Thursday, August 2, 2018, at 10:00 a.m. (Eastern Time)

Place: EnerSys Global Headquarters, 2366 Bernville Road, Reading, Pennsylvania 19605

Items to be voted:

- elect four (4) Class II director nominees named in this proxy statement;
- approve, ratify and adopt the EnerSys 2018 Employee Stock Purchase Plan;
- ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal year ending March 31, 2019;
- an advisory vote to approve the compensation of EnerSys' named executive officers; and
- conduct any other business properly brought before the meeting.

Record date: Stockholders of record at the close of business on June 4, 2018 may vote at the meeting, and any adjournments or postponements of the meeting. A list of these stockholders will be available at the corporate offices of EnerSys and will be available at the Annual Meeting.

By Order of the Board of Directors

Joseph G. Lewis
Vice President, General Counsel,
Chief Compliance Officer & Secretary

June 21, 2018

Your vote is important!

Stockholders of record can vote their shares by using the Internet or the telephone or by attending the meeting in person and voting by ballot. Instructions for voting by using the Internet or the telephone are set forth in the Notice of Internet Availability that has been provided to you. Stockholders of record who received a paper copy of the proxy materials also may vote their shares by marking their votes on the proxy card provided, signing and dating it, and mailing it in the envelope provided, or by attending the meeting in person and voting by ballot.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on August 2, 2018

The Proxy Statement and Annual Report to Stockholders are available at www.enersys.com and at www.proxydocs.com/ENS.

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PROXY STATEMENT

GENERAL INFORMATION

Solicitation of Proxies

The Board of Directors of EnerSys is providing this Proxy Statement to solicit proxies for use at EnerSys' annual meeting of stockholders to be held at its corporate offices located at 2366 Bernville Road, Reading, Pennsylvania 19605 on Thursday, August 2, 2018, at 10:00 a.m. (Eastern Time) or any adjournment or postponement thereof (the "Annual Meeting"). EnerSys (the "Company," "we," "our," or "us") is first delivering this Proxy Statement and the foregoing Notice on or about June 21, 2018.

Purpose of the Meeting

At the Annual Meeting, our stockholders will be asked to vote on the following proposals:

	Proposals	Board Recommendation	Page Reference
1	To elect the four (4) Class II director nominees of the Board of Directors of EnerSys, each to serve until the 2021 annual meeting of stockholders, or until the earlier of their resignation or their respective successors shall have been elected and qualified;	**FOR**	4
2	To approve, ratify and adopt the EnerSys 2018 Employee Stock Purchase Plan;	**FOR**	18
3	To ratify the appointment of Ernst & Young LLP as EnerSys' independent registered public accounting firm for the fiscal year ending March 31, 2019; and	**FOR**	22
4	An advisory vote to approve EnerSys' named executive officer compensation.	**FOR**	51

Voting and Revocation of Proxies

Stockholders of record have a choice of voting by way of traditional proxy card, by telephone or through the Internet.

By Mail	▪ Request a proxy card from us by following the instructions on your Notice of Internet Availability. ▪ When you receive your proxy card, mark your selections on the proxy card. ▪ Date and sign your name exactly as it appears on the proxy card. ▪ Mail the proxy card in the postage-paid envelope that's provided to you with your proxy card. If you return the signed proxy card but do not mark the boxes showing how you wish to vote, your votes will be cast "**FOR**" the election of all director nominees; "**FOR**" the approval, ratification and adoption of the EnerSys 2018 Employee Stock Purchase Plan; "**FOR**" the ratification of the appointment of Ernst & Young LLP as EnerSys' independent registered public accounting firm; and "**FOR**" the approval of executive compensation.
By Telephone	Call toll-free 1-866-284-6730 and follow the voice prompts.
Through Internet	Access the website www.proxypush.com/ENS and follow the instructions.

We encourage each stockholder of record to submit their proxy electronically through the Internet, if that option is available, or by telephone. Delivery of a proxy in any of the three ways listed above will not affect the right of a stockholder of record to attend the Annual Meeting and vote in person. If you hold your shares in “street name” (that is, through a broker, trustee or other holder of record), you will receive a voting instruction card from your broker seeking instructions as to how your shares should be voted. If no voting instructions are given, your broker or nominee has discretionary authority to vote your shares on your behalf on routine matters. A “broker non-vote” results on a matter when your broker or nominee returns a proxy but does not vote on a particular proposal because it does not have discretionary authority to vote on that proposal and has not received voting instructions from you. We believe that your broker or nominee only has discretionary voting power with respect to the proposal regarding the ratification of the appointment of the independent registered public accounting firm. You may not vote shares held in “street name” at the Annual Meeting unless you obtain a legal proxy from your broker or holder of record.

Any stockholder of record giving a proxy may revoke it by doing any of the following:

- delivering a written notice of revocation to the Secretary of EnerSys, dated later than the proxy, before the vote is taken at the Annual Meeting;
- delivering a duly executed proxy to the Secretary of EnerSys, bearing a later date (including proxy by telephone or through the Internet) before the vote is taken at the Annual Meeting; or
- voting in person at the Annual Meeting (your attendance at the Annual Meeting, in and of itself, will not revoke the proxy).

Any written notice of revocation, or later dated proxy, should be delivered to EnerSys, 2366 Bernville Road, Reading, Pennsylvania 19605, Attention: Joseph G. Lewis, Vice President, General Counsel, Chief Compliance Officer and Secretary.

Record Date

Only stockholders of record at the close of business on June 4, 2018 (the “Record Date”) are entitled to notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, there were 42,112,605 shares of EnerSys common stock outstanding, each of which will be entitled to one vote at the Annual Meeting.

Quorum

The presence, in person or by proxy, of stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast will constitute a quorum at the Annual Meeting. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the Annual Meeting for purposes of determining the presence of a quorum.

Tabulation of Votes

Our bylaws provide for majority voting procedures for the election of directors in an election where the number of director nominees does not exceed the number of directors to be elected (an “uncontested election”). In an uncontested election, to be elected, a director nominee must receive more “for” than “against” votes cast by the holders of shares of our common stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors (a “majority vote”). In an election where the number of director nominees exceeds the number of directors to be elected, directors are elected by a plurality vote, which means that the director nominees receiving the most votes cast by the holders of shares of our common stock present in person or represented by proxy at the meeting and entitled to vote on the election of directors will be elected, regardless of the number of votes cast in favor of each director nominee. The election of directors at this Annual Meeting is an uncontested election. A nominee holding shares in street name does not have discretionary voting power with respect to the election of directors and may not vote shares unless the nominee receives voting instructions from the beneficial owner. **If your shares are held by a broker, it is important that you provide instructions to your broker so your vote is counted in the election of directors.** Abstentions and broker non-votes will not constitute or be counted as “votes” cast for purposes of Proposal 1.

If an incumbent director receives more “against” than “for” votes, in accordance with our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee of our Board of Directors will consider such director’s contingent resignation and recommend to the Board of Directors the action to be taken. The Board of Directors will act on such recommendation and publicly disclose its decision and the rationale behind such decision within 90 days from the date of the certification of the election results.

Each of the approval of the EnerSys 2018 Employee Stock Purchase Plan and the ratification of the appointment of Ernst & Young LLP, as EnerSys' independent registered public accounting firm for the fiscal year ending March 31, 2019, requires the affirmative vote of the holders of a majority of the shares represented and entitled to vote at the Annual Meeting. With respect to these matters, abstentions will have the same effect as voting against such proposal, and broker non-votes, if any, will not constitute or be counted as "votes" cast for purposes of such proposal.

The affirmative vote of the holders of a majority of shares of our common stock, present in person or represented by proxy and entitled to vote, is required for approval with respect to the advisory vote to approve our named executive officer compensation. An abstention is treated as present and entitled to vote and therefore has the effect of a vote against the advisory vote on executive compensation. A nominee holding shares in street name does not have discretionary voting power with respect to this proposal and may not vote shares unless the nominee receives voting instructions from the beneficial owner. Additionally, a broker non-vote will not constitute or be counted as "votes" cast for purposes of the advisory vote to approve our named executive officer compensation.

Although the advisory vote to approve our named executive officer compensation is non-binding, as provided by law, the Compensation Committee of our Board of Directors will review the results of the vote and take them into account in making a determination concerning executive compensation. For information regarding the Compensation Committee's views in connection with the results of the 2017 non-binding advisory vote of stockholders, see the discussion beginning on page 28.

If any other matters are properly presented for consideration at the meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the persons named in the proxy card will have discretion to vote on those matters according to their best judgment to the same extent as the person signing the proxy would be entitled to vote. At the date of this proxy statement, we do not anticipate that any other matters will be raised at the Annual Meeting.

Attendance at the Annual Meeting

Attendance at the Annual Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of EnerSys. You can obtain directions to attend the Annual Meeting by visiting our website at *investor.enersys.com*.

Proposal No. 1 Election of the Class II Director Nominees of the Board of Directors

General

Our certificate of incorporation provides that the Board of Directors shall consist of not less than three or more than eleven members, as fixed by the Board of Directors from time to time. The certificate of incorporation also divides the Board into three classes, with each class to be as nearly equal in number as possible. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, nominees for directors in that class will be considered for election for three-year terms at the annual meeting of stockholders in the year in which the term of directors in that class expires.

Following the appointment of Mr. Vargo and Ms. Connors to the Board of Directors in August 2017, our Board of Directors set its size at 10 members, divided into three classes. The classes are composed of the following directors:

- Messrs. Lehman, Marlo and Tufano are Class I directors, whose terms will expire at the 2020 annual meeting of stockholders;
- Mr. Chung, Ms. Connors, Mr. Katsaros, and Gen. Magnus, USMC (Retired) are Class II directors, whose terms will expire at the 2018 annual meeting of stockholders; and
- Messrs. Hoffen, Shaffer and Vargo are Class III directors, whose terms will expire at the 2019 annual meeting of stockholders.

Director Nominees of the Board of Directors

Based on the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has unanimously nominated Mr. Chung, Ms. Connors, Mr. Katsaros, and Gen. Magnus for election as Class II directors of EnerSys. Each of the nominees currently serves as a director of EnerSys and has consented to being named in this Proxy Statement and to serve, if elected. Each of the directors elected at the Annual Meeting will hold office until the 2021 annual meeting of stockholders or until the earlier of their resignation or their successors are duly elected and qualified. If any of the nominees become unable to accept their nomination or election, the persons named in the proxy may vote for a substitute nominee selected by the Board of Directors. Our management, however, has no present reason to believe that any Class II nominee will be unable to serve as a director, if elected.

The Board of Directors recommends a vote "FOR" each director nominee

BOARD OF DIRECTORS

The following table sets forth certain information with respect to our directors and the director nominees as of the date of this Proxy Statement:

Name	Age	Position with EnerSys	Year First Became Director	Term as Director will Expire(1)
Arthur T. Katsaros	70	Non-Executive Chairman	2005	2018
Hwan-yoon F. Chung	44	Director	2006	2018
Nelda J. Connors	52	Director	2017	2018
Howard I. Hoffen	54	Director	2004	2019
John F. Lehman	75	Director	2004	2020
Gen. Robert Magnus, USMC (Retired)	71	Director	2008	2018
Dennis S. Marlo	75	Director	2004	2020
David M. Shaffer	53	Director, President and Chief Executive Officer	2016	2019
Paul J. Tufano	64	Director	2015	2020
Ronald P. Vargo	64	Director	2017	2019

(1) Directors' terms of office are scheduled to expire at the annual meeting of stockholders to be held in the year indicated.

HWAN-YOON F. CHUNG **Age** 44 **Director since** 2006

Managing Director, DCP Investments

INDEPENDENT DIRECTOR

EnerSys Committees: Audit
Other Public Boards: None

DIRECTOR QUALIFICATION HIGHLIGHTS

✓ Financial Acumen
✓ Private Equity
✓ Environmental

Biography: Mr. Chung has been a Director of EnerSys since February 2006. He is the Managing Director of DCP Investments, a venture capital and private equity firm, since August 2017. From December 2015 to August 2017, he was the Senior Vice President—Corporate Finance of Hudson's Bay Company, a merchandise retailer with operations in Canada, the United States and Europe, whose shares are publicly traded on the Toronto Stock Exchange. From November 2012 through December 2015, he was Managing Director of Allied Resource Company, a privately-held investment company with interests in businesses that deploy proprietary industrial-scale technologies to recycle waste, reduce pollutants and other emissions. Prior thereto, Mr. Chung was a Principal of Metalmark Capital LLC since its inception in 2004. Prior to joining Metalmark, he was an Executive Director of Morgan Stanley Private Equity from 2002 to 2004, after having performed various roles in the private equity group since he joined Morgan Stanley in 1998.

Board Experience: Mr. Chung served as a Director of PURAGLOBE, a leading used oil recycling technology company, from 2013 to 2017.

Skills and Qualifications: Mr. Chung received his Bachelor of Arts in Philosophy from the College of Arts and Sciences of the University of Pennsylvania, and his Bachelor of Science degree in Economics from the Wharton School of Business of the University of Pennsylvania. The financial acumen that Mr. Chung obtained through his private equity experiences were attributes important in qualifying him for service as a member of the Board of Directors, and a member of the Audit Committee.

NELDA J. CONNORS **Age** 52 **Director since** 2017

Founder, Chairwoman and Chief Executive Officer of Pine Grove Holdings, LLC

INDEPENDENT DIRECTOR

EnerSys Committees: Audit, Compensation
Other Public Boards: Boston Scientific Corporation, Delphi Technologies PLC, Echo Global Logistics, Inc.

DIRECTOR QUALIFICATION HIGHLIGHTS

✓ Financial Expert
✓ Global/ Public Company Experience
✓ Engineering Operations & Strategy

Biography: Ms. Connors has been a Director of EnerSys since August 2017. Since 2011, she is the founder, Chairwoman and Chief Executive Officer of Pine Grove Holdings, LLC, a privately held investment company focused on acquiring and building small-to middle market businesses with highly engineered content. From 2008 through 2011, Ms. Connors was the President and Chief Executive Officer of Atkore International, which was formerly a division of Tyco International. Prior to that, she was a senior executive at Eaton Corporation, Ford Motor Company and Chrysler Corporation in various global business leadership and profit and loss management roles. She has lived and worked in the United States, Europe and Asia-Pacific.

Board Experience: Since December 4, 2017, Ms. Connors has been a Director of Delphi Technologies PLC, a provider of global vehicle propulsion solutions whose shares are listed on the New York Stock Exchange. Since April 12, 2013, she has served as a Director of Echo Global Logistics, Inc., a provider of technology-enabled transportation management services whose shares are traded on the NASDAQ Stock Market, and since December 15, 2009, an Independent Director of Boston Scientific Corporation, a global medical device company whose shares are traded on the New York Stock Exchange. Ms. Connors formerly served as a director for Atkore, Blount International, Clarcor Corporation, and Vesuvius plc., and as a Class B director of the Federal Reserve Bank of Chicago.

Skills and Qualifications: Ms. Connors holds a Bachelor of Science and Master of Science in Mechanical Engineering from the University of Dayton. Her financial acumen and public company experiences, as well as her global experience in areas of operations, quality, engineering and business strategy were attributes important in qualifying her for service as a member of the Board of Directors, as a member of the Compensation Committee, and as a member and financial expert to the Audit Committee.

HOWARD I. HOFFEN **Age** 55 **Director since** 2004

Chairman, CEO and Managing Director, Metalmark Capital LLC

INDEPENDENT DIRECTOR

EnerSys Committees: Nominating & Corporate Governance
Other Public Boards: None

DIRECTOR QUALIFICATION HIGHLIGHTS

- ✓ Audit & Financial
- ✓ Risk Management
- ✓ Strategic Planning

Biography: Mr. Hoffen has been a Director of EnerSys since it became publically traded in July 2004. He is currently the Chairman, Chief Executive Officer, and a Managing Director of Metalmark Capital LLC. Mr. Hoffen was a founding member of Metalmark in 2004, and served as Chairman and Chief Executive Officer of Morgan Stanley Capital Partners from 2001 to 2004, after having performed various roles in the private equity group since he joined Morgan Stanley in 1985.

Board Experience: He serves as a Director of Pacific Coast Energy Holdings LLC, the general partner of Pacific Coast Oil Trust, whose trust units are listed on The New York Stock Exchange, and served as a Director of Jones Energy Inc., an independent oil and gas company whose shares are listed on The New York Stock Exchange, from 2009 to 2017. He is also a Director of several private companies and serves on the Board of Visitors of The Fu Foundation School of Engineering and Applied Sciences at Columbia University.

Skills and Qualifications: Mr. Hoffen received his Master of Business Administration degree from Harvard Business School and his Bachelor of Science degree from Columbia University. Through Mr. Hoffen's experience in private equity and service on other corporate boards, he has dealt with a wide range of issues including audit and financial reporting, risk management, executive compensation and strategic planning.

ARTHUR T. KATSAROS **Age** 70 **Director since** 2005

Former Group Vice President - Development and Technology, Air Products and Chemicals Inc.

INDEPENDENT NON-EXECUTIVE CHAIRMAN

EnerSys Committees: None
Other Public Boards: None

DIRECTOR QUALIFICATION HIGHLIGHTS

- ✓ Senior Management Leadership
- ✓ International Business
- ✓ Global Manufacturing

Biography: Mr. Katsaros has been a Director of EnerSys since July 2005 and the Non-Executive Chairman of the Board of Directors since May 2016. Mr. Katsaros was most recently the Group Vice President—Development and Technology of Air Products and Chemicals, Inc. from 2002 and until his retirement in April 2007. From 1996 through 2002, he was Group Vice President of Engineered Systems and Operations of Air Products.

Board Experience: Mr. Katsaros serves as the Chairman of CDG Environmental, LLC, a manufacturer of supply systems for water treatment.

Skills and Qualifications: Mr. Katsaros received a Bachelor of Science degree in Chemical Engineering from Worcester Polytechnic Institute and a Master of Business Administration from Lehigh University. He also completed the Advanced Management Program at Harvard University's Graduate School of Business. Mr. Katsaros' experience qualifying him for service as a member of the Board of Directors includes over fifteen years' experience in executive positions with a global manufacturer, in charge of international business and operations, such as manufacturing, engineering, information technology and research and development. His background, and his experience as a member of our Board, qualifies him to serve as Non-Executive Chairman of the Board of Directors.

JOHN F. LEHMAN **Age** 75 **Director since** 2004

Founding Partner and Chairman, J.F. Lehman & Company

INDEPENDENT DIRECTOR

EnerSys Committees: Compensation (Chair)
Other Public Boards: Verisk Analytics, Inc.

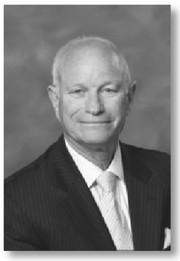
DIRECTOR QUALIFICATION HIGHLIGHTS

✓ Business & Government Experience
✓ Private Equity
✓ Senior Management Leadership

Biography: Mr. Lehman has been a Director of EnerSys since August 2004. Mr. Lehman is a founding partner of J.F. Lehman & Company, a private equity firm, and has been its Chairman since November 1990. Prior to founding J.F. Lehman & Company, Mr. Lehman was a Managing Director in Corporate Finance at PaineWebber Incorporated, served for six years as U.S. Secretary of the Navy, was a member of the National Security Council Staff, served as a delegate to the Mutual Balanced Force Reductions negotiations and was the Deputy Director of the Arms Control and Disarmament Agency.

Board Experience: Mr. Lehman served as a Director of Ball Corporation, a supplier of metal packaging to the beverage, food, personal care and household products industries which is listed on The New York Stock Exchange, from 1987 until 2015, and since 1992 has served as a Director of Verisk Analytics, Inc., a risk information provider whose shares are traded on the NASDAQ Stock Market. Mr. Lehman was a member of the National Commission on Terrorist Attacks upon the United States. He is also Chairman of the Princess Grace Foundation.

Skills and Qualifications: Mr. Lehman received his Bachelor of Science degree from St. Joseph's University, his Bachelor of Arts and Master of Arts degrees from Cambridge University and a Doctorate from the University of Pennsylvania. Mr. Lehman's business and government experience provide the Board of Directors with valuable insight into social, governmental and economic issues relevant to our business. This experience is important in qualifying him for service as a member of the Board of Directors.



GEN. ROBERT MAGNUS, USMC (RETIRED) **Age** 71 **Director since** 2008

Retired Asst. Commandant of the United States Marine Corps

INDEPENDENT DIRECTOR

EnerSys Committees: Compensation and Nominating & Corporate Governance (Chair)
Other Public Boards: None

DIRECTOR QUALIFICATION HIGHLIGHTS

✓ Financial Acumen
✓ Business & Military Experience

Career Highlights: Gen. Magnus has been a Director of EnerSys since July 2008. Gen. Magnus served as the Assistant Commandant of the Marine Corps from 2005 to 2008. He retired from the Marine Corps in 2008 after over 38 years of distinguished service. Gen. Magnus' operational assignments included Commander, Marine Corps Air Bases Western Area and Deputy Commander, Marine Forces Pacific. Gen. Magnus' staff assignments included Chief, Logistics Readiness Center, Joint Staff; Executive Assistant to the Director of the Joint Staff; Head, Aviation Plans and Programs Branch; Assistant Deputy Chief of Staff for Aviation; Assistant Deputy Commandant for Plans, Policies, and Operations; and Deputy Commandant for Programs and Resources.

Board Experience: He is the Chairman of the Board of Directors of Elbit Systems of America, LLC, a provider of defense, homeland security, commercial aviation and medical products and solutions, as well as aircraft maintenance, repair and overhaul services, and serves on the Board of Directors of All My Sons Moving and Storage, a provider of moving services. He previously served on the Board of Directors of Augusta Westland NA, a subsidiary of Italy's Finmeccanica, a producer of advanced helicopters, and Fairway Group Holdings Corp, which is a provider of specialty grocery products and whose shares were listed on the NASDAQ Stock Market.

Skills and Qualifications: Gen. Magnus received his Bachelor of Arts degree in history from the University of Virginia and his Master in Business Administration degree from Strayer College. His formal military education included Naval Aviator Training, U.S. Marine Corps Command and Staff College, and the National War College. Gen. Magnus' personal decorations included two Distinguished Service Medal awards, the Defense Superior Service Medal, Legion of Merit, and Navy Achievement Medal. Gen. Magnus' extensive financial management experience and responsibilities for peacetime and wartime programs and budgets for the US Marine Corps qualifies him for service as a member of our Board of Directors.

DENNIS S. MARLO

Age 75 **Director since** 2004

Managing Director, Sanctuary Group LTD

INDEPENDENT DIRECTOR

EnerSys Committees: Audit, Compensation, and Nominating & Corporate Governance

Other Public Boards: None

DIRECTOR QUALIFICATION HIGHLIGHTS

- ✓ Financial Expert
- ✓ Risk Management
- ✓ Strategic Planning

Career Highlights: Mr. Marlo has been a Director of EnerSys since August 2004. Mr. Marlo is Managing Director of Sanctuary Group LTD, a financial and executive advisory firm located in Malvern, Pennsylvania and Vero Beach, Florida. Mr. Marlo served as an Executive Vice President of Sovereign Bancorp, Inc. (now Santander Holdings USA, Inc.) from June 2004 through April 2009, and as Chief Risk Management Officer of Sovereign Bancorp, Inc. from April 2001 through June 2004. Mr. Marlo joined Sovereign in February 1998 as the President of the Pennsylvania Division of Sovereign Bank and was appointed Chief Financial Officer and Treasurer of Sovereign in May 1998, serving in that capacity through April 2001. Prior thereto, Mr. Marlo served as President and Chief Executive Officer of ML Bancorp Inc., a predecessor company of Sovereign Bancorp, Inc., and as a partner with KPMG, LLP.

Board Experience: Mr. Marlo served on the Board of Directors of the Federal Home Loan Bank of Pittsburgh, a government sponsored enterprise, from November 2002 through December 2013, serving as its Chairman from January 2010 through December 2011. He is also a member of the Board of Directors of the Lankenau Medical Center Foundation, a foundation supporting a non-profit medical center in Wynnewood, Pennsylvania, and is immediate past Chairman of the Board of Trustees at Harcum College in Bryn Mawr, Pennsylvania and currently continues to serve on the Board of Trustees. Mr. Marlo is also a member of the Board of Directors of the United Way Foundation of Indian River County Inc., a nonprofit organization supporting philanthropy, voluntarism and grant making in Vero Beach, Florida. He was formerly a member of the Board of Directors of Main Line Health Real Estate, L.P., an entity which holds certain real estate of the Main Line Health System.

Skills and Qualifications: Mr. Marlo completed the Graduate School of Community Bank Management at the University of Texas at Austin and received his Bachelor of Science degree in Accounting from La Salle University. He is a certified public accountant and a chartered global management accountant. Through Mr. Marlo's extensive financial experience and other activities, he has dealt with a wide range of issues including audit and financial reporting, risk management, executive compensation and strategic planning. These experiences qualify him as a member and financial expert of the Audit Committee, and to service on each of the Compensation and Nominating and Corporate Governance Committees.

DAVID M. SHAFFER

Age 53 **Director since** 2016

President & Chief Executive Officer, EnerSys

NON-INDEPENDENT DIRECTOR

EnerSys Committees: None

Other Public Boards: None

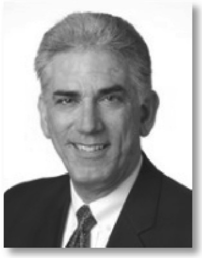
DIRECTOR QUALIFICATION HIGHLIGHTS

- ✓ Global Leadership Experience
- ✓ Manufacturing
- ✓ Sales

Career Highlights: Mr. Shaffer has been a Director of EnerSys and has served as our President and Chief Executive Officer since April 2016. Prior thereto, he served as President and Chief Operating Officer since November 2014. From January 2013 through October 2014 he served as our President—EMEA. From 2008 to 2013, Mr. Shaffer was our President—Asia. Prior thereto he was responsible for our telecommunications sales in the Americas. Mr. Shaffer joined the Company in 2005 and has worked in various roles of increasing responsibility in the industry since 1989.

Board Experience: Mr. Shaffer is a director of several EnerSys subsidiaries and is presently not a member of any outside boards.

Skills and Qualifications: Mr. Shaffer received his Master of Business Administration degree from Marquette University and his Bachelor of Science degree in Mechanical Engineering from the University of Illinois. Mr. Shaffer's educational background and broad range of leadership experience in various aspects of our business globally, are attributes that qualify him for service as a member of our Board of Directors.



PAUL J. TUFANO

Age 64 **Director since** 2015

President & Chief Executive Officer, Benchmark Electronics, Inc.

INDEPENDENT DIRECTOR

EnerSys Committees: Audit (Chair) and Compensation

Other Public Boards: Benchmark Electronics, Inc. and Teradyne, Inc.

DIRECTOR QUALIFICATION HIGHLIGHTS

- ✓ Financial Expert
- ✓ Senior Leadership Experience
- ✓ Manufacturing

Career Highlights: Mr. Tufano has been a Director of EnerSys since April 2015. Mr. Tufano has been President and Chief Executive Officer of Benchmark Electronics, Inc., a global provider of electronics contract manufacturing services and integrated engineering design and test services which is publicly traded on the New York Stock Exchange, since September 2016 and a member of its board of directors since February 2016. Mr. Tufano served as Chief Financial Officer of the Alcatel-Lucent Group, a telecommunications company, which is listed on The New York Stock Exchange and the Paris Stock Exchange, from 2008 through 2013. In September 2012, in addition to his Chief Financial Officer responsibilities, he was named Chief Operating Officer. Before joining Alcatel-Lucent, Mr. Tufano served as Executive Vice President and Chief Financial Officer of Solectron Corporation, an electronics manufacturing company for original equipment manufacturers, from January 2006 to October 2007 and as Interim Chief Executive Officer from February 2007 to October 2007. Prior to joining Solectron, Mr. Tufano was President and Chief Executive Officer at Maxtor Corporation, a manufacturer of computer hard disks, from February 2003 to November 2004. Previously, he served as Executive Vice President and Chief Operating Officer from April 2001 and as Chief Financial Officer from July 1996 at Maxtor Corporation. From 1979 until he joined Maxtor Corporation in 1996, Mr. Tufano held management positions in finance and operations at International Business Machines Corporation (IBM), a technology and consulting company.

Board Experience: Mr. Tufano has been a member of the board of directors of Teradyne, Inc., a supplier of automation equipment for test and industrial application which is publicly traded on the New York Stock Exchange, since March 2005, and Benchmark Electronics, Inc., as discussed above.

Skills and Qualifications: Mr. Tufano holds a Bachelor of Science in Economics from St. John's University and a Masters of Business Administration, Finance, Accounting and International Business from Columbia University. Mr. Tufano's experience qualifying him for service as a member of the Board of Directors includes expertise garnered from service as a former senior executive, including Chief Financial Officer, of several public manufacturing companies involving complex technologies. This experience qualifies him to service as Chairperson and a financial expert to the Audit Committee.

RONALD P. VARGO

Age 64 **Director since** 2017

Former Executive Vice President and Chief Financial Officer of ICF International, Inc.

INDEPENDENT DIRECTOR

EnerSys Committees: Audit and Nominating & Corporate Governance

Other Public Boards: Ferro Corporation and EPAM Systems, Inc.

DIRECTOR QUALIFICATION HIGHLIGHTS

- ✓ Financial Expert
- ✓ Technology & Engineering
- ✓ Leadership Experience

Career Highlights: Mr. Vargo served as Executive Vice President and Chief Financial Officer of ICF International, Inc. ("ICF") from April 2010 to May 2011. Prior to joining ICF, he served as the Executive Vice President and Chief Financial Officer of Electronic Data Systems ("EDS"), a global technology services company, and served as a member of the EDS Executive Committee. Mr. Vargo joined EDS as Vice President and Treasurer in 2004 and was promoted to Chief Financial Officer in 2006. Before joining EDS, he was employed from 1991 to 2003 by TRW, Inc. ("TRW"), a global manufacturing and service company strategically focused on providing products and services with a high technology or engineering content to the automotive, space and defense markets. While at TRW, Mr. Vargo served in the positions of Vice President of Investor Relations and Treasurer and Vice President of Strategic Planning and Business Development. He began his career with General Electric in 1976 and also served in numerous leadership positions at BP plc ("BP") and the Standard Oil Company, which was acquired by BP.

Board Experience: Since 2009, Mr. Vargo has served as a member of the board of directors of Ferro Corporation, a leading supplier of technology based functional coatings and color solutions, whose shares are traded on the New York Stock Exchange, and since 2012, has served as an independent director of EPAM Systems, Inc., a global provider of product development and software engineering solutions, whose shares are traded on the New York Stock Exchange.

Skills and Qualifications:. Mr. Vargo holds a Masters of Business Administration in Finance and General Management from Stanford University and a Bachelor of Arts degree in Economics from Dartmouth College. Mr. Vargo's financial acumen and broad experiences in technology and engineering in global markets qualify him for service on the Board of Directors and as a member of each of the Audit and Nominating and Corporate Governance Committees.

CORPORATE GOVERNANCE

Independence of Directors

Our Board of Directors determined that all directors, with the exception of Mr. Shaffer, are independent from EnerSys and our management under the listing standards of The New York Stock Exchange ("NYSE"). The Board considered the NYSE standards, the fact that there were no transactions or arrangements between the directors and EnerSys, other than the consideration for serving as a director, and all other relevant facts and circumstances in making these independence determinations and concluded that there were no material relationships between any of our directors and EnerSys.

There are no family relationships among our directors or executive officers.

Access to Corporate Governance Documents

Our corporate governance information and materials, including our Corporate Governance Guidelines, charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, and Code of Business Conduct and Ethics, are available on the Investors page of our website at *www.enersys.com* or at *investor.enersys.com*, and any stockholder may obtain printed copies of these documents by writing to Investor Relations at: EnerSys, 2366 Bernville Road, Reading, Pennsylvania 19605, by e-mail at: *investorrelations@enersys.com* or by calling Investor Relations at (610) 236-4040. Information contained on the website is not incorporated by reference or otherwise considered part of this Proxy Statement.

Committees of our Board of Directors

Our Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee, each of which has the composition and responsibilities described below. The Board of Directors has determined that each committee member is independent under the NYSE listing standards. Our Board of Directors, from time to time, may establish other committees.

Audit Committee

As of August 15, 2017, Messrs. Chung, Marlo, Tufano (Chairperson), Vargo, and Ms. Connors, serve as members of our Audit Committee. Prior thereto, from August 2, 2017, our Audit Committee was comprised of Messrs. Chung, Marlo, Tufano (Chairperson) and Vargo, and from December 5, 2016, Messrs. Chung, Marlo and Tufano (Chairperson), and Gen. Magnus served as members of our Audit Committee. For fiscal year 2017, the Board of Directors appointed Messrs. Marlo and Tufano each as an "audit committee financial expert," as such term is defined in rules promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"). As of September 3, 2016, Mr. Tufano was appointed as an "audit committee financial expert", and upon his re-appointment to the Committee on December 5, 2016, Mr. Marlo was also appointed as an "audit committee financial expert." On May 12, 2018, Ms. Connors and Mr. Vargo were each also appointed as an "audit committee financial expert." The Board of Directors determined that Messrs. Chung, Katsaros, Marlo, Tufano, Vargo, and Ms. Connors, and Gen. Magnus are independent directors under the NYSE listing standards and the SEC rules and regulations applicable to audit committees and financially literate in accordance with the NYSE listing standards.

Our Audit Committee held a total of 6 meetings in the fiscal year ended March 31, 2018.

The Audit Committee is responsible for:

- appointing, compensating and overseeing our independent registered public accounting firm ("independent auditors");
- overseeing management's fulfillment of its responsibilities for financial reporting and internal control over financial reporting;
- overseeing the activities of our internal audit function;
- reviewing and discussing policies with respect to risk assessment and risk management; and
- reviewing, discussing and overseeing policies relating to our hedging, swaps and other derivative transactions.

For additional information, see “Audit Committee Report” herein and the Audit Committee Charter, which is available on the Investors page of our website at *www.enersys.com* or *investor.enersys.com*.

Compensation Committee

Since August 15, 2017, Messrs. Lehman (Chairperson), Marlo, Tufano, Gen. Magnus and Ms. Connors serve as members of the Compensation Committee. Prior thereto, from August 2, 2017, the Committee was comprised of Messrs. Lehman (Chairperson), Marlo, Tufano, and Gen. Magnus, and from December 5, 2016 through August 2, 2017, Messrs. Lehman (Chairperson), Marlo and Tufano served as member of the Compensation Committee. Prior thereto, from September 3, 2016, Messrs. Lehman (Chairperson), Marlo and Tufano served as members of the Compensation Committee. From May 24, 2016 through September 3, 2016, Messrs. Lehman (Chairperson), Marlo, Muscari and Tufano served as members of our Compensation Committee, and from May 21, 2015 through May 24, 2016, Messrs. Lehman (Chairperson), Muscari, and Tufano and Gen. Magnus served as members of our Compensation Committee.

The Compensation Committee is responsible for:

- reviewing and approving the compensation of our Chief Executive Officer (“CEO”) and the other named executive officers;
- reviewing and recommending to the Board the adoption of non-employee director compensation programs; and
- administering our equity plans and other certain incentive compensation plans.

More specifically, the Compensation Committee has sole authority to set the base salaries and approve equity-based and incentive-based compensation for our named executive officers. It engages its own independent compensation consultant, Frederic W. Cook & Co., Inc. (“FW Cook”), to review the compensation levels of executives at our peer group companies and assess total compensation and make recommendations about changes in the compensation of our executives, including incentive and equity plan structure and performance goals. The consultant works with management on behalf of the Compensation Committee on matters under the Committee’s purview, but provides no services to management or the Company other than its work for the Committee. The Compensation Committee also considers recommendations from our CEO with respect to the base salary of our other named executive officers. The Compensation Committee utilizes a similar methodology, including advice from its consultant on compensation levels and structure, for recommending non-employee director compensation and meeting fees, which are subject to Board approval.

This Committee held a total of 3 meetings in the fiscal year ended March 31, 2018.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee (i) was, during fiscal year 2018, or had previously been an officer or employee of EnerSys or our subsidiaries nor (ii) had any direct or indirect material interest in a transaction of EnerSys or a business relationship with EnerSys, in each case that would require disclosure under the applicable rules of the SEC. No other interlocking relationship existed between any member of the Compensation Committee or an executive officer of EnerSys, on the one hand, and any member of the compensation committee (or committee performing equivalent functions, or the full board of directors) or an executive officer of any other entity, on the other hand, requiring disclosure pursuant to the applicable rules of the SEC.

Nominating and Corporate Governance Committee

As of August 15, 2017, Gen. Magnus (Chairperson) and Messrs. Hoffen, Marlo and Vargo served as members of the Nominating and Corporate Governance Committee. Prior thereto, from May 24, 2016, Gen. Magnus (Chairperson) and Messrs. Hoffen, and Marlo served as members of our Nominating and Corporate Governance Committee. From November 1, 2013 through May 24, 2016, Messrs. Hoffen, Katsaros (Chairperson), Marlo, and Gen. Magnus served as members of our Nominating and Corporate Governance Committee.

The Committee held a total of 4 meetings in the fiscal year ended March 31, 2018.

The responsibilities of the Nominating and Corporate Governance Committee include the following:

- identifying, reviewing the qualifications of, and recruiting qualified candidates for board membership;
- reviewing the continuation of each director being considered for reelection;

- considering the contingent resignations of directors who do not receive a majority vote in connection with their respective election and recommend to the Board of Directors the action to be taken;
- making recommendations to the Board concerning the structure, composition and function of the board and its committees; and
- reviewing and assessing the adequacy of the Company's corporate governance documents.

Process for Selection of Director Nominee Candidates

The Nominating and Corporate Governance Committee believes that the minimum qualifications for serving as a director of EnerSys are that a candidate demonstrate, by significant accomplishments in his or her field, an ability to make a meaningful contribution to the Board of Directors' oversight of the business and affairs of EnerSys and have an impeccable record and reputation for honest and ethical conduct in his or her professional and personal activities. In addition, the Nominating and Corporate Governance Committee considers the following characteristics in reviewing director candidates:

- integrity and character;
- sound and independent judgment;
- breadth of experience;
- business acumen;
- leadership skills;
- scientific or technology expertise;
- familiarity with issues affecting global businesses in diverse industries; and
- diversity of backgrounds and experience.

In addition to these requirements, the Nominating and Corporate Governance Committee will also evaluate, in the context of the needs of the Board, whether the nominee's skills are complementary to the existing Board members' skills, and assess any material relationships with EnerSys or third parties that might adversely impact independence and objectivity, as well as such other criteria as the Nominating and Corporate Governance Committee determines to be relevant at the time. Except as described above, the Board and the Nominating and Corporate Governance Committee do not maintain a formal diversity policy, however, diversity is one of many factors considered in the nomination of our directors.

The Nominating and Corporate Governance Committee, Committee Chairperson and/or our Chief Executive Officer interview director nominee candidates that meet the criteria, and the Nominating and Corporate Governance Committee selects candidates that best suit the Board's needs. We may from time to time hire an independent search firm to help identify and facilitate the screening and interview process of director candidates.

Stockholders may recommend qualified persons for consideration by the Nominating and Corporate Governance Committee. Stockholders making a recommendation must submit the same information as that required to be included by us in our Proxy Statement with respect to nominees of the Board of Directors. The stockholder recommendation should be submitted in writing, addressed to EnerSys at 2366 Bernville Road, Reading, Pennsylvania 19605, Attn: Joseph G. Lewis, Vice President, General Counsel, Chief Compliance Officer and Secretary.

The Nominating and Corporate Governance Committee's evaluation process does not vary based on whether or not a candidate is recommended by a stockholder. The Nominating and Corporate Governance Committee will also review the performance as a director of any person already serving on the Board of Directors of EnerSys in determining whether to recommend that the Director be re-nominated.

Board Leadership Structure

For fiscal year 2018, the Board of Directors maintained a leadership structure that separates the Chairman and Chief Executive Officer roles by appointing a Non-Executive Chairman of the Board. Given its governance structure, the Board of Directors determined that the optimal structure for the Company at this time is to leave the role of Lead Director vacant, in lieu of appointing both a Non-Executive Chairman of the Board and a Lead Director (as described below).

The Board had created the position of Lead Director to strengthen Board oversight. The Lead Director must be a non-management director and must be deemed independent by the Board of Directors. The Lead Director works with the Non-Executive Chairman to approve Board agendas and schedules, advises on the quality, quantity and timeliness of information provided by management to the Board, and acts as a liaison between the independent directors and the Non-Executive Chairman of the Board. In the absence of the Non-Executive Chairman, the Lead Director also chairs executive sessions of the independent directors not attended by management. The Board has established procedures for determining which non-management director will serve as the Lead Director. The Lead Director is designated by the Board of Directors.

The Board's Role in Risk Oversight

The Board oversees various risks potentially affecting EnerSys both directly and indirectly through its committees. EnerSys has in place a risk management program that, among other things, is designed to identify risks across EnerSys with input from each business unit and function. Material risks are identified and prioritized by management and its risk committee that reports to the Audit Committee, and each prioritized risk is referred to the appropriate committee of the Board or the full Board for oversight. Members of the Board regularly review information regarding our credit, liquidity, markets, legal, regulatory, compliance and operations, including technology and cyber security risk, as well as the strategic and financial considerations associated with each. The Board and our CEO also administer our Corporate Social Responsibility and Human Rights Policy, by which EnerSys communicates and monitors our information regarding compliance with our various policies, including those with respect to conflict minerals, environmental responsibility and engagement, supplier diversity, anti-slavery and human trafficking, battery recycling programs and environment and sustainability issues with respect to the life cycle of our products. Also, the Compensation Committee periodically reviews the most important risks to EnerSys to ensure that compensation programs do not encourage excessive risk-taking. Senior members of management from across business units and programmatic and functional disciplines within EnerSys make up a risk committee, which meets at least quarterly to identify significant risks to us, coordinate information sharing and mitigation efforts for all types of risks, sometimes working with outside advisors. We also have mandatory training of our workforce around our policies, including our Code of Business Conduct and Ethics. The risk committee reports its results to the Audit Committee periodically.

Charters of the Committees of the Board of Directors

The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee each operate pursuant to a written charter adopted by the Board of Directors. Each Committee reviews its charter at least annually. Copies of the charters are available on the Investors page of our website at *investor.enersys.com* or in print upon request. See "Corporate Governance–Access to Corporate Governance Documents."

Director Attendance at Board, Committee and Annual Meetings

Our Corporate Governance Guidelines provide that directors are expected to attend meetings of the Board and meetings of the committees on which they serve. During fiscal year 2018, the Board of Directors met a total of four (4) times. Each director attended at least 75% of the total number of meetings of the Board and its committees on which the director served during the fiscal year, based on the number of such meetings held during the period for which each person served as a director or on a committee. It is our policy that directors are invited to the Annual Meeting but are not required to attend. Several members of the Board of Directors attended the 2017 annual meeting of stockholders.

Executive Sessions of Non-Management Directors

The Board has established a policy requiring non-management directors to meet in executive session periodically during the course of each year.

Communications with the Board of Directors

Stockholders and other interested parties, who desire to communicate directly with any member (or all members) of the Board, any Board committee or any chair of any such committee, should submit such communication in writing addressed to the "Non-Executive Chairman of the Board of Directors" or "Non-Management Directors," at EnerSys, P.O. Box 14145, Reading, Pennsylvania 19612 or by email to the Non-Executive Chairman of the Board of Directors or Non-Management Directors by going to *investor.enersys.com*, under the link for Governance and Documents and Charters. Communications intended for the full Board of Directors may be submitted in the same manner.

Stockholders, employees and other interested parties who desire to express a concern relating to accounting or auditing matters should communicate directly with our Audit Committee in writing addressed to the "Audit Committee Chair" at EnerSys, P.O. Box 14145, Reading, Pennsylvania 19612 or by e-mailing the Audit Committee by going to *investor.enersys.com*, under the link for Governance and Documents and Charters.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics that is applicable to our Chief Executive Officer, Chief Financial Officer and Controller, as well as our other officers, directors, employees and contractors of EnerSys. This Code is available on the Investors page of our website at *www.enersys.com* or *investor.enersys.com* or in print upon request. See "Corporate Governance–Access to Corporate Governance Documents." Any amendment to, or waiver from, this Code for such officers will be disclosed on the Investors page of our website at *www.enersys.com* or *investor.enersys.com*.

DIRECTOR COMPENSATION

We believe that the amounts and form of compensation and the methods used to determine compensation of our non-employee directors are important in (i) attracting and retaining directors who are independent, interested, diligent and actively involved in overseeing EnerSys' affairs and (ii) more substantially aligning the interests of our non-employee directors with the interests of our stockholders. We did not separately compensate Mr. Shaffer for his service on the Board during fiscal year 2018.

For fiscal year 2018, our Compensation Committee retained the services of FW Cook, as an independent compensation consultant to the Compensation Committee, to provide competitive data and make recommendations on the compensation of our named executive officers as we describe beginning on page 26, as well as to assist the Compensation Committee in evaluating the compensation of our non-employee directors. The Compensation Committee considers this information and ultimately recommends any changes to the non-employee director compensation program to our Board for its approval. The Compensation Committee reviews the non-employee director compensation program annually.

Cash Compensation

The cash elements of the non-employee director compensation program for fiscal year 2018, which were recommended by the Compensation Committee and approved by the Board effective immediately following the 2017 annual meeting of stockholders, were as follows:

- Annual retainer—$75,000 per year
- Committee meetings—$1,500 each
- Non-Executive Chairman—additional $150,000 per year
- Audit Committee Chairperson—additional $15,000 per year
- Compensation Committee Chairperson—additional $15,000 per year
- Nominating and Corporate Governance Committee Chairperson—additional $10,000 per year

In reviewing the non-employee director compensation program for fiscal year 2019, the Compensation Committee recommended, and the Board approved, effective immediately following this Annual Meeting, an increase to the annual retainer from $75,000 to $80,000, and an increase from $10,000 to 15,000, for the annual fee paid to the Nominating and Corporate Governance Committee Chairperson. The Board also approved that the annual retainer for the Non-Executive Chairman of the Board be paid 50% in cash and 50% in deferred stock units, which will be treated in accordance with the description below relating to deferred stock units granted to our non-employee directors. All other elements of the non-employee director cash compensation program were unchanged.

Equity Compensation

For fiscal year 2018, each non-employee director received an award of deferred stock units, with a fair market value on, the date of the award, of $135,000. Deferred stock units are immediately vested on the date of grant, and are payable in shares of our common stock six months after termination of service as a director.

For fiscal year 2019, on May 23, 2018, based on a recommendation by the Compensation Committee, the Board approved that each non-employee director serving on the Board as of the date of the Annual Meeting will receive an annual deferred stock unit award with a fair market value of $135,000 on the date of the award. This amount is unchanged from the prior fiscal year. The number of shares subject to each award will be determined on August 13, 2018, which is the anticipated date of the grant, in accordance with our policy on granting equity awards which we describe beginning on page 35.

We make all equity awards to non-employee directors under our stockholder-approved equity incentive plans, which we describe on page 32. As required under their respective award agreements, we credit directors with any dividend equivalents attributable to such equity awards. All awards are granted in accordance with our policy on granting equity awards.

Director Deferred Compensation Plan

Under the EnerSys Voluntary Deferred Compensation Plan for Non-Employee Directors, which we refer to as the "Director Plan," each non-employee director may defer receipt of all or a portion of any cash fees that are payable to the director for service on the Board.

Participants may elect to allocate the deferred fees (i) into an investment account, under which investment options are the same as those available to our employees under our 401(k) retirement plan or (ii) into a stock unit account, under which the director will be awarded stock units pursuant to our stockholder-approved equity compensation plan. If the director elects to allocate the deferred fees into the stock unit account, we will make an additional matching contribution in the amount of 20% of the deferred amount. Dividend equivalent units, if any, will be credited to each stock unit account. Each participant is 100% vested with respect to the amounts deferred to the stock unit deferral account. The matching contribution will be in the form of restricted stock units and will vest quarterly over one year from the date the units are credited to the account, except that participants will automatically become 100% vested in their matching contribution upon our change in control. All stock units are payable in shares of our common stock.

Under the Director Plan, our non-employee directors may also defer receipt of all or a portion of shares payable due to vesting of restricted stock units granted pursuant to the matching contribution discussed above. At a director's election, the shares otherwise payable, together with any dividends thereon, are credited to a hypothetical bookkeeping account in the director's name and will be paid to the director in a lump sum at the time specified in the election or, if earlier, upon our change in control or the director's death.

The Director Plan is a nonqualified deferred compensation plan. As such, the rights of all participants to any deferred amounts represent our unsecured promise to pay and the deferred amounts remain subject to the claims of our creditors.

Stock Ownership Guidelines

We have implemented stock ownership guidelines under which we expect each non-employee director to beneficially own shares of our common stock with a value equal to five times the annual Board cash retainer, not including meeting or committee chair fees, paid to such director during the previous fiscal year. The Compensation Committee evaluates stock ownership on an annual basis. We expect each director to attain the investment level no later than five years from the date the director first becomes a non-employee director. Each non-employee director has achieved the investment level established by the stock ownership guidelines.

Hedging and Pledging Prohibition

We do not permit our non-employee directors to hedge their economic exposures to our common stock that they own by engaging in transactions involving puts, calls, or other derivative securities, zero-cost collars, forward sales contracts, or buying on margin or pledging shares as collateral for a loan.

NON-EMPLOYEE DIRECTOR COMPENSATION FOR FISCAL YEAR 2018

The table set forth below summarizes the compensation that we paid to our non-employee directors for the fiscal year ended March 31, 2018. None of our non-employee directors received option awards, non-equity incentive plan compensation, pension, nonqualified deferred compensation, or any other compensation for the fiscal year ended March 31, 2018.

Name	Fees Earned Paid in Cash	Stock Awards(1)(2)	Total
Hwan-yoon F. Chung	$ 80,788	$ 135,021	$ 215,809
Nelda J. Connors	$ 51,863	$ 135,005	$ 186,868
Howard I. Hoffen	$ 77,788	$ 135,021	$ 212,809
Arthur T. Katsaros	$ 223,288(3)	$ 179,641	$ 402,929
John F. Lehman	$ 92,788(3)	$ 153,535	$ 246,323
Gen. Robert Magnus, USMC (Retired)	$ 96,788	$ 135,021	$ 231,809
Dennis S. Marlo	$ 92,788(3)	$ 144,277	$ 237,065
Paul J. Tufano	$ 101,788(3)	$ 155,377	$ 257,165
Ronald P. Vargo	$ 57,726(3)	$ 146,533	$ 204,259

(1) On March 31, 2018, Messrs. Katsaros, Lehman, Marlo, Tufano and Vargo each held unvested stock units, including accumulated dividend equivalents with respect to such units, under the Director Plan.

Name	Unvested Stock Units Under the Director Plan
Arthur T. Katsaros	382
John F. Lehman	157
Dennis S. Marlo	77
Paul J. Tufano	170
Ronald P. Vargo	85

(2) We calculated these amounts using the provisions of ASC Topic 718. Amounts represent the aggregate grant date fair value of the deferred stock units that we awarded to each non-employee director in fiscal year 2018 as we describe above. Assumptions used in the calculation of these amounts are included in the footnotes to our audited financial statements for the fiscal year ended March 31, 2018, included in our Annual Report on Form 10-K, which we filed on May 30, 2018.

(3) Messrs. Katsaros, Lehman, Marlo, Tufano and Vargo each deferred all or a portion of these amounts into a stock unit deferral account, pursuant to the terms of the Director Plan. They received matching contributions, subject to dividend equivalents, with respect to such stock units. Under the terms of the Director Plan, the restricted stock units comprising the matching contribution vest quarterly over one year from the date of the deferral. All stock units are payable in shares of our common stock.

Name	Underlying Stock Units Added to Director Plan	Matching Contribution Added to Director Plan
Arthur T. Katsaros	3,137	627
John F. Lehman	1,303	260
Dennis S. Marlo	651	130
Paul J. Tufano	1,431	286
Ronald P. Vargo	812	162

Proposal No. 2 Approve, Ratify and Adopt the 2018 Employee Stock Purchase Plan

The Board of Directors has adopted the 2018 Employee Stock Purchase Plan, which we refer to as the 2018 ESPP, and recommends it for stockholder approval. The Board believes it to be in the best interest of the Company to replace the existing 2004 Employee Stock Purchase Plan with the 2018 ESPP. If stockholders approve the 2018 ESPP, the existing 2004 Employee Stock Purchase Plan would terminate effective October 1, 2018. The 2018 ESPP is intended to satisfy the requirements of an “employee stock purchase plan” under Section 423 of the Internal Revenue Code of 1986, as amended (the “Code”).

Overview

On May 23, 2018, the Board unanimously approved, subject to stockholder approval, the EnerSys 2018 ESPP. The 2018 ESPP is being submitted to the Company’s stockholders for approval at the Annual Meeting. The Board believes that the 2018 ESPP will provide a key benefit to eligible employees. In particular, the 2018 ESPP provides a convenient way for our employees to purchase shares of the Company’s common stock at a discounted price, which gives employees a vested interest in the Company’s success and aligns their interests with those of the Company’s stockholders. If approved by the Company’s stockholders, the 2018 ESPP will become effective on October 1, 2018.

Summary of the 2018 ESPP

The following description of the 2018 ESPP is only a summary of the material features of the 2018 ESPP and does not describe all of its provisions. The 2018 ESPP is attached to this Proxy Statement as Appendix A. This summary is qualified in its entirety by reference to the text of the 2018 ESPP.

Purpose

The purpose of the 2018 ESPP is to incentivize eligible employees to promote the Company’s best interests by providing an opportunity for those employees to purchase shares of the Company’s common stock through payroll deductions. The 2018 ESPP is intended to align the interests of the Company’s stockholders and employees by increasing the proprietary interest of employees in the Company’s growth and success, advance the interests of the Company by attracting and retaining employees and motivate employees to act in the long-term best interests of the Company.

Administration

The 2018 ESPP will be administered by the Compensation Committee of the Board, which will have full and discretionary authority to conclusively determine the answers to any questions which may arise regarding the interpretation and application of the provisions of the 2018 ESPP and to make decisions and adopt rules, regulations, policies and procedures for administering the 2018 ESPP as it deems necessary. The Compensation Committee may correct any defect or omission or reconcile any inconsistency in the 2018 ESPP in the manner and to the extent it deems necessary or appropriate. The Compensation Committee also has the discretion to adopt rules regarding the administration of the 2018 ESPP to conform to local laws or to enable employees of the Company or certain subsidiaries or affiliates to participate in the plan. Any determinations will be made by the Compensation Committee in its sole discretion and will be final and conclusive. The Compensation Committee is authorized to delegate some or all of its authority under the 2018 ESPP to one or more employees or officers of the Company as it deems necessary, appropriate or advisable.

The rights to purchase common stock granted under the 2018 ESPP are intended to be treated as options issued by the Company, and the Company may also designate certain of its subsidiaries to participate in the 2018 ESPP, subject to its terms.

To be eligible for participation in the 2018 ESPP, a subsidiary must be at least 50% owned by the Company or another entity at least 50% owned by the Company, and must satisfy the other requirements of Section 424(f) of the Code.

Eligibility

Generally, any person who is employed by the Company or by a designed subsidiary of the Company that has been designated by the Compensation Committee may participate in the 2018 ESPP. However, an employee shall not be eligible to participate in the 2018 ESPP if the employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase common stock under the 2018 ESPP to such employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase common stock under the 2018 ESPP to such employee in compliance with the laws of such foreign jurisdiction would cause the 2018 ESPP to violate the requirements of Section 423(b) of the Code, as determined by the Compensation Committee in its sole discretion. Additionally, no employee will be granted an option to participate in the 2018 ESPP to the extent that (1) immediately after such grant, such employee would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of the Company's common stock, (2) the employee would purchase more than 1,500 shares of common stock in any one calendar year, or (3) such employee's rights to purchase the Company's common stock under the 2018 ESPP would accrue at a rate that exceeds $25,000 in fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding.

As March 31, 2018, approximately 3,239 individuals would be eligible to participate in the 2018 ESPP (if the 2018 ESPP were effective as of such date).

Shares Available for Issuance

If approved by the Company's stockholders at the Annual Meeting, the maximum number of shares of the Company's common stock that may be purchased under the 2018 ESPP (including unissued shares reserved for issuance under the 2004 ESPP) will be 1,435,511 shares, subject to adjustment for stock dividends, stock splits or combinations of shares of the Company's stock. As of March 31, 2018, the market value of the 1,435,511 shares reserved for issuance under the 2018 ESPP was $99,581,398, based on the closing price of $69.37 on March 29, 2018, the last trading date of the fiscal year.

Offering Periods

The 2018 ESPP will initially be implemented over consecutive three-month (i.e., quarterly) offering periods, beginning on the first trading day on or after January 1, April 1, July 1 and October 1 of each year and ending on the last trading day in March, June, September, and December respectively, of such calendar year. Shares are issued on the last trading day of each three-month offering period. The Compensation Committee has the power to change the beginning date, ending date and duration of offering periods with respect to future offerings without stockholder approval if such change is announced at least five days before the scheduled beginning of the next offering period.

Participation in the Plan

An eligible employee may become a participant in the 2018 ESPP by giving instructions to the plan recordkeeper authorizing payroll deductions, and payroll deductions for such employee will begin as soon as administratively feasible after such instructions are received in good order, subject to compliance with the Company's insider trading policies and such rules and procedures as may be established by the Compensation Committee in connection therewith.

An employee's payroll deductions or other contributions under the 2018 ESPP may not exceed (1) 15% (or such other percentage as the Compensation Committee may determine) of such employee's "Compensation" (as defined in the 2018 ESPP) or (2) $25,000 for each year (or such lower annual dollar limit as may be designated by the Compensation Committee).

The per-share purchase price for the Company's common stock purchased under the 2018 ESPP will initially be 95% of the fair market value of a share of such stock on the first day or the last day of the offering period, whichever is lower. However, the Compensation Committee may adjust the purchase price to a higher or lower percentage, but not higher than 100% of fair market value nor lower than 85% of fair market value, each as determined on the first or last day of the offering period, whichever is lower. Upon the completion of the offering period, the Company will automatically apply the funds in the participant's account to purchase the maximum number of shares of the Company's common stock at the designated purchase price (subject to the eligibility requirements set forth in the 2018 ESPP).

Once made, a participant's payroll deduction election will automatically remain in effect for successive offering periods until the participant provides new instructions for a subsequent offering period, withdraws from the 2018 ESPP or terminates his or her employment. A participant's payroll deduction election may not be modified during an offering period except if the participant withdraws from the 2018 ESPP.

Withdrawal from the Plan

A participant may elect to withdraw from the 2018 ESPP, at any time. An election to withdraw from participation will become effective as soon as administratively feasible following the date such election is received by the plan record keeper and will remain in effect until the participant provides new enrollment instructions. A participant who withdraws from participation during an offering period may not make a new payroll deduction election that is effective any sooner than the first offering period that begins on or after the date that is 12 months after the date of the participant's withdrawal.

Upon a participant's withdrawal from the 2018 ESPP at least 15 business days before the last day of the then-current offering period, all payroll deductions credited to the participant's account during such offering period will be returned to the participant in cash, without interest.

Restrictions on Transfer

Rights granted under the 2018 ESPP are not transferable by a participant other than by will or the laws of inheritance following the participant's death.

Duration, Amendment and Termination

The Board has the power to amend or terminate the 2018 ESPP, subject to compliance with applicable law and NYSE requirements. However, stockholder approval is required within 12 months before or after the Board adopts an amendment to increase the maximum number of shares issuable under the plan (other than for adjustments upon changes in the Company's capitalization as described in the following paragraph), to amend the requirements as to the class of employees eligible to participate in the plan or to change the granting corporation or the stock available for purchase under the plan.

Adjustments Upon Changes in Capitalization

In the event of any increase or decrease in the number of issued shares of the Company's common stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification or other extraordinary corporate event, the Compensation Committee shall proportionally adjust the maximum number of shares issuable under the 2018 ESPP, the price per share and the number of shares of the Company's common stock covered by each option under the 2018 ESPP that has not yet been exercised in order to prevent dilution or enlargement of the rights of participants.

Dissolution or Liquidation

Unless provided otherwise by the Compensation Committee, in the event of the proposed dissolution or liquidation of the Company, the offering period then in progress will be shortened (with the exercise date for the purchase of shares in that offering period being on the last day of the shortened offering period) and will terminate immediately prior to the consummation of the proposed dissolution or liquidation, unless otherwise determined by the Compensation Committee.

Asset Sale, Merger or Consolidation

In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger or consolidation of the Company with or into another entity, the Compensation Committee will shorten any offering period then in progress by setting a new exercise date (the "New Purchase Date") for the purchase of shares for that offering period, which will occur prior to the proposed asset sale or merger. The Compensation Committee will notify each participant in writing, at least ten business days before the New Purchase Date, that the Purchase Date for the participant's purchase has been changed to the New Purchase Date and that the participant's option will be exercised automatically on the New Purchase Date, unless before such date the participant has withdrawn the amount credited to the participant's Account.

Participation by the Company's Named Executive Officers

If stockholders approve the 2018 ESPP, the Company's named executive officers will be eligible to participate in the 2018 ESPP on the same terms and conditions as all other participants.

Federal Income Tax Information

The following summary briefly describes U.S. federal income tax consequences of rights under the 2018 ESPP, but is not a detailed or complete description of all U.S. federal tax laws or regulations that may apply, and does not address any local, state or other country laws. Therefore, no one should rely on this summary for individual tax compliance, planning or decisions. Participants in the 2018 ESPP should consult their own professional tax advisors concerning tax aspects of rights under the 2018 ESPP. This Proxy Statement is not written or intended to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The discussion below concerning tax deductions that may become available to the Company under U.S. federal tax law is not intended to imply that the Company will necessarily obtain a tax benefit or asset from those deductions. Taxation of equity-based payments in other countries is complex, does not generally correspond to U.S. federal tax laws and is not covered by the summary below.

If the 2018 ESPP is approved by the Company's stockholders, options to purchase shares granted under the 2018 ESPP are intended to qualify for favorable federal income tax treatment associated with rights granted under an employee stock purchase plan that qualifies under the provisions of Section 423(b) of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the 2018 ESPP are sold or otherwise disposed of. If the shares are disposed of within two years from the grant date or within one year from the purchase date of the shares, a transaction referred to as a "disqualifying disposition," the participant will realize ordinary income in the year of such disposition equal to the difference between the fair market value of the stock on the purchase date and the purchase price. The amount of such ordinary income will be added to the participant's basis in the shares, and any additional gain or resulting loss recognized on the disposition of the shares after such basis adjustment will be a capital gain or loss. A capital gain or loss will be long-term if the participant holds the shares for more than one year after the purchase date.

If the stock purchased under the 2018 ESPP is sold (or otherwise disposed of) more than two years after the grant date and more than one year from the purchase date of the stock, then the lesser of (a) the excess of the fair market value of the stock at the time of such disposition over the purchase price and (b) the excess of the fair market value of the stock as of the grant date over the purchase price will be treated as ordinary income. The amount of such ordinary income will be added to the participant's basis in the shares, and any additional gain recognized on the disposition of the shares after such basis adjustment will be long-term capital gain. If the fair market value of the shares on the date of disposition is less than the purchase price, there will be no ordinary income and any loss recognized will be a capital loss.

The Company will generally be entitled to a deduction in the year of a disqualifying disposition equal to the amount of ordinary income realized in the United States by the participant as a result of such disposition, subject to the satisfaction of any tax-reporting obligations. In all other cases, no deduction is allowed.

Vote Required

Approval of the 2018 ESPP requires the affirmative vote of the holders of a majority of the shares of common stock outstanding as of the Record Date and present in person or by proxy at the Annual Meeting.

Before voting on this proposal, stockholders are encouraged to read and consider the proposal as described herein, as well as the 2018 ESPP attached to this Proxy Statement as Appendix A.

The Board of Directors recommends a vote "FOR" the 2018 Employee Stock Purchase Plan

Equity Compensation Plan Information

The following table sets forth information regarding our existing equity plans, as of March 31, 2018.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,877,814 (1)	$ 68.56 (2)	4,851,979
Equity compensation plans not approved by security holders	—	$ —	—
Total	1,877,814	$ 68.56	4,851,979

(1) The number of shares in this column also includes outstanding full value awards, and assumes a 200% payout of market share units and performance share units.

(2) Awards of restricted stock units, market share units, performance market share units and deferred stock units and stock units held in both the EnerSys Voluntary Deferred Compensation Plan for Non-Employee Directors and the EnerSys Voluntary Deferred Compensation Plan for Executives were not included in calculating the weighted-average exercise price as they will be settled in shares of common stock for no consideration.

Proposal No. 3 Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors of EnerSys has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2019. No determination has been made as to what action the Audit Committee would take if stockholders do not ratify the appointment.

Ernst & Young LLP conducted the audit of the financial statements of EnerSys and its subsidiaries for the fiscal year ended March 31, 2018. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting, will be given an opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from stockholders.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of Ernst & Young LLP

AUDIT COMMITTEE REPORT

Background

The members of the Audit Committee are currently Directors Paul J. Tufano (Chairperson), Hwan-yoon F. Chung, Nelda J. Connors, Dennis S. Marlo and Ronald P. Vargo. For additional information relating to the members and responsibilities of the Audit Committee, see "Corporate Governance–Committees of our Board of Directors–Audit Committee."

Responsibility

Management is responsible for the preparation of financial statements and the integrity of the reporting process, including the system of internal and disclosure controls.

The independent auditors are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles in the United States and to express an opinion on the audit of internal control over financial reporting.

The primary responsibilities of the Audit Committee are to select, engage, and compensate our independent auditors and to oversee the financial reporting process on behalf of the Board. It is not the duty of the Audit Committee to prepare financial statements and related disclosures. It is also not the duty of the Audit Committee to plan or conduct audits, or to determine that our financial statements are complete and accurate and in accordance with generally accepted accounting principles in the United States.

Process and Recommendation

In fulfilling its responsibilities, the Audit Committee reviewed and discussed the audited financial statements for the fiscal year ended March 31, 2018, with our management and independent auditors, including a discussion of the quality, not just the acceptability, of the accounting principles as applied in our financial reports, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The Audit Committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with management to discuss disclosure controls and procedures and internal control over financial reporting. The Audit Committee also meets with the internal and independent auditors, with and without our management present, to discuss the results of their examinations and overall quality of our financial reporting. The Audit Committee also reviewed with our CEO and CFO their certification relating to their evaluation of our disclosure controls, the completeness and accuracy of the financial statements and other financial information contained in the Form 10-K, and the process followed by the CEO and CFO to assure the truthfulness of such certificate.

The Audit Committee also discussed with the independent auditors, who are responsible for expressing an opinion on the conformity of those financial statements with generally accepted accounting principles, the matters required to be discussed by the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), including PCAOB Auditing Standard No. 1301, *Communications with Audit Committees,* the rules of the Securities and Exchange Commission, and other applicable regulations. In addition, the Audit Committee has discussed with the independent auditor the firm's independence from Company management and the Company, including the matters in the letter from the firm required by PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*, and considered the compatibility of non-audit services with the independent auditor's independence.

The Audit Committee also reviewed and discussed together with management and the independent auditor the Company's audited consolidated financial statements for the fiscal year ended March 31, 2018, and the results of management's assessment of the effectiveness of the Company's internal control over financial reporting and the independent auditor's audit of internal control over financial reporting.

Based on the process referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

Fees of Independent Auditors

The following table sets forth the aggregate fees for the fiscal years ended March 31, 2018, and March 31, 2017, incurred for services provided by our independent registered public accounting firm, Ernst & Young LLP.

	Year Ended	
Description of Fees	**March 31, 2018**	**March 31, 2017**
Audit Fees, including fees associated with the annual audit of EnerSys and statutory audits required internationally, the reviews of EnerSys' quarterly reports on Form 10-Q, services provided in connection with the requirements of the Sarbanes-Oxley Act of 2002, and comfort letters	$ 3,540,000	$ 3,403,000
Audit-Related Fees, including fees associated with target mergers and acquisitions, and general accounting research and consultations	$ 0	$ 0
Tax Fees, including fees associated with income tax compliance, advice and planning	$ 303,359	$ 284,000
All Other Fees	$ 3,600	$ 2,000
Total	$ 3,846,959	$ 3,689,000

The Audit Committee considered whether the provision of non-audit services by our independent registered public accounting firm for the fiscal year ended March 31, 2018, was compatible with maintaining auditor independence. The Audit Committee pre-approved all fees for non-audit related services paid to our independent registered public accounting firm for fiscal years 2017 and 2018.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services by Independent Auditors

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent auditors. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. For each proposed service, the Audit Committee has received detailed information sufficient to enable the Audit Committee to pre-approve and evaluate such service. The Audit Committee has delegated pre-approval authority to the Chairman of the Committee of up to $100,000, to pre-approve permitted non-audit services. Any pre-approval decisions made under this delegated authority are ratified by the Audit Committee at its next scheduled meeting.

Appointment of Independent Registered Public Accounting Firm for Fiscal Year 2019

The Audit Committee has appointed Ernst & Young LLP to conduct the audit of the financial statements of EnerSys and its subsidiaries for the fiscal year ending March 31, 2019. EnerSys stockholders are being asked to ratify the Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm at the Annual Meeting to which this Proxy Statement relates.

Audit Committee
Paul J. Tufano, Chairperson
Hwan-yoon F. Chung
Nelda J. Connors
Dennis S. Marlo
Ronald P. Vargo

EXECUTIVE OFFICERS

Our current executive officers are listed below. Mr. Shaffer's information is included under "Board of Directors." All data is as of June 4, 2018.

Holger P. Aschke, age 49, President–Europe, Middle East and Africa (EMEA). Mr. Aschke has served as President–EMEA since January 2016. From April 2010 to January 2016, he was the Vice President Sales and Marketing Reserve Power–Europe. Mr. Aschke joined a predecessor company in 1996 and has held a wide range of operational and sales roles of increased responsibility in the Company's EMEA business. Mr. Aschke completed a commercial IT education and apprenticeship sponsored by the University of Dortmund (Germany) and completed the Advanced Management Program from INSEAD (France).

Jeffrey W. Long, age 65, President–Americas. Mr. Long has served as our President–Americas since November 2014. From September 2002 through October 2014, he served as our Vice President–Americas, Motive Power Sales and Service. Mr. Long has worked in the battery industry since 1997, and has held various positions of increasing responsibility in the materials handling industry since 1974. Mr. Long received his Master of Business Administration degree from Cleveland State University, and his Bachelor of Science degree in Business Administration from the University of Illinois.

Myles Jones, age 51, President–Asia. Mr. Jones has served as President–Asia since April 2016. He was Vice President of the Aerospace and Defense business in EMEA, after joining the company in June 2005, following our acquisition of Fiamm Motive Power. Mr. Jones previously held positions of increasing responsibility in the telecom and construction industries based in Europe and the Middle East.

Todd M. Sechrist, age 52, Executive Vice President and Chief Operating Officer. Mr. Sechrist has served as our Executive Vice President and Chief Operating Officer since April 1, 2016. Prior thereto, from January 2016 through March 2016, he was our Executive Vice President. From November 2014 through December 2015 he was the President–EMEA based in Zurich, Switzerland. Mr. Sechrist served as our President–Americas from September 2012 through October 2014, and our Senior Vice President, Americas from June 2010 through August 2012. He was the company's Vice President–Reserve Power Sales & Service for the Americas from June 2005 through June 2010. Mr. Sechrist joined the Company in 1993 and has served in various sales and marketing capacities in both the reserve and motive power businesses. Mr. Sechrist received his Master of Business Administration degree in Finance from St. Joseph's University and his Bachelor of Science degree in Finance from Pennsylvania State University.

Michael J. Schmidtlein, age 57, Executive Vice President and Chief Financial Officer. Mr. Schmidtlein has served as Executive Vice President and Chief Financial Officer since January 2016. Prior thereto, since February 2010, he was our Senior Vice President–Finance and Chief Financial Officer. From November 2005 until February 2010, Mr. Schmidtlein was Vice President–Corporate Controller and Chief Accounting Officer. Prior thereto, Mr. Schmidtlein was the Plant Manager of our manufacturing facility in Warrensburg, Missouri. In 1995, he joined the Energy Storage Group of Invensys plc, which EnerSys acquired in 2002. Mr. Schmidtlein is a certified public accountant and received his Bachelor of Science degree in Accounting from the University of Missouri.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis includes a description of the compensation provided in fiscal year 2018 to our executive officers who are named in the Summary Compensation Table below.

Our named executive officers for fiscal year 2018 were:

NEO Name	Title
David M. Shaffer	President & Chief Executive Officer
Michael J. Schmidtlein	Executive Vice President & Chief Financial Officer
Holger P. Aschke	President–EMEA
Myles Jones	President–Asia
Todd M. Sechrist	Executive Vice President & Chief Operating Officer

Overview

Our executive compensation program is structured to support our vision, which is to be the global leader in our chosen markets for stored energy solutions, while maximizing long-term stockholder value. We also design the program to link executive compensation to our financial performance and, through programs that use our common stock as a compensation medium, to more closely align the interests of executive management with those of our stockholders. The Compensation Committee evaluates our overall performance in making decisions on the executive compensation program.

The following is a summary of the major elements of our compensation programs for our named executive officers for fiscal year 2018. Based on the performance highlighted above, annual bonus payouts under the Management Incentive Plan which we refer to as the "MIP," to the named executive officers was below target in fiscal year 2018 and the actual intrinsic value of long-term incentive awards for fiscal year 2018 is also tracking below targeted levels, reinforcing the strong pay-for-performance alignment of our overall program.

Pay Element	Description	Fiscal Year 2018 Actions
Base Salary	Fixed cash compensation determined based on the executive's skill set and the market value for that skill set.	Increases ranged from 1.5% to 6.25%, based on individual performance and relative position versus market, including impact of foreign exchange rates for those located outside of the United States.
Cash Annual Incentives (Management Incentive Plan or MIP)	Cash-based annual incentive plan that is tied to corporate performance versus corporate financial goals. The goals are weighted 85% on an adjusted net income target and 15% on a primary working capital target.	Fiscal year 2018 payouts under the MIP for our named executive officers were 49%, reflecting below targeted performance in both adjusted net income, and the primary working capital metric.
Long-Term Incentives	For fiscal year 2018, equity grants were in the form of: • 50% Performance Share Units earned based on EnerSys' relative total stockholder return ("TSR") versus the S&P Small Cap 600 Industrial Index • 25% stock options • 25% time-vested restricted stock units This was consistent with the structure for fiscal 2017, which was implemented by the Committee after a comprehensive review of the program in connection with the transition in executive leadership. For fiscal 2019, the Committee will add adjusted diluted earnings per share as a new financial metric to the Performance Share Unit plan, and will continue to measure relative TSR performance versus the S&P Small Cap 600 Industrial Index.	The actual intrinsic value of long-term incentives granted in fiscal 2018 is tracking below the target grant values, since our closing stock price at the end of the fiscal year of $69.37 was significantly lower than the grant date stock price of $83.14, and due to the tracking after roughly one year of our relative TSR performance relative to industry peers: • The actual intrinsic value of Performance Share Units are tracking at 0% of the target grant value based on relative TSR performance through the end of the fiscal year, with approximately two years left in the performance period. • The actual intrinsic value of stock options is tracking at 0% of the target grant value through the end of the fiscal year, with approximately nine years left in the option exercise term. • The actual intrinsic value of restricted stock units is tracking at 84% of the target grant value through the end of the fiscal year, with approximately three years left in the total vesting schedule.

Summary of Other Major Program Elements

Other significant elements of our compensation program that continue to reinforce stockholder alignment, our long-term pay-for-performance objectives, and what the Compensation Committee considers best practices include the following:

- an independent Compensation Committee makes the compensation decisions for our named executive officers and the Committee engages an independent compensation consultant to assist in making such decisions;
- we require that a majority of pay be at-risk, and therefore, 85% of target total pay is at risk for our Chief Executive Officer and 76% of target total pay is at-risk on average for our other named executive officers;
- we require that a majority of pay be tied to long-term performance, and therefore, 70% of target total pay is in long-term incentives for our Chief Executive Officer, and 59% of target total pay is in long-term incentives on average for our other named executive officers;
- we have put in place robust stock ownership guidelines for executives;
- we prohibit hedging and pledging of our stock;
- we have a clawback policy designed to recoup excess compensation paid to executive officers in the event of an accounting restatement;
- we have adopted a mandatory holding requirement after vesting for certain equity awards granted to our executive officers;
- equity grant administration procedures are in place to ensure that awards comply with legal, regulatory, and accounting requirements;
- the Compensation Committee conducts an annual risk assessment of our compensation program to confirm that the program does not encourage excessive risk-taking;
- our equity awards generally require a double-trigger in order for vesting to be accelerated in the event of a change in control (i.e., a qualifying termination of employment plus the occurrence of a change in control);
- our executive severance arrangements do not provide for excise tax gross-ups; and
- we do not provide excessive perquisite or benefit programs nor do we offer supplemental retirement plans.

Results of 2017 Advisory Vote on Executive Compensation–Say-on-Pay

At our annual meeting of stockholders held on August 2, 2017, approximately 97% of votes cast by stockholders approved the advisory resolution on our executive compensation, while only approximately 2.95% of the votes were cast against, with the remainder abstaining. The Compensation Committee considered this a high approval rate by the stockholders in establishing the compensation programs for fiscal year 2018 and fiscal year 2019, and will continue to consider the outcome of future non-binding advisory stockholder votes on executive compensation in its determinations regarding executive compensation.

At our 2018 Annual Meeting, stockholders will have the opportunity to cast an advisory say-on-pay vote regarding the compensation of our named executive officers as discussed further in Proposal No. 4 beginning on page 51.

Executive Compensation Policy

We generally base our executive compensation program on the same objectives that guide us in establishing compensation programs for all our employees:

- Compensation should align the interests of higher-level employees, including executives, with the long-term interests of our stockholders through award opportunities that result in ownership of our common stock. While our key employees receive a mix of both annual and longer-term incentives, employees at higher levels have an increasing proportion of their compensation tied to longer-term performance because these employees are in a position to have greater influence on longer-term results.
- Compensation should reward teamwork. Because our success depends on our ability to optimize our worldwide business, our compensation programs emphasize our total results rather than individual geographic or product line results.
- Compensation should be based on the level of job responsibility, as well as individual and corporate performance. As employees progress to higher levels in the organization, an increasing proportion of their pay should be linked to corporate performance and stockholder returns because they are more able to affect corporate results.

- Compensation should reflect the value of the job in the marketplace. To attract and retain a skilled work force, we must remain competitive with the pay of other employers who compete with us for talent.
- To be effective motivation, performance-based compensation programs should enable employees to easily understand how their efforts can affect their pay through contributing to our achievement of our strategic and operational goals.
- The programs and individual pay levels will always reflect differences in job responsibilities, geographies, and marketplace considerations, although the overall structure of compensation and benefit programs should be broadly similar across the organization.

Determination of Compensation

The Compensation Committee reviews and approves each named executive officer's base pay, bonus, and equity incentive compensation annually, with the guidance of the Compensation Committee's independent compensation consultant, FW Cook. The Compensation Committee takes into account a number of factors to determine the compensation for the named executive officers and to ensure that our executive compensation program is achieving its objectives. Among those are:

- *Assessment of Corporate Performance*. The Compensation Committee uses corporate performance measures in two ways. First, in establishing total compensation ranges, the Compensation Committee considers our performance within our industry using various measures, including, but not limited to, sales growth, profitability, balance sheet management, and total stockholder return. Second, as we describe in more detail below, the Compensation Committee has established specific corporate performance measures that determine the size of payments under our Management Incentive Plan, as well as the payout of our Performance Share Units, and the value of our other equity awards are based on the value of our common stock.
- *Assessment of Individual Performance*. Individual performance affects the compensation of our employees, including the named executive officers. In addition, the Compensation Committee has adopted a formal evaluation process for our CEO. Each member of our Board provides a written, subjective evaluation of our CEO, on an anonymous basis, covering a broad range of criteria. The evaluations are collected and summarized by FW Cook, and the Compensation Committee considers them in setting the CEO's compensation. For each other named executive officer, the Compensation Committee receives a recommendation from the CEO and also exercises its judgment based on the Committee's interactions with the executive officer.
- *Benchmarking*. The Compensation Committee benchmarked our compensation programs in fiscal year 2018 with a peer group consisting of the following companies, which are broadly similar with respect to industry and size, as measured by revenue (peers range from $1.1 billion to $4.2 billion, with a median of $2.3 billion), market capitalization (peers range from $1 billion to $9.1 billion, with a median of $4.2 billion), and number of employees (peers range from 4,735 to 26,200, with a median of 10,700). At the time of the study, EnerSys' revenues were $2.4 billion, market capitalization was $3.4 billion, and total employees were 9,400. Our peer group for fiscal 2018 was unchanged from the fiscal year 2017 peer group.

Actuant Corporation	Flowserve Corporation
Acuity Brands, Inc.	General Cable Corporation
A.O. Smith Corporation	Hubbell Incorporated
AVX Corporation	IDEX Corporation
Barnes Group Inc.	Lincoln Electric Holdings Inc.
Belden Inc.	Regal-Beloit Corporation
Brady Corp.	Valmont Industries, Inc.
Carlisle Companies Incorporated	Watt Water Technologies, Inc.
Crane Co.	Woodward Governor Company
Donaldson Company, Inc.	

In addition, the Compensation Committee conducted its annual review of the peer group for fiscal 2019 benchmarking, considering financial size, industry, and the condition of each company in the group. Based on such review, the Compensation Committee made no changes to the group for fiscal year 2019 pay analyses.

The Compensation Committee evaluates our compensation program versus that of the peer companies with respect to both individual pay levels as well as the structure of the program. The Compensation Committee uses this data primarily to ensure that our executive compensation program as a whole is competitive. The Compensation Committee targets salaries and target bonuses at the median, and targets long-term incentive compensation at the 75th percentile. The target for each named executive officer's total compensation package is generally between the median and 75th percentile.

The Compensation Committee believes that this competitive positioning for incentive compensation is appropriate in light of our goal setting approach under our annual incentive plan and our desire to place a greater emphasis on at-risk pay that is earned over a multi-year period to support long-term stockholder value creation. The Compensation Committee believes this compensation structure is at a level consistent with our executive compensation philosophy.

Components of Executive Compensation

Our executive compensation program is comprised primarily of base salary, annual incentive opportunities in the form of cash awards based upon our fiscal year performance, and long-term incentive opportunities in the form of equity-based compensation. As more fully described in the section entitled "Deferred Compensation Plan," certain of our executives, including the named executive officers, may elect to defer receipt of all or a portion of their cash bonuses. In addition, we generally provide the named executive officers with the same employee benefits as we provide to our other eligible non-unionized U.S. employees, and we also provide limited perquisites and personal benefits, as we describe in the footnotes following the Summary Compensation Table. During the time Mr. Sechrist, who is a U.S. citizen, lived and worked in Europe, he received substantially the same employee benefits as our other named executive officers, except that he received an annual cost of living adjustment, housing allowance, and certain additional amounts to compensate him for working and living in Europe. Mr. Aschke receives substantially the same employee benefits as our other named executive officers, except he receives an annual cost of living adjustment, housing allowance and certain additional amounts to compensate him for working and living in Switzerland. Mr. Jones receives substantially the same employee benefits as our other named executive officers, except he receives an annual cost of living adjustment, housing allowance and certain additional amounts to compensate him for working and living in Singapore. We describe these additional amounts and elements of compensation more completely in the footnotes following the Summary Compensation Table.

We do not cover our named executive officers under any defined benefit pension or supplemental executive retirement plans.

Base Salary

Base salary is the fixed element of our named executive officers' cash compensation. The Compensation Committee generally considers whether each executive's base salary should be increased based on individual performance with a view toward ensuring that the base salary is competitive with that of executives in peer companies with comparable roles and responsibilities.

With assistance from the Compensation Committee's independent compensation consultant, the Compensation Committee annually sets the base salaries of our named executive officers. The Compensation Committee solicits the CEO's recommendation with respect to the base salaries of our named executive officers, other than the CEO.

For fiscal year 2018, the Compensation Committee considered the aforementioned factors and current responsibilities, performance, success and achievements of the business, as well as the recommendations of its independent compensation consultant, and determined that it was appropriate to increase the base salaries for Mr. Shaffer and the other named executive officers.

The base salaries of Mr. Shaffer and each of the other named executive officers for fiscal years 2017 and 2018 are shown in the chart below in U.S. Dollars as of the end of the fiscal year.

Name	2018	2017	% Change
David M. Shaffer	$ 850,000	$ 800,000	6.3%
Michael J. Schmidtlein	$ 500,000	$ 490,000	2.0%
Holger P. Aschke	$ 351,482	$ 329,967	6.5%
Myles Jones	$ 333,256	$ 300,678	10.8%
Todd M. Sechrist	$ 500,000	$ 475,000	5.0%

Management Incentive Plan

Under our MIP, our executives and key management personnel, including the named executive officers, may receive an annual cash bonus upon satisfaction of annual financial targets, which the Compensation Committee establishes at the beginning of each year. Consistent with our compensation policy, individuals with greater job responsibilities have a greater portion of their total cash compensation tied to our corporate performance through the MIP.

Under the MIP, each participant has threshold, target, and maximum potential cash bonus payouts, which the Compensation Committee establishes at the beginning of each fiscal year. The Compensation Committee bases the potential payments on each participant's job responsibilities and position within our organization. The potential payouts are stated as a percentage of base salary. In establishing the targets, the Committee gives significant consideration to our prior year's performance. Satisfactory individual performance is a condition to payment, and, at the end of each fiscal year, the Committee can, at its discretion, increase or decrease an individual's payout under the MIP.

The Compensation Committee selected adjusted net income and primary working capital percentage as the performance metrics in the MIP since they encourage participants to focus on improving both our net earnings and balance sheet strength, respectively. The Committee believes these to be effective motivators because they can be readily tracked and are easily understandable by the MIP participants.

Each year, the Committee reviews overall financial performance and adjusts for items that are not reflective of normal operating performance for that year. These adjustments are items that the Committee believes are fair to both participants and stockholders, encourage appropriate actions that foster the long-term health of the business, and are consistent with the objectives underlying our predetermined performance goals. There are certain automatic adjustments such as expenses related to merger and acquisition activity, the impact of restructuring programs, unplanned legal settlements, and the effects of foreign currency fluctuations. The Committee also reserves the right to exercise its judgment outside of this predetermined list of adjustments.

Fiscal Year 2018 MIP Targets and Payout

The Compensation Committee considered the following when establishing the potential awards for fiscal year 2018:

- *Bonus Targets.* For our named executive officers, the threshold, target, and maximum bonus targets for fiscal year 2018 were 15%, 100%, and 200% of base salary, respectively.
- *Company Performance Measures.* For all participants in the MIP, including our named executive officers, the Compensation Committee established fiscal year 2018 performance measures based 85% on adjusted net income and 15% on primary working capital percentage, which we define as a monthly average of trade accounts receivable, plus inventories, minus trade accounts payable with the net amount divided by an annualized trailing three month net sales. The adjusted net income performance goal for fiscal year 2018 was established at a higher level than our fiscal year 2017 actual adjusted net income results. The Compensation Committee believes that the performance goals for fiscal year 2018 were rigorous and reflected an aggressive business plan for the year.

Measurement	Performance Goals Threshold	Performance Goals Target	Performance Goals Maximum	Actual Results	Payout % of Target
Adjusted Net Income ($ millions)	$207	$230	$253	$214.5	43%
Primary Working Capital Percentage	26.8%	26.3%	25.8%	26.4%	83%
				Total Payout as % of Target[1]	49%

(1) Total payout of 49% of target reflects 85% weighting of adjusted net income performance and 15% primary working capital percentage performance.

The total payout as a percentage of target was 49%, reflecting actual performance achievement between threshold and target for both adjusted net income and primary working capital percentage. Adjusted net income achievement of $214.5 million reflected pre-approved adjustments of $88.9 million from the reported GAAP net income of $119.6 million for changes in tax laws, restructuring charges, and acquisition-related fees. An additional $6.0 million in expenses were excluded relating to ERP implementation costs, certain new product introduction charges, and interest expense related to the share buyback program, based on the Committee's determination that management should be encouraged to pursue actions deemed in the long-term best interests of the Company, and therefore, such adjustments were consistent with the overall purpose of the MIP.

We set forth the amounts paid to our named executive officers for fiscal year 2018 performance under the MIP in the Summary Compensation Table.

Long-Term Equity Incentive Compensation

The Compensation Committee has the ability to make various types of equity awards as long-term incentive compensation to our named executive officers under the 2017 Equity Incentive Plan. For fiscal year 2018, the Committee reviewed the long-term incentive program, and elected not to make any changes from the fiscal year 2017 program, which the Committee believed was well balanced between our absolute TSR performance and our TSR performance relative to our industry. An overview of the program is as follows:

Long-Term Grant Type	Weighting	Description
Performance Share Units	50%	• Stock units earned based on EnerSys' relative TSR versus the S&P Small Cap 600 Industrial Index (the "Industrial Index") • Payouts may range from 0%-to-200% of target • Three-year performance period • Earned shares are subject to an additional one-year holding period • Payouts are capped at four times the grant date fair value
Stock Options	25%	• Vesting in annual increments over three years • 10-year exercise term
Restricted Stock Units	25%	• Vesting in annual increments over four years

A Performance Share Unit is a grant of stock units that a participant may earn based on performance over a three-year period. Each Performance Share Unit provides that the participant may, at the end of the three-year performance cycle, receive shares of our common stock ranging from 0% to 200% of the number of Performance Share Units granted depending on the percentile ranking of our TSR versus the Industrial Index. These Performance Share Units are subject to a mandatory holding period of one year after the vesting period of the Performance Share Units for each named executive officer. Therefore, if the Performance Share Units are earned and vested after three years, the shares earned must still be held for an additional one year before they can be sold. The Committee believes that the extra holding period increases the alignment of interests between stockholders and executives, and also serves to mitigate compensation-risk. TSR is calculated based on stock price appreciation/depreciation plus reinvested dividends, during the performance period, where the starting and ending stock prices are calculated based on the 60-day average closing stock prices immediately preceding the beginning and end of the performance period, respectively. The performance schedule is shown below, where results between the thresholds are interpolated on a straight-line basis. Irrespective of the ultimate payout as a percent of target, the maximum value that may be delivered to participants under the plan is four times the average closing stock price at the beginning of the performance period.

EnerSys TSR Performance vs. S&P Small Cap 600 Industrial Index	Payout Factor
75th Percentile	200%
Median	100%
25th Percentile	50%
Below 25th Percentile	0%

Stock options align employee incentives with stockholders because options have value only if the stock price increases over time. The nonqualified stock options that the Compensation Committee approved for fiscal year 2018 each have a 10-year term and vest one-third each year over three years. The options, which we granted at our common stock's closing price on the date of grant, encourage participants to focus on long-term performance and growth.

Time-vested restricted stock units support the retention of our executives and also align employee incentives with stockholders since the value of restricted stock units is dependent on our stock price. Restricted stock units vest in 25% annual increments over four years, and have a longer vesting period than the stock options and Performance Share Units because their main purpose is for retention.

On March 22, 2017, the Compensation Committee approved the fiscal year 2018 equity awards, which we granted on May 9, 2017. The fiscal year 2018 equity awards to each of the named executive officers were as follows:

Name	Number of Stock Options(1)	Number of Performance Share Units(2)	Number of Restricted Stock Units(3)	Total Value(4)
David M. Shaffer	40,256	18,441	11,727	$3,900,000
Michael J. Schmidtlein	13,625	6,242	3,969	$1,320,000
Holger P. Aschke	8,258	3,783	2,406	$ 800,000
Myles Jones	8,258	3,783	2,406	$ 800,000
Todd M. Sechrist	13,625	6,242	3,969	$1,320,000

(1) The value of each stock option was $24.22. We determined the total value of each stock option using a Black-Scholes valuation model.

(2) The value of each performance share unit on the date of grant was $105.74. We determined the total value of each performance share unit award as of the date of grant using a Monte Carlo Simulation.

(3) The value of each restricted stock unit was $83.14, the closing price on May 9, 2017, the date of grant.

(4) The total value is the sum of the value of the stock options, restricted stock units and the performance share units determined as of May 9, 2017, the date of grant.

These awards are subject to the clawback policy adopted by the Board of Directors, which is discussed in more detail on page 34.

Fiscal 2019 Compensation Actions

As part of its annual review of the compensation program, the Compensation Committee approved changes to the annual incentive plan, or MIP, as well as to the long-term incentive program for fiscal year 2019. Under the MIP, the earnings metric will change from adjusted net income to adjusted operating income, which is a better reflection of our core operating results for purposes of our short-term plan. Regional metrics, including regional adjusted operating income and primary working capital percentage, will also be added to the MIP for our regional presidents to increase the line of sight in the program for these participants. Under the long-term incentive plan, adjusted earnings per share will be added as a metric to the performance share unit plan, as a compliment to the relative TSR performance metric. The Committee believes that the addition of adjusted earnings per share will provide a strong balance between financial results, absolute TSR, and relative TSR in the program. Each metric will continue to be measured over a three-year performance period.

Deferred Compensation Plan

On May 1, 2008, the Compensation Committee adopted the EnerSys Voluntary Deferred Compensation Plan for Executives, which we refer to as the “Deferred Compensation Plan,” under which participants who are among a select group of management and highly compensated employees may elect to defer receipt of all or a portion of their cash bonus. Under the Deferred Compensation Plan, as amended, each participant must make an irrevocable deferral election before the beginning of the fiscal year to which the cash bonus relates or, in the case of “performance-based compensation,” on or before six months before the end of such fiscal year. Participants can elect to receive distributions of their accounts in the Deferred Compensation Plan, either in a lump sum or in installments, (i) upon their termination of employment, (ii) on a specified date, or (iii) upon our change in control.

A participant may elect to allocate the deferred amounts into an investment account and select among various investment options upon which the rate of return of the deferred amounts will be based. The participants’ investment accounts are adjusted periodically to reflect the deemed gains and losses attributable to the deferred amounts. The specific investment options are the same investment options available to our employees under our 401(k) retirement plan. Each participant is always 100% vested in their investment accounts.

Alternatively, participants may elect to allocate the deferred amounts to a stock unit deferral account or a market share unit deferral account. All amounts allocated to the stock unit account or the market share unit account are invested in restricted stock units or market share units, respectively, awarded under our 2017 EIP. If a participant elects to allocate the deferred amounts to the restricted stock unit or market share unit account, we will make an additional matching contribution in the amount of 20% of the deferred amount. Dividend equivalent units, if any, will be credited to each stock unit account. Each participant is 100% vested with respect to the amounts deferred to the restricted stock unit or market share unit deferral account. The matching contribution will vest over three years from the last date of the fiscal year to which the amounts relate, except that participants will automatically become 100% vested in their matching contribution upon (i) our change in control where the consideration paid is cash, or (ii) upon their death, disability, voluntary termination for “good reason,” or involuntary termination of employment without cause, provided that such event occurs within two years of any type of change in control. All restricted stock units and market share units are payable in shares of our common stock.

The Deferred Compensation Plan is a nonqualified deferred compensation plan. As such, the rights of all participants to any deferred amounts represent our unsecured promise to pay and the deferred amounts remain subject to the claims of our creditors.

Currently, none of our named executive officers participate in the Deferred Compensation Plan.

Employment and Related Agreements

We maintain a Swiss employment contract with Mr. Aschke in connection with his assignment as President–EMEA, and a Singaporean employment agreement with Mr. Jones in connection with his assignment as President–Asia. We maintain severance agreements with Messrs. Schmidtlein, Sechrist, and Shaffer, which provide for severance benefits upon a qualifying termination of employment in connection with a change in control.

We describe these agreements under the heading “Employment Agreements.” We describe the termination and change-in-control provisions of these agreements under the heading “Potential Payments Upon Termination or Change-In-Control.”

Employee Benefits

We generally offer all our eligible non-unionized U.S. employees, including the named executive officers, core employee benefits coverage. The benefits include medical and dental coverage, short-term disability insurance, life insurance, and a discount program for our products. All eligible non-unionized U.S. employees, including the named executive officers, may also obtain at their expense, long-term disability insurance coverage, and participate in a 401(k) retirement plan as a means to save for retirement on a tax-advantaged basis. We provide a matching contribution under the 401(k) plan to all eligible participants.

Each of our employees, including the named executive officers, partially bears the cost of certain employee benefits.

Perquisites

We provide limited perquisites and personal benefits to our named executive officers, including a company car and spousal travel benefits to business functions, and club membership dues. Certain amounts were also paid to Mr. Aschke in connection with his assignment in Switzerland, to Mr. Jones in connection with his assignment in Singapore, and to Mr. Sechrist for his former assignment living overseas. The Compensation Committee has determined that each of these benefits has a valid business purpose. You can find information about these perquisites in the footnotes to the Summary Compensation Table.

Other Matters

Currency Conversions

During the fiscal years described in this proxy statement, Mr. Aschke worked and lived in Switzerland, certain amounts of his compensation were paid in Swiss francs and Euros. Similarly, we paid certain amounts to Mr. Jones in Singapore dollars, for the time he worked and lived in Singapore. For purposes of this proxy statement, we have converted the amounts of compensation that Mr. Aschke received in Swiss francs and Euros to U.S. dollars, and that Mr. Jones received in Singapore dollars to U.S. dollars, using the exchange rate as of the end of the applicable fiscal year.

Clawback Policy

In June 2014, our Board of Directors, upon the recommendation of the Compensation Committee, adopted a clawback policy applicable to each of our executive officers subject to Section 16 of the Securities Exchange of 1934, including each of our named executive officers. Pursuant to this policy, in the event of any restatement of our financial statements, our Board of Directors, or an appropriate committee designated by our Board of Directors, may require reimbursement or forfeiture of any excess payment from any cash or equity-based compensation awarded to or realized by, such executive officer following the adoption of, and subject to, this policy in the event that (i) our financial statements are required to be restated as a result of material non-compliance with any financial reporting requirements under the federal securities laws (other than a restatement due to a change in financial accounting rules), (ii) as a result of such restatement, a performance measure or specified performance target which was a material factor in determining the amount of such bonus, incentive or equity compensation previously earned by such officer is restated, and (iii) our Board of Directors, or an appropriate committee of the Board, determines, in its discretion, that a lower amount of bonus, incentive or equity compensation would have been paid to such officer based upon the restated financial results.

Policy on Granting Equity Awards

We have a written policy on granting equity awards. The policy provides the authority and the procedure for granting awards. The Compensation Committee has the authority to make all equity awards to employees of the Company. In addition, within certain limitations, the Compensation Committee may delegate authority to our CEO to make awards to employees below the named executive officer level.

Our policy requires that the exercise price of stock options be no less than the closing price of our stock on the grant date. Subject to applicable local law, the grant date for equity awards to all eligible participants, including our named executive officers, is on the first business day after the grant effective date that our stock trading window is open and that is not otherwise within our stock trading blackout policy. These procedures provide assurance that the grant dates are not being manipulated to result in an exercise price that is favorable to us or our employees.

Hedging and Pledging Prohibition

We do not permit our employees to hedge their economic exposures to our common stock that they own by engaging in transactions involving puts, calls, or other derivative securities, zero-cost collars, forward sales contracts, or buying on margin or pledging shares as collateral for a loan.

Stock Ownership Guidelines and Holding Requirement

The Compensation Committee has adopted stock ownership guidelines for both executives and non-employee directors. We intend that the guidelines align the interests of our executives and non-employee directors with those of the stockholders and ensure that the executives and directors responsible for overseeing operations have an ongoing financial stake in our success. We describe the stock ownership guidelines for our non-employee directors under “Director Compensation.” The stock ownership guidelines provide that we expect our CEO to attain and maintain an investment level in stock equal to six times his annual base salary. We expect the other named executive officers to attain and maintain an investment level equal to three times their annual base salary. We expect that each individual attain such investment levels five years from the date a specified ownership level commences. If an executive is promoted and as a result has a higher guideline, an additional three years would be provided to reach such higher level. If the guidelines are not met within the required time frame, the Compensation Committee, at its discretion, may require an executive to hold 100% of the after-tax profit shares acquired through the compensation program until the guideline is met. The Compensation Committee evaluates the ownership levels on an annual basis. All of our named executive officers have achieved, or are on target to achieve, their respective investment level set forth in the guidelines. As mentioned previously, the named executive officers are further subject to a holding requirement after vesting on the Market Share Units granted in fiscal year 2016, and Performance Share Units granted for fiscal year 2017, as well as Performance Share Units granted for fiscal year 2018. Such holding requirement after vesting is mandatory and in accordance with the terms of the underlying grants agreement.

Review of Compensation Policies and Practices in Relation to Risk

During fiscal year 2018, the Compensation Committee, with the assistance of FW Cook, conducted a review of our compensation policies and practices to ensure that they do not motivate imprudent risk taking. Included in the review were all of our cash and equity-based incentive plans, including those below the executive level, as well as other compensation-related policies and practices including stock ownership guidelines, mandatory equity holding requirement, insider trading prohibitions, clawback policies, and independent oversight by the Compensation Committee.

We evaluated these compensation policies and practices to ensure that they do not foster risk taking above the level of risk associated with our business model and they were designed to encourage behaviors aligned with the long-term interests of our stockholders. Thus, we considered our growth and return performance, volatility and leverage, and compared them to the performance metrics, leverage, and time horizon of our compensation policies and practices. We also considered the mix of compensation, such as the balance between fixed and variable pay, cash and equity, performance goals on a corporate, business unit, and individual level, financial and non-financial metrics, and determinations based upon formulas and discretion. Based on this assessment, we have concluded that we have a balanced pay and performance program and do not promote excessive risk taking.

Tax Deductibility of Executive Compensation

Prior to its amendment by the Tax Cuts and Jobs Act (the “Tax Act”), which was enacted December 22, 2017, Section 162(m) of the Internal Revenue Code of 1986, as amended (“Section 162(m)”), disallowed a tax deduction to public companies for compensation paid in excess of $1 million to “covered employees” under Section 162(m) (generally, such company’s chief executive officer and its three other highest paid executive officers other than its chief financial officer). Prior to this amendment, there was an exception to this $1 million limitation for performance-based compensation if certain requirements were met. Historically, awards to these covered individuals under our annual bonus plan and in the form of performance-based equity grants were intended to satisfy the requirements for qualifying as performance-based compensation under Section 162(m).

The Tax Act generally amended Section 162(m) to eliminate the exception for performance-based compensation, effective for taxable years following December 31, 2017. The $1 million compensation limit was also expanded to apply to a public company’s chief financial officer and apply to certain individuals who were covered employees in years other than the then-current taxable year. Although certain transition relief may apply with respect to compensation paid pursuant to certain contracts in effect as of November 2, 2017, ambiguities in the Tax Act prevent the Compensation Committee from being able to definitively determine what compensation, if any, payable to the covered employees in excess of $1 million will be deductible in future years. Interpretations of and changes in applicable tax laws and regulations, as well as other factors beyond the control of the Compensation Committee, can affect deductibility of compensation, and there can be no assurance that compensation paid to our executive officers who are covered by Section 162(m) will be deductible. As in prior years, the Compensation Committee will continue to take into account the tax and accounting implications (including with respect to the expected lack of deductibility under the revised Section 162(m)) when making compensation decisions, but reserves its right to make compensation decisions based on other factors as well if the Compensation Committee determines it is in our best interests to do so. Further, taking into account the elimination of the exception for performance-based compensation, the Compensation Committee may determine to make changes or amendments to its existing compensation programs in order to revise aspects of our programs that were initially designed to comply with Section 162(m) but that may no longer serve as an appropriate incentive measure for our executive officers.

COMPENSATION COMMITTEE REPORT

The Compensation Committee evaluates and establishes compensation for our named executive officers and oversees our equity incentive plan, the MIP, and our benefit and perquisite programs. Management has the primary responsibility for our financial statements and reporting process, including the disclosure of executive compensation. With this in mind, we have reviewed and discussed with management the Compensation Discussion and Analysis found on pages 26 to 36. The Compensation Committee is satisfied that the Compensation Discussion and Analysis fairly and completely represents the philosophy, intent, and actions of the Compensation Committee with regard to executive compensation. We recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, for filing with the Securities and Exchange Commission.

Compensation Committee
John F. Lehman, Chairperson
Nelda J. Connors
Dennis S. Marlo
Paul J. Tufano

SUMMARY COMPENSATION TABLE

The following table summarizes the compensation earned in fiscal years 2016, 2017, and 2018, by our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers. We collectively refer to these individuals as the "named executive officers." We did not pay any discretionary bonuses nor did we maintain any defined benefit pension arrangements and none of our named executive officers deferred or accrued amounts under the Deferred Compensation Plan for Executives for fiscal years 2016, 2017, or 2018; accordingly, we have omitted the "Bonus" and "Change in Pension Value and Nonqualified Deferred Compensation Earnings" columns from the table.

Name and Principal Position	Year	Salary	Stock Awards(1)	Option Awards(1)	Non-Equity Incentive Plan Compensation(2)	All Other Compensation	Total
David M. Shaffer	2018	$ 850,000	$ 2,925,000	$ 975,000	$ 416,500	$ 46,443(3)	$ 5,212,943
President and Chief	2017	$ 800,000	$ 2,550,000	$ 850,000	$ 1,396,680	$ 74,335	$ 5,671,015
Executive Officer	2016	$ 490,000	$ 990,000	$ 330,000	$ 102,900	$ 108,319	$ 2,021,219
Michael J. Schmidtlein	2018	$ 500,000	$ 990,000	$ 330,000	$ 171,500	$ 33,786(4)	$ 2,025,286
Executive Vice President and	2017	$ 490,000	$ 990,000	$ 330,000	$ 598,827	$ 41,383	$ 2,450,210
Chief Financial Officer	2016	$ 475,000	$ 990,000	$ 330,000	$ 99,750	$ 52,612	$ 1,947,362
Holger P. Aschke	2018	$ 351,482	$ 600,000	$ 200,000	$ 120,558	$ 168,546(5)	$ 1,440,586
President - EMEA	2017	$ 329,967	$ 600,000	$ 200,000	$ 403,251	$ 151,364	$ 1,684,582
	2016	$ 292,113	$ 339,650	$ 0	$ 51,292	$ 154,872	$ 837,927
Myles Jones	2018	$ 333,256	$ 600,000	$ 200,000	$ 114,307	$ 344,913(6)	$ 1,592,476
President - Asia	2017	$ 300,678	$ 600,000	$ 200,000	$ 367,457	$ 417,412	$ 1,885,547
Todd M. Sechrist	2018	$ 500,000	$ 990,000	$ 330,000	$ 171,500	$ 38,449(7)	$ 2,029,949
Executive Vice President and	2017	$ 475,000	$ 990,000	$ 330,000	$ 580,495	$ 61,409	$ 2,436,904
Chief Operating Officer	2016	$ 445,000	$ 656,250	$ 218,750	$ 93,451	$ 178,517	$ 1,591,968

(1) We calculated these amounts using the provisions of ASC Topic 718. Amounts represent the aggregate grant date fair value of the applicable awards. See the "Stock-Based Compensation" Note to our consolidated financial statements set forth in our Annual Report on Form 10-K for the fiscal years ended March 31, 2016, March 31, 2017, and March 31, 2018, for the assumptions made in calculating these amounts. See the "Grant of Plan-Based Awards Table for Fiscal Year 2018" for maximum payout of awards.

(2) Represents annual incentive amounts paid to the named individuals under the MIP. We discuss the MIP in further detail in the section entitled "Management Incentive Plan."

(3) Consists of our 401(k) plan matching contributions in the amount of $18,125; personal use of company-provided automobile in the amount of $12,833; spousal/family travel expenses of $8,660; tax advisory services in the amount of $6,400; and airline membership dues.

(4) Consists of our 401(k) plan matching contributions in the amount of $16,083; personal use of company-provided automobile in the amount of $12,081; spousal/family travel expenses in the amount of $5,172; and airline membership dues.

(5) Consists of contributions in the amount of $29,700 that are required under Swiss law as employer contributions under the Swiss occupational pension scheme; housing allowance of $55,083; cost of living adjustment in the amount of $55,083; personal use of company-provided automobile in the amount of $22,213; spousal/family travel expenses in the amount of $2,292; and tax advisory services in the amount of $4,175. All amounts in Swiss francs have been converted to U.S. dollars at $1.0492 per Swiss franc. All amounts in euros have been converted to U.S. dollars at $1.2322 per euro.

(6) Consists of housing allowance in the amount of $141,844; pension and life insurance allowances in the amount of $30,501; personal use of company-provided automobile in the amount of $59,044; spousal/family travel expenses in the amount of $32,132; tax advisory services in the amount of $2,600; private school expenses in the amount of $54,768; and private medical expenses in the amount of $24,024. All amounts in Singapore dollars have been converted to U.S. dollars at $0.7626 per Singapore dollar.

(7) Consists of our 401(k) plan matching contributions in the amount of $14,229; personal use of the company-provided automobile in the amount of $11,879; spousal/family travel expenses in the amount of $5,541; tax advisory services in the amount of $6,300; and airline membership dues.

Employment Agreements

Severance Letter Agreement with Mr. Schmidtlein

We entered into a severance letter agreement with Mr. Schmidtlein on May 26, 2011, as amended effective June 7, 2013, and June 7, 2017, which provides for severance benefits upon his termination of employment in connection with a change in control. The severance letter agreement is for an initial three-year term that is automatically renewed for an additional one-year term thereafter unless either party gives their respective notice of intent not to renew. Mr. Schmidtlein's severance letter agreement also provides that he may not compete with our business or solicit any of our customers or employees for one year following his termination of employment for any reason. See "Potential Payments upon Termination or Change in Control" for information about our obligations under the severance letter agreement with Mr. Schmidtlein to provide certain payments to him upon his termination of employment in connection with a change in control.

Severance Letter Agreements with Messrs. Sechrist and Shaffer

Effective June 7, 2013, and amended effective June 7, 2017, we entered into a severance letter agreement with each of Messrs. Sechrist and Shaffer, which provides for severance benefits upon the executive's termination of employment in connection with a change in control. Each severance letter agreement is for an initial three-year term that is automatically renewed for an additional one-year term thereafter unless either party gives their respective notice of intent not to renew. Each severance letter agreement also provides that the executive may not compete with our business or solicit any of our customers or employees for one year following his termination of employment for any reason. See "Potential Payments upon Termination or Change in Control" for information about our obligations under the applicable severance letter agreement with Messrs. Sechrist and Shaffer to provide certain payments to each executive upon his termination of employment in connection with our change in control.

Letter Agreement and Employment Contract with Mr. Sechrist

We entered into a letter agreement and an employment contract with Mr. Sechrist, both effective November 1, 2014, in connection with his international assignment. As a result of Mr. Sechrist's appointment to Executive Vice President effective January 2016, his letter agreement and employment contract in connection with his international assignment were terminated on December 31, 2015, except for post-term tax advisory services pertaining to his international assignment.

Employment Agreement with Mr. Aschke

We entered into an employment agreement with Mr. Aschke, effective December 21, 2015, in connection with his assignment in Switzerland. The employment agreement sets forth the terms of employment and provides provisions required by Swiss law. Either party can terminate the agreement at any time, subject to the statutory notice requirement applicable to employers in Switzerland, and generally provides that Mr. Aschke may not compete with our business or solicit any of our employees for at least one year following termination of his employment.

Under his employment agreement, Mr. Aschke is entitled to:

- a car allowance;
- reimbursement for certain expenses that Mr. Aschke incurs as a result of being located in Switzerland;
- a housing allowance; and
- certain cost of living adjustments.

Employment Agreement with Mr. Jones

We entered into an employment contract with Mr. Jones effective April 1, 2016, in connection with his international assignment in Singapore. The employment agreement sets forth the terms of employment and provides provisions required by the laws of Singapore. Either party can terminate the agreement at any time, subject to twelve months' notice, and generally provides that Mr. Jones may not compete with our business or solicit any of our employees for at least six months following termination of his employment.

Under his employment agreement, Mr. Jones is entitled to:

- a car allowance;
- reimbursement for certain expenses that Mr. Jones incurs as a result of being located in Singapore, including reimbursement of school tuition for his children;
- limited air travel to and from the United Kingdom for Mr. Jones and his spouse and children;
- tax preparation and consulting services;
- a housing allowance; and
- certain cost of living adjustments.

GRANTS OF PLAN-BASED AWARDS TABLE FOR FISCAL YEAR 2018

	Grant Date	Committee Action Date(1)	Estimated Future Payouts Under Non Equity Incentive Plan Awards($)(2)			Estimated Future Payouts Under Equity Incentive Plan (#)(3)			All Other Stock Awards: Number of shares of stock or units (#)(4)	All Other Option Awards: Number of securities underlying options (#)(5)	Exercise or Base Price Of Options ($/Sh)	Grant Date Fair Value Of Stock and Option Awards ($)(6)
			Threshold	Target	Maximum	Threshold	Target	Maximum				
David M. Shaffer			$127,500	$850,000	$1,700,000							
	5/9/2017	3/22/17				0	0	0	0	40,256	$ 83.14	$ 975,000
	5/9/2017	3/22/17				0	0	0	11,727	0		$ 975,000
	5/9/2017	3/22/17				9,221	18,441	36,882		0		$1,950,000
Michael J. Schmidtlein			$ 52,500	$350,000	$ 700,000							
	5/9/2017	3/22/17				0	0	0	0	13,625	$ 83.14	$ 330,000
	5/9/2017	3/22/17				0	0	0	3,969	0		$ 330,000
	5/9/2017	3/22/17				3,121	6,242	12,484		0		$ 660,000
Holger P. Aschke			$ 36,906(7)	$246,037(7)	$ 492,075(7)							
	5/9/2017	3/22/17				0	0	0	0	8,258	$ 83.14	$ 200,000
	5/9/2017	3/22/17				0	0	0	2,406	0		$ 200,000
	5/9/2017	3/22/17				1,892	3,783	7,566		0		$ 400,000
Myles Jones			$ 34,992(8)	$233,279(8)	$ 466,559(8)							
	5/9/2017	3/22/17				0	0	0	0	8,258	$ 83.14	$ 200,000
	5/9/2017	3/22/17				0	0	0	2,406	0		$ 200,000
	5/9/2017	3/22/17				1,892	3,783	7,566		0		$ 400,000
Todd M. Sechrist			$ 52,500	$350,000	$ 700,000							
	5/9/2017	3/22/17				0	0	0	0	13,625	$ 83.14	$ 330,000
	5/9/2017	3/22/17				0	0	0	3,969	0		$ 330,000
	5/9/2017	3/22/17				3,121	6,242	12,484		0		$ 660,000

(1) We made all equity awards to the named executive officers in fiscal year 2018 in accordance with our Policy on Granting Equity Awards, which we describe on page 35.

(2) The amounts shown in the columns are the threshold, target, and stretch goal (maximum) potential amounts that were payable for fiscal year 2018 under the MIP. No amounts were payable if threshold performance was not achieved for at least one performance goal. See the Summary Compensation Table for a discussion of the amounts actually earned under the MIP.

(3) Reflects the target and maximum number of performance share units that are payable as long-term incentive compensation. We describe these awards in the section entitled “Long-Term Incentive Compensation.”

(4) Reflects the number of restricted stock units awarded as long-term incentive compensation. We describe this award in the section entitled “Long-Term Incentive Compensation.”

(5) Reflects the number of stock options awarded as long-term incentive compensation. We describe these awards in the section entitled “Long-Term Incentive Compensation.”

(6) We calculated these amounts using the provisions of ASC Topic 718. Amounts represent the aggregate grant date fair value of the applicable awards. See “Note 16. Stock-Based Compensation” to our consolidated financial statements set forth in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, for the assumptions made in calculating these amounts.

(7) All amounts in Swiss francs have been converted to U.S. dollars at $1.0492 per Swiss franc.

(8) All amounts in Singapore dollars have been converted to U.S. dollars at $0.7626 per Singapore dollar.

OUTSTANDING EQUITY AWARDS AS OF MARCH 31, 2018

The following table sets forth the outstanding equity awards held by our named executive officers at the end of the 2018 fiscal year.

	Option Awards					Stock Awards				
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options	Option Exercise Price ($ per share)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Vested	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
David M. Shaffer	6,456	0	0	$69.85	05/12/2024					
	10,441	5,221(1)	0	$68.40	05/12/2025					
	17,978	35,956(2)	0	$57.60	05/16/2026					
	0	40,256(3)	0	$83.14	05/09/2027					
								17,047(4)		$1,132,283(5)
								24,495(6)		$2,761,229(7)
								18,623(8)		$ 0(9)
						11,287(10)	$782,979(11)			
						11,843(12)	$821,480(11)			
Michael J. Schmidtlein	8,368	0	0	$69.85	05/12/2024					
	10,441	5,221(1)	0	$68.40	05/12/2025					
	6,980	13,959(2)	0	$57.60	05/16/2026					
	0	13,625(3)	0	$83.14	05/09/2027					
								17,047(4)		$1,132,282(5)
								9510(6)		$1,072,026(7)
								6,303(8)		$ 0(9)
						4,382(10)	$303,979(11)			
						4,008(12)	$278,035(11)			
Holger P. Aschke	4,230	8,460(2)	0	$57.60	05/16/2026					
	0	8,258(3)	0	$83.14	05/09/2027					
						351(13)	$ 24,349(11)			
						640(14)	$ 44,397(11)			
								4,386(4)		$ 291,325(6)
								5,764(6)		$ 649,754(7)
								3,820(8)		$ 0(9)
						2,655(10)	$184,177(11)			
						2,430(12)	$168,569(11)			
Myles Jones	4,230	8,460(2)	0	$57.60	05/16/2026					
	0	8,258(3)	0	$83.14	05/09/2027					
						263(13)	$ 18,244(11)			
						550(14)	$ 38,154(11)			
								3,767(4)		$ 250,211(5)
								5,764(6)		$ 649,754(7)
								3,820(8)		$ 0(9)
						2,655(10)	$184,177(11)			
						2,430(12)	$168,569(11)			
Todd M. Sechrist	6,456	0	0	$69.85	05/12/2024					
	6,921	3,461(1)	0	$68.40	05/12/2025					
	6,980	13,959(2)	0	$57.60	05/16/2026					
	0	13,625(3)	0	$83.14	05/09/2027					
								11,299(4)		$ 750,500(5)
								9,510(6)		$1,072,027(7)
								6,303(8)		$ 0(9)
						4,382(10)	$303,979(11)			
						4,008(12)	$278,035(11)			

(1) One-third vested on May 12, 2016 and May 12, 2017. One-third vests on May 12, 2018.

(2) One-third vested on May 16, 2017. One third is scheduled to vest on May 16, 2018, and May 16, 2019.

(3) One-third is scheduled to vest on each of May 9, 2018, May 9, 2019, and May 9, 2020.

(4) 100% are scheduled to vest on May 12, 2018. Includes additional shares attributable to accumulated dividend equivalents with respect to unvested market share units.

(5) Reflects market share units granted on May 12, 2015, valued based on stock price performance calculated using the average of the closing share price of our common stock during the 90-day period immediately preceding the date of grant and March 31, 2018, and the resulting shares valued based on the closing price of our common stock of $69.37 on March 29, 2018, the last trading day of the fiscal year. Includes the value of accumulated dividend equivalents with respect to unvested market share units. The market share units are scheduled to vest May 12, 2018, at the end of the three-year period following the date of grant. Accordingly, because the number of shares earned and paid upon vesting is based upon the stock price at vesting, the value of such market share units may increase or decrease from the amounts shown above. For more information regarding market share units, see "Executive Compensation–Determination of Compensation–Components of Executive Compensation–Long-Term Equity Incentive Compensation."

(6) 100% are scheduled to vest on May 16, 2019. Includes additional shares attributable to accumulated dividend equivalents with respect to unvested performance share units.

(7) Reflects performance share units granted on May 16, 2016, valued based on stock price performance calculated using the average of the closing share prices of our common stock during the 60-day periods immediately preceding the date of grant and March 31, 2018, and the resulting shares valued based upon the closing price of our common stock of $69.37 on March 29, 2018, the last trading day of the fiscal year.

(8) 100% are scheduled to vest on May 9, 2020. Includes additional shares attributable to accumulated dividend equivalents with respect to unvested performance share units.

(9) Reflects performance share units granted on May 9, 2017, value based on stock price performance calculated using the average of the closing share prices of our common stock during the 60-day periods immediately preceding the date of grant and March 31, 2018, and the resulting shares valued based upon the closing price of our common stock of $69.37 on March 29, 2018, the last trading day of the fiscal year.

(10) One-fourth vested on of May 16, 2017. One-fourth is scheduled to vest on each of May 16, 2018, May 16, 2019, and May 16, 2020.

(11) Reflects the value of restricted stock units based on the closing price of our common stock of $69.37 on March 29, 2018, the last trading date of the fiscal year.

(12) One-fourth is scheduled to vest on each of May 9, 2017, May 9, 2018, May 9, 2019, and May 9, 2020.

(13) One-fourth vested on May 12, 2015, May 12, 2016, and May 12, 2017. One-fourth is scheduled to vest on May 12, 2018.

(14) One-fourth vested on May 12, 2016 and May 12, 2017. One-fourth is scheduled to vest on each of May 12, 2018, and May 12, 2019.

OPTIONS EXERCISED AND STOCK VESTED DURING FISCAL YEAR 2018

The following table sets forth the number of shares acquired upon exercising options and the vesting of stock awards by our named executive officers during fiscal year 2017.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting(1)	Value Realized on Vesting(2)
David M. Shaffer	0	$ 0	10,634	$ 886,037
Michael J. Schmidtlein	0	$ 0	10,402	$ 867,249
Holger P. Aschke	0	$ 0	5,876	$ 489,755
Myles Jones	263	$ 17,090	4,651	$ 387,659
Todd M. Sechrist	0	$ 0	8,355	$ 696,507

(1) Vesting of market share units originally granted May 12, 2014 resulted in a payout factor of 0.93.

(2) Values are calculated as the product of (a) the number of shares of our common stock underlying the restricted stock units and the market share units, as applicable, that vested and (b) the closing price of our common stock on the last trading day prior to the day to vesting. For vesting that occurred on May 12, 2017, the applicable closing price was $83.41. For shares that vested on May 16, 2017, the applicable closing price was $83.16. For shares that vested on May 31, 2017, the applicable closing price was $83.17.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

As we describe above, each of Messrs. Schmidtlein, Sechrist, and Shaffer have entered into severance agreements with us. Under the conditions described below, each of these agreements provides for certain payments upon a termination of employment or change in control. We describe these payments below.

Messrs. Schmidtlein, Sechrist, and Shaffer

If we were to terminate the employment of Messrs. Schmidtlein, Sechrist, or Shaffer without cause, as defined below, or if such executive were to resign for good reason, as defined below, during the six-month period prior to a change in control (and the termination was in connection with the change in control) or during the 24-month period after a change in control, we would be obligated to pay to the terminating executive the following:

- a lump sum cash payment equal to the sum of the executive's base salary then in effect, and his annual cash bonus at the target level then in effect (for Mr. Shaffer, the payment is two times this amount);
- for a period of one year (two years for Mr. Shaffer), payment of cost of coverage in excess of the amount the executive would pay, as an active employee, for continued participation in our medical, dental, and vision programs, but such payments will end when the executive becomes eligible to participate in comparable programs of a subsequent employer;
- full acceleration of vesting of outstanding equity awards; and
- a pro-rata payment from our annual incentive plan for the fiscal year in which the termination occurs.

"Cause" means, with respect to Messrs. Schmidtlein, Sechrist, and Shaffer, any of the following:

- breach of fiduciary duty or duty of loyalty to us;
- willful act of material dishonesty with respect to any material matter involving us;
- theft or material misuse of our property;
- failure to conform in any material respect to our code of conduct;
- excessive absenteeism;
- conviction of, or plea of guilty or nolo contendere to, a felony or any criminal charge involving moral turpitude or illegal substance abuse;
- continuing neglect of management duties and responsibilities that has a material adverse effect on us;
- willful failure to timely report information having a material adverse effect on our business operations to the board or the executive's direct supervisor; or
- failure to meet our reasonable and achievable documented performance expectations (other than any such failure resulting from incapacity due to physical or mental illness).

"Good reason" means, with respect to Messrs. Schmidtlein, Sechrist, and Shaffer, any of the following:

- a 10% or more decrease in the executive's base salary, other than a company-wide reduction in senior management pay;
- a material diminution of the executive's position, duties, or responsibilities;
- any permanent reassignment of such executive to a location greater than 50 miles from the location of his primary office, unless such new location is closer to his primary residence; or
- a material breach of our obligations under the agreement.

Each of Messrs. Schmidtlein, Sechrist, and Shaffer's severance letter agreements provides that if any amounts payable, when taken together with payments and benefits provided to the executive under any other plans, contracts, or arrangements with us, will be subject to any excise tax imposed under Code Section 4999, then such amounts will be reduced to the extent necessary so that no portion thereof will be subject to the excise tax, but if the executive would receive in the aggregate greater value (as determined under Code Section 280G) on an after-tax basis if the amounts were not subject to such reduction, then no such reduction will be made.

In the event of the death or termination for disability of a named executive officer, all outstanding unvested equity awards of such named executive officer become vested.

Potential Payments Table

The table below reflects the incremental amount of compensation payable to our named executive officers under various termination and change in control scenarios. The amounts shown below assume that such hypothetical termination or change in control is effective as of March 31, 2018. These amounts do not include benefits earned or vested as of March 31, 2018, or benefits provided under insurance or regular programs available to our salaried employees generally. The actual amounts that are payable upon a named executive officer's termination of employment can be determined only at the time of any such event. Due to the number of factors that affect the nature and amount of any benefits provided upon a termination or change in control, any actual amounts paid or distributed may be higher or lower than the amounts set forth below. Factors that could affect these amounts include, among other things, the time of year the event occurs, our financial performance, and the age of the named executive officer at the time of the event.

					Involuntary Termination Not For Cause/Voluntary Termination For Good Reason(1)	
		Change in Control(8)	Termination for Disability	Death	Absent Change in Control	In connection with a Change in Control
David M. Shaffer	Severance	$ 0	$ 0	$ 0	$ 0	$ 2,246,680
	Welfare benefits continuation(2)	$ 0	$ 0	$ 0	$ 0	$ 15,190
	Value of accelerated stock options(3)	$ 428,266	$ 1,009,888	$ 1,009,888	$ 0	$ 1,009,888
	Value of accelerated restricted stock units(3)	$ 1,604,459	$ 1,604,459	$ 1,604,459	$ 0	$ 1,604,459
	Value of accelerated market share units(4)	$ 1,132,283	$ 1,132,283	$ 1,132,283	$ 0	$ 1,132,283
	Value of accelerated performance share units(5)	$ 2,761,229	$ 2,761,229	$ 2,761,229	$ 0	$ 2,761,229
	Potential Excise Tax Cut-Back	$ 0	$ N/A	$ N/A	N/A	$ N/A
	Total	**$ 5,926,237**	**$ 6,507,859**	**$ 6,507,859**	**$ 0**	**$ 8,769,729**
Michael J. Schmidtlein	Severance	$ 0	$ 0	$ 0	$ 0	$ 599,750
	Welfare benefits continuation(2)	$ 0	$ 0	$ 0	$ 0	$ 14,696
	Value of accelerated stock options(3)	$ 169,357	$ 403,280	$ 403,280	$ 0	$ 403,280
	Value of accelerated restricted stock units(3)	$ 581,944	$ 581,944	$ 581,944	$ 0	$ 581,944
	Value of accelerated market share units(4)	$ 1,132,283	$ 1,132,282	$ 1,132,282	$ 0	$ 1,132,282
	Value of accelerated performance share units(5)	$ 1,072,027	$ 1,072,026	$ 1,072,026	$ 0	$ 1,072,026
	Potential Excise Tax Cut-Back	$ 0	N/A	N/A	N/A	$ 0
	Total	**$ 2,955,611**	**$ 3,189,532**	**$ 3,189,532**	**$ 0**	**$ 3,803,978**
Holger P. Aschke	Severance	$ 0	$ 0	$ 0	$ 347,086	$ 347,086
	Benefit continuation(6)	$ 0	$ 0	$ 0	$ 168,546	$ 168,546
	Value of accelerated stock options(3)	$ 99,574	$ 214,587	$ 214,587	$ 0	$ 214,587
	Value of accelerated restricted stock units(3)	$ 421,492	$ 421,492	$ 421,492	$ 0	$ 421,492
	Value of accelerated market share units(4)	$ 291,326	$ 291,325	$ 291,325	$ 0	$ 291,325
	Value of accelerated performance share units(5)	$ 649,754	$ 649,754	$ 649,754	$ 0	$ 649,754
	Total	**$ 1,462,146**	**$ 1,577,158**	**$ 1,577,158**	**$ 515,632**	**$ 2,092,790**
Myles Jones	Severance	$ 0	$ 0	$ 0	$ 329,088	$ 329,088
	Benefit continuation(7)	$ 0	$ 0	$ 0	$ 344,913	$ 344,913
	Value of accelerated stock options(3)	$ 99,574	$ 214,587	$ 214,587	$ 0	$ 214,587
	Value of accelerated restricted stock units(3)	$ 409,144	$ 409,144	$ 409,144	$ 0	$ 409,144
	Value of accelerated market share units(4)	$ 250,211	$ 250,211	$ 250,211	$ 0	$ 250,211
	Value of accelerated performance share units(5)	$ 649,754	$ 649,754	$ 649,754	$ 0	$ 649,754
	Total	**$ 1,408,683**	**$ 1,523,696**	**$ 1,523,696**	**$ 674,001**	**$ 2,197,697**

		Change in Control(8)	Termination for Disability	Death	Involuntary Termination Not For Cause/Voluntary Termination For Good Reason(1) Absent Change in Control	Involuntary Termination Not For Cause/Voluntary Termination For Good Reason(1) In connection with a Change in Control
Todd M. Sechrist	Severance	$ 0	$ 0	$ 0	$ 0	$ 593,451
	Welfare benefits continuation(2)	$ 0	$ 0	$ 0	$ 0	$ 14,708
	Value of accelerated stock options(3)	$ 167,650	$ 386,684	$ 386,684	$ 0	$ 386,684
	Value of accelerated restricted stock units(3)	$ 582,014	$ 582,014	$ 582,014	$ 0	$ 582,014
	Value of accelerated market share units(4)	$ 750,500	$ 750,500	$ 750,500	$ 0	$ 750,500
	Value of accelerated performance share units(5)	$ 1,072,027	$ 1,072,027	$ 1,072,027	$ 0	$ 1,072,027
	Potential Excise Tax Cut-Back	$ 0	N/A	N/A	N/A	$ 0
	Total	**$ 2,572,191**	**$ 2,791,225**	**$ 2,791,225**	**$ 0**	**$ 3,399,384**

(1) For the severance payment calculation, and the time and form of such payment, see the text preceding this table.

(2) Present value of welfare benefits continuation. Assumes no increase in the cost of welfare benefits. Assumes no tax on welfare benefits.

(3) Value based on the closing price of our common stock on March 31, 2018, the last trading day of the fiscal year, of $69.37.

(4) Reflects market share units valued based on stock price performance calculated using the average of the closing share prices of our common stock during the 90-day period immediately preceding the date of grant and March 31, 2018, and the resulting shares valued based upon the closing price of our common stock of $69.37 on March 31, 2018.

(5) Reflects performance share units valued based on stock price performance calculated using the average of the closing share prices of our common stock during the 60-day periods immediately preceding the date of grant and March 31, 2018 and the resulting shares valued based upon the closing price of our common stock of $69.37 on March 31, 2018.

(6) Consists of contributions in the amount of $29,700 that are required under Swiss law as employer contributions under the Swiss occupational pension scheme; housing allowance of $55,083; cost of living adjustment in the amount of $55,083; personal use of company-provided automobile in the amount of $22,213; spousal/family travel expenses in the amount of 2,292; and tax advisory services in the amount of $4,178. All amounts in Swiss francs have been converted to U.S. dollars at $1.0492 per Swiss franc. All amounts in euros have been converted to U.S. dollars at $1.2322 per euro.

(7) Consists of housing allowance in the amount of $141,844; pension and life insurance allowances in the amount of $30,501; personal use of company-provided automobile in the amount of $59,044; spousal/family travel expenses in the amount of $32,132; tax advisory services in the amount of $2,600; private school expenses in the amount of $54,768, and private medical expenses in the amount of $24,024. All amounts in Singapore dollars have been converted to U.S. dollars at $0.7626 per Singapore dollar.

(8) Represents solely a change in control where the stockholders receive cash consideration. No amounts are payable or vested solely upon a change in control where the stockholders receive other than cash consideration.

2018 CEO PAY RATIO

CEO Pay Ratio

As required by applicable SEC rules, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Mr. David M. Shaffer, our President and Chief Executive Officer (our "CEO").

For fiscal year 2018:

- the median of the annual total compensation of all our employees (other than our CEO) was $41,035; and
- the annual total compensation of our CEO, as reported in the Summary Compensation Table on page 38, was $5,212,943.

Based on this information for fiscal year 2018, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was 127:1.

Methodology

We took the following steps to identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee and our CEO.

- As of March 31, 2018, our global workforce used for determining the pay ratio was estimated to be 3,239 employees in the U.S and 5,674 internationally. SEC rules permit the exclusion of a de minimis number of non-U.S. employees. The exclusions include all employees located in the following countries: Greece (2), Chile (3), Morocco (4), Denmark (5), Norway (5), Japan (6), Kazakhstan (6), United Arab Emirates (6), Ukraine (8), Hungary (10), Finland (12), Turkey (14), Slovakia (22), Austria (24), Netherlands (30), Sweden (32), Russian Federation (39), Belgium (43), Spain (47), Switzerland (48), and Tunisia (49). In total, we excluded 415 international employees, or approximately 4.66% of our total workforce, from the identification of the median employee as permitted by SEC rules. After exclusions, our global workforce for purposes of calculating the pay ratio was estimated to be 8,498 employees (3,239 in the U.S. and 5,259 internationally). This population consisted of our full-time, part-time, and temporary employees employed with us as of the determination date.
- To identify the "median employee" from our employee population, we used the amount of "gross wages" for the identified employees as reflected in our payroll records for the 12-month period beginning April 1, 2017 and ending March 31, 2018. For gross wages, we generally used the total amount of compensation the employees were paid before taxes, deductions, insurance premiums, and other payroll withholdings. We did not use any statistical sampling techniques.
- For the annual total compensation of our median employee, we identified and calculated the elements of that employee's compensation for fiscal year 2018 in accordance with the requirements of Item 402(c)(2)(x), resulting in annual total compensation of $41,035.
- For the annual total compensation of our CEO, we used the amount reported in the "Total" column of our 2018 Summary Compensation Table on page 38.

The CEO pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules based on the methodologies and assumptions described. SEC rules for identifying the median employee and determining the CEO pay ratio permit companies to employ a wide range of methodologies, estimates and assumptions. As a result, the CEO pay ratios reported by other companies, which may have employed other permitted methodologies or assumptions and which may have a significantly different work force structure from ours, are likely not comparable to our CEO pay ratio.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review of Related Person Transactions

Our Board has adopted a written policy regarding related person transactions. As a general matter, it is our preference to avoid or minimize related person transactions. Under this policy, a director or executive officer must promptly report to the Corporate Secretary or General Counsel any potential transaction in which a Related Person, as defined by Item 404(a) of Regulation S-K, has or will have a direct or indirect material interest. Pursuant to this policy, EnerSys is not permitted to consummate or continue the Related Person transaction without the approval or ratification of the Audit Committee or, in certain situations, by the Chairman of the Audit Committee. Any director interested in a Related Person transaction must recuse himself from any such vote. The Audit Committee will review all relevant information available to it about the potential related person transaction and in its sole discretion, may impose such conditions as it seems appropriate on the Company or the Related Person in connection with the approval of the Related Person Transaction.

Advanced Battery Concepts, LLC

In October 2016, we entered into a non-exclusive license and royalty agreement with Advanced Battery Concepts, LLC (“ABC”) pursuant to which the parties are collaborating to commercialize a battery product using ABC’s proprietary bi-polar lead-acid battery technology. ABC is a U.S.-based battery technology development company that has developed and designed a manufacturing process for lead-acid batteries. Mr. Shaffer’s brother is ABC’s chief executive officer. Based upon public reports, we believe that two other competitors have entered into similar licensing arrangements with ABC. Consistent with our Code of Business Conduct and Ethics and our Related Person Transactions Policy, (a) Mr. Shaffer has not been involved in discussions related to the business terms or the status of the relationship between EnerSys and ABC, and (b) the Board reviewed and approved EnerSys negotiating and ultimately entering into this relationship. During fiscal year 2018, we paid ABC approximately $575,000 as part of this agreement.

Indemnification

Delaware law, our certificate of incorporation and our bylaws contain limitation of liability provisions and provisions for indemnification of our directors and officers.

In addition, we have entered into an indemnification agreement with each of our directors and officers. Pursuant to this agreement, we will indemnify, to the fullest extent permitted by the Delaware General Corporation Law, each director or officer who is, or is threatened to be made, a party to any proceeding by virtue of the fact that such person is or was one of our directors or officers. Indemnification will be provided for all costs, judgments, penalties, fines, liabilities and amounts paid in settlement of any such proceeding and for expenses actually and reasonably incurred in connection with any such proceeding.

Directors and officers of EnerSys are also insured against certain liabilities for their actions, as such, by an insurance policy obtained by EnerSys. The premium for the fiscal year ended March 31, 2018, specifically for directors and officers, as individuals, was $500,000.

Indemnity and Expense Agreement

Pursuant to a stock subscription agreement dated March 22, 2002 with certain institutional funds (collectively, the “Morgan Stanley Funds”) managed by Metalmark Capital LLC, we have agreed that, to the fullest extent permitted by law, none of such Morgan Stanley Funds as stockholders, or any of their respective partners or other affiliates, or their respective members, stockholders, directors, managers, officers, employees, agents or other affiliates, or any person or entity who serves at the request of any such stockholder on behalf of any person or entity as an officer, director, manager, partner or employee of any person or entity (referred to as indemnified parties), shall be liable to us for any act or omission taken or suffered by such indemnified party in connection with the conduct of our affairs or otherwise in connection with such stockholder’s ownership of shares of our common stock, unless such act or omission resulted from fraud, willful misconduct or gross negligence by such indemnified party or any mistake, negligence, dishonesty or bad faith of any agent of such indemnified party.

We have also agreed with each Morgan Stanley Fund that, to the fullest extent permitted by law, we will indemnify each of such indemnified parties for any and all liabilities and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by such indemnified party and arise out of or in connection with our affairs, or any indemnified party's ownership of shares of our common stock, including acting as a director, manager or officer or its equivalent; provided that an indemnified party shall be entitled to indemnification only to the extent that such indemnified party's conduct did not constitute fraud, willful misconduct or gross negligence.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors, and any persons owning more than ten percent of EnerSys common stock, to file reports of ownership and changes in ownership with the SEC and NYSE. Persons filing such reports are required by SEC regulation to furnish EnerSys with copies of all such reports filed with the SEC. Based solely on our review of any copies of such reports received by it, and on written representations from our existing directors and executive officers that no additional annual statements of beneficial ownership were required to be filed by such persons, we believe that all such statements were timely filed in fiscal year 2018.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Set forth below is certain information concerning the beneficial ownership of our common stock by each director, each nominee for director, each named executive officer, each holder of more than 5% percent of our common stock and all directors and named executive officers as a group as of June 4, 2018, the Record Date.

Name	Number of Shares(1)	Percent(1)
BlackRock, Inc.(2)	4,413,641	10.5%
Boston Partners(3)	3,349,314	8.0%
The Vanguard Group, Inc.(4)	3,596,624	8.5%
Holger P. Aschke(5)	24,675	*
Hwan-yoon F. Chung(6)	20,650	*
Nelda J. Connors(7)	3,338	*
Howard I. Hoffen(8)	25,337	*
Myles Jones(9)	30,446	*
Arthur T. Katsaros(10)	56,853	*
John F. Lehman(11)	53,799	*
Gen. Robert Magnus, USMC (Retired)(12)	25,941	*
Dennis S. Marlo(13)	54,991	*
Michael J. Schmidtlein(14)	94,942	*
Todd M. Sechrist(15)	71,876	*
David M. Shaffer(16)	129,057	*
Paul J. Tufano(17)	12,128	*
Ronald P. Vargo(18)	3,789	
All current directors and named executive officers as a group (14 persons)(19)	607,822	1.5%

* Does not exceed 1% of the class based on 42,112,605 shares of common stock outstanding as of June 4, 2018.

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 under Exchange Act, thereby including, with respect to each director and named executive officer, options exercisable by such owner or restricted stock units that vest within 60 days of the record date of June 4, 2018. The numbers of shares reflected in this table have been rounded to the nearest whole number.

(2) Includes Blackrock (Netherlands) B.V. BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited, BlackRock Investment Management, LLC, BlackRock Life Limited. Information about BlackRock, Inc. is derived from its Schedule 13G/A filed with the SEC on January 18, 2018. The principal business office address is 55 East 52nd Street, New York, NY 10055.

(3) Information about Boston Partners is derived from its Schedule 13G filed with the SEC on February 13, 2018. The principal business office address is One Beacon Street 30th Floor, Boston, MA 02108.

(4) Includes Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. Information about The Vanguard Group, Inc. is derived from its Schedule 13G/A filed with the SEC on February 7,2018. The principal business office address is 100 Vanguard Boulevard, Malvern, PA 19355.

(5) Mr. Aschke holds sole voting and investment power over 9,734 shares. The number and percentage of shares beneficially owned by Mr. Aschke include 11,213 shares subject to vested stock options and 3,728 vested market share units, but exclude 9,583.8436 unvested performance share units, 3,911.9862 unvested restricted stock units and 9,735 shares subject to unvested stock options.

(6) Mr. Chung does not exercise shared voting or investment power over any shares. The number and percentage of shares include 20,649.6041 deferred stock units, for which Mr. Chung does not have voting and investment power. Mr. Chung disclaims beneficial ownership of 4,687.6732 such shares.

(7) Ms. Connors does not exercise shared voting or investment power over any shares. The number and percentage of shares include 3,338.1294 deferred stock units, for which Ms. Connors does not have voting and investment power.

(8) Mr. Hoffen is a Managing Director of Metalmark and does not exercise shared voting or investment power over any shares. The number and percentage of shares include 25,337.2773 deferred stock units, for which Mr. Hoffen does not have voting and investment power, which are beneficially owned by Metalmark. Mr. Hoffen disclaims beneficial ownership of such shares as a result of his employment arrangement with Metalmark, except to the extent that their pecuniary interest therein is ultimately realized.

(9) Mr. Jones holds sole voting and investment power over 16,031 shares. The number and percentage of shares beneficially owned by Mr. Jones include 11,213 shares subject to vested stock options and 3,202 vested market share units, but exclude 9,583.8436 unvested performance share units, 3,866.5747 unvested restricted stock units and 9,735 shares subject to unvested stock options.

(10) Mr. Katsaros holds sole voting and investment power over 5,915 shares. The number and percentage of shares beneficially owned by Mr. Katsaros include 20,649.6041 deferred stock units, for which Mr. Katsaros does not have voting and investment power, and 30,288.5929 vested restricted stock units owned by Mr. Katsaros, which are deferred under the Director Plan, for which Mr. Katsaros does not have voting or investment power, but exclude 94.9767 unvested restricted stock units owned by Mr. Katsaros deferred under the Director Plan.

(11) Mr. Lehman holds sole voting and investment power over 6,782 shares. The number and percentage of shares beneficially owned by Mr. Lehman include, 20,649.6041 deferred stock units, for which Mr. Lehman does not have voting and investment power, and 26,367 vested restricted stock units owned by Mr. Lehman, which are deferred under the Director Plan, for which Mr. Lehman does not have voting or investment power, but exclude 100.6678 unvested restricted stock units and 7,747.1850 vested restricted stock units owned by Mr. Lehman deferred under the Director Plan.

(12) Gen. Magnus does not exercise shared voting and investment power over any shares. The number and percentage of shares beneficially owned by Gen. Magnus include 20,649.6041 deferred stock units, for which Gen. Magnus does not have voting and investment power, and 5,291.7874 vested restricted stock units owned by Gen. Magnus, which are deferred under the Director Plan, for which Gen. Magnus does not have voting or investment power.

(13) Mr. Marlo holds sole voting and investment power over 21,976 shares. The number and percentage of shares beneficially owned by Mr. Marlo include 20,649.6041 deferred stock units, for which Mr. Marlo does not have voting and investment power, and 12,365 vested restricted stock units owned by Mr. Marlo, which are deferred under the Director Plan, for which Mr. Marlo does not have voting or investment power, but exclude 82.1943 unvested restricted stock units owned by Mr. Marlo deferred under the Director Plan.

(14) Mr. Schmidtlein holds shared voting or investment power over 38,393 shares. The number and percentage of shares beneficially owned by Mr. Schmidtlein include 42,531 shares subject to vested stock options and 14,018 vested market share units, but exclude 15,813.5964 unvested performance share units, 5,926.8644 unvested restricted stock units and 16,063 shares subject to unvested stock options.

(15) Mr. Sechrist holds shared voting or investment power over 27,246 shares. The number and percentage of shares beneficially owned by Mr. Sechrist include 35,339_ shares subject to vested stock options and 9,291 vested market share units, and exclude 15,813.5964_ unvested performance and market share units, 5,926.8644 unvested restricted stock units and 16,063 shares subject to unvested stock options.

(16) Mr. Shaffer holds shared voting or investment power over 70,005 shares. The number and percentage of shares beneficially owned by Mr. Shaffer include 71,493 shares subject to vested stock options, and exclude 43,117.8639 unvested performance share units, 16,405.2872 unvested restricted stock units and 44,815 shares subject to unvested stock options.

(17) Mr. Tufano does not exercise shared voting and investment power over any shares. The number and percentage of shares beneficially owned by Mr. Tufano include 8,788.6102 deferred stock units, for which Mr. Tufano does not have voting and investment power, and 3,339.0118 vested restricted stock units owned by Mr. Tufano, which are deferred under the Director Plan, for which Mr. Tufano does not have voting or investment power, but exclude 181.4341 unvested restricted stock units owned by Mr. Tufano deferred under the Director Plan.

(18) Mr. Vargo does not exercise shared voting and investment power of any shares. The number and percentage of shares beneficially owned by Mr. Vargo include 2,942.1484 deferred stock units, for which Mr. Vargo does not have voting and investment power, and 846.7931 vested restricted stock units owned by Mr. Vargo, which are deferred under the Director Plan, for which Mr. Vargo does not have voting or investment power, but exclude 129.1992 unvested restricted stock units owned by Mr. Vargo deferred under the Director Plan.

(19) Such persons hold shared or sole voting or investment power over 222,126 shares. The number and percentage of shares beneficially owned by such persons include 171,789 shares subject to vested stock options, 44,257 vested market share units, 78,499 vested restricted stock units, and 143,654.1858 deferred stock units for which such persons do not have voting and investment power, but exclude 36,926 unvested restricted stock units, 93,912.7439 unvested performance share units, 96,411 shares subject to unvested stock options, and 7,747.1850 vested restricted stock units.

Proposal No. 4 Advisory Vote to Approve Named Executive Officer Compensation

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are seeking stockholder input on our executive compensation as disclosed in this proxy statement. Based upon the results of a non-binding advisory vote on the issue of the frequency of holding future non-binding advisory votes to approve named executive officer compensation, the Board has determined that it will include an annual non-binding advisory vote to approve named executive officer compensation in our proxy materials until the next non-binding advisory vote on the frequency for holding such votes. The Board and the Compensation Committee actively monitor our executive compensation practices in light of the industry in which we operate and the marketplace for talent in which we compete. We remain focused on compensating our executive officers fairly and in a manner that incentivizes high levels of performance while providing the tools necessary to attract and retain the best talent.

As we describe in the Compensation Discussion and Analysis beginning on page 26, our executive compensation program is designed to create incentives both for strong operational performance in the current year and for the long-term benefit of the company, thereby closely aligning the interests of management with the interests of our stockholders. In evaluating our executive compensation program, key considerations include:

- Our compensation program is based on setting aggressive operating plan goals that are achievable in light of current market conditions and create of stockholder value.
- At the executive level, the majority of compensation is equity-based, vests over time and is tied directly to performance and long-term stockholder value. Stock ownership requirements for our executive officers ensure that our management team is incentivized to act in the best interests of our stockholders.
- We maintain an appropriate balance between base salary and short-and long-term incentive opportunities offered to the named executive officers.
- The Compensation Committee engaged an independent compensation consultant that does not provide services to management and that had no relationship with management before the engagement.
- We believe our executive compensation program results in reasonable and rational compensation decisions, allowing us to set aggressive goals while not encouraging excessive risk-taking that could be detrimental to our stockholders.

For these reasons, the Board recommends stockholders vote in favor of the following resolution:

"Resolved, that the compensation paid to the company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby APPROVED."

As an advisory vote, this proposal is not binding upon the Company. However, the Compensation Committee, which is responsible for designing and administering the Company's executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

Approval of Proposal No. 4 requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting.

The Board of Directors recommends a vote "FOR" approval of executive compensation

OTHER INFORMATION

Stockholder Proposals or Nominations

Any stockholder who desires to submit a proposal for inclusion in the proxy materials relating to our 2019 Annual Meeting of Stockholders in accordance with the rules of the SEC must submit such proposal in writing, addressed to EnerSys at 2366 Bernville Road, Reading, Pennsylvania 19605, Attn: Joseph G. Lewis, Vice President, General Counsel, Chief Compliance Officer, and Secretary, no later than February 21, 2019.

In accordance with our bylaws, a stockholder who desires to propose a matter for consideration at an annual meeting of stockholders, even if the proposal is not submitted by the deadline for inclusion in our proxy materials, must comply with the procedures specified in our bylaws, including providing notice thereof in writing, delivered or mailed by first-class United States mail, postage prepaid, to the Secretary of EnerSys, not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. For the 2019 Annual Meeting of Stockholders, this period will begin on April 4, 2019, and end on May 4, 2019.

In accordance with our bylaws, a stockholder who desires to nominate candidates for election to the Board must comply with the proceeding specified in the bylaws, including providing proper notice of the nomination in writing, delivered or mailed by first-class United States mail, postage prepaid, to the Secretary of EnerSys not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. For the 2019 Annual Meeting of Stockholders, this period will begin on April 4, 2019, and end on May 4, 2019.

If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Securities Exchange Act of 1934, as amended, proxy holders may exercise discretionary voting authority under proxies that we solicit to vote in accordance with their best judgment on any such stockholder proposal or nomination.

Reduce Duplicate Mailings

Only one Notice of Internet Availability will be sent to those stockholders who share a single household and who have consented to receive a single copy of such annual meeting materials. This practice, known as "householding," is designed to reduce expenses and conserve natural resources. Householding will continue until you are notified otherwise or until one or more stockholders at your address revokes consent. If you revoke consent, you will be removed from the householding program within 30 days of receipt of the revocation. However, if any stockholder residing at such an address desires to receive a separate Notice of Internet Availability or Proxy Statement and Annual Report in the future, he or she may telephone our Investor Relations Department at (610) 236-4040 or write to Investor Relations at EnerSys, 2366 Bernville Road, Reading, Pennsylvania 19605 or by e-mail through the Investors and Governance link at *www.enersys.com*. If you are receiving multiple copies of our Notice of Internet Availability, please request householding by contacting Investor Relations in the same manner. If you are a stockholder of record, you can elect to access future Notices of Internet Availability electronically following the instructions provided if you vote by Internet or by telephone, or by marking the appropriate box on your proxy form if one has been requested. If you choose this option, your choice will remain in effect until you notify us by mail that you wish to resume mail delivery of these documents. If you hold your shares of our common stock through a bank, broker or another holder of record, refer to the information provided by that entity for instructions on how to elect this option.

Other Matters

If any other item or proposal properly comes before the Annual Meeting, including voting on a proposal omitted from this Proxy Statement pursuant to the rules of the SEC or incident to the conduct of the Annual Meeting, then the proxies will be voted in accordance with the discretion of the proxy holders, including to vote to adjourn the Annual Meeting for the purpose of soliciting proxies to vote in accordance with the Board's recommendation on any of the proposals to be considered.

Proxy Solicitation Costs

The proxies being solicited hereby are being solicited by the Board of Directors of EnerSys. The cost of soliciting proxies in the enclosed form will be borne by EnerSys. Officers and regular employees of EnerSys may, but without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, telex, facsimile or electronic means. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of stock.

Incorporation by Reference

In accordance with SEC rules, notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, or the Exchange Act, that might incorporate this Proxy Statement or future filings made by us under those statutes, the information included under the caption "Compensation Committee Report" and those portions of the information included under the caption "Audit Committee Report" required by the SEC's rules to be included therein, shall not be deemed filed with the SEC and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by us under those statutes, except to the extent that we specifically incorporates these items by reference.

Annual Report for Fiscal Year 2018

EnerSys' Annual Report to the Stockholders for the year ended March 31, 2018, is enclosed herewith. EnerSys' Annual Report on Form 10-K for the fiscal year ended March 31, 2018, has been combined with the Annual Report to Stockholders, as permitted by SEC rules. The Annual Report is furnished to stockholders for their information. No part of the Annual Report is incorporated by reference herein.

UPON REQUEST OF ANY STOCKHOLDER, A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR ITS FISCAL YEAR ENDED MARCH 31, 2018, INCLUDING A LIST OF THE EXHIBITS THERETO, REQUIRED TO BE FILED WITH THE SEC PURSUANT TO RULE 13a-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934, MAY BE OBTAINED, WITHOUT CHARGE, BY WRITING TO INVESTOR RELATIONS, ENERSYS, 2366 BERNVILLE ROAD, READING, PENNSYLVANIA 19605, OR BY CALLING ENERSYS INVESTOR RELATIONS DIRECTLY AT (610) 236-4040. EACH REQUEST MUST SET FORTH A GOOD FAITH REPRESENTATION THAT, AS OF THE RECORD DATE, THE PERSON MAKING THE REQUEST WAS A BENEFICIAL OWNER OF ENERSYS COMMON STOCK ENTITLED TO VOTE AT THE MEETING.

BY ORDER OF THE BOARD OF DIRECTORS

Joseph G. Lewis
Vice President, General Counsel,
Chief Compliance Officer & Secretary

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APPENDIX A

Full Text of the Proposed EnerSys 2018 Employee Stock Purchase Plan

ENERSYS

2018 EMPLOYEE STOCK PURCHASE PLAN

1. **PURPOSE**

1,1 Purpose. The purpose of this EnerSys 2018 Employee Stock Purchase Plan is to provide employees of EnerSys, a Delaware corporation (the "Company"), and any other Participating Company with an opportunity to purchase shares of common stock of the Company under a plan that satisfies the requirements of an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended ("Code Section 423").

2. **DEFINITIONS**

2.1 "Account" means the brokerage account maintained on behalf of each participant by the Recordkeeper for the purpose of investing in Common Stock and engaging in other transactions permitted under the Plan.

2.2 "Board of Directors" or "Board" means the board of directors of the Company.

2.3 "Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations issued thereunder and successor provisions and regulations thereto.

2.4 "Common Stock" means the Company's common stock, par value $0.01 per share, and such other securities as may be substituted for Common Stock pursuant to Section 10.6.

2.5 "Company" means EnerSys, a Delaware corporation.

2.6 "Compensation" means base salary or hourly rate of pay paid during the calendar year before elective payroll deduction contributions to any employee benefit plan or program offered by the Company. Overtime pay, bonuses, commissions, workers' compensation payments, and any other payment in excess of normal salary or hourly base pay shall be excluded from Compensation under the Plan. The Compensation Committee may, in its discretion, establish a different definition of Compensation on a uniform and nondiscriminatory basis for any subsequent Offering Period.

2.7 "Compensation Committee" means the Compensation Committee of the Board of Directors or a subcommittee thereof or any other committee designated by the Board to administer this Plan. The Board may take any action under the Plan that would otherwise be the responsibility of the Compensation Committee.

2.8 "Employee" means an employee who is employed by the Company or a Participating Company, provided, however that an employee shall not be eligible to participate in the Plan if the employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Code Section 423, as determined by the Compensation Committee in its sole discretion.

2.9 "Fair Market Value" means, with respect to a share of Common Stock on any relevant day, (a) if such Common Stock is traded on a national securities exchange, the closing price on such day, or if the Common Stock did not trade on such day, the closing price on the most recent preceding day on which there was a trade, (b) if such Common Stock is quoted on an automated quotation system, the closing price on such day, or if the Common Stock did not trade on such day, the mean between the closing bid and asked prices on such day, or (c) in all other cases, the "fair market value" as determined by the Compensation Committee in good faith and using such financial sources as it deems relevant and reliable (but in any event not less than fair market value within the meaning of Code Section 409A).

2.10 "Insider" means (a) any officer of the Company or a Participating Company who is subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended, and (ii) unless the Compensation Committee determines otherwise, any individual that the Company designates as subject to the Company's insider trading or blackout policies, as they may be in place from time to time.

2.11 "Offering Period" means the three-month period beginning on the first Trading Day on or after January 1, April 1, July 1 and October 1 of a calendar year and ending on the last Trading Day in March, June, September and December, respectively, of such calendar year. See also Section 4.2 regarding the Compensation Committee's power to make changes with respect to future Offering Periods.

2.12 "Participating Company" means (i) the Company and (ii) each present or future Subsidiary designated by the Compensation Committee as eligible to participate in the portion of this Plan that is subject to Code Section 423. The Compensation Committee may designate Participating Companies from time to time from among a group consisting of the Company and its Subsidiaries. The group from among which such designations are permitted without additional stockholder approval may include corporations or other entities that become Subsidiaries after the adoption and approval of the Plan.

A Participating Company will cease to be a Participating Company on the earlier of (i) the date the Compensation Committee determines that such entity is no longer a Participating Company, or (ii) when such Participating Company ceases for any reason to be a Subsidiary.

2.13 "Plan" means this EnerSys 2018 Employee Stock Purchase Plan.

2.14 "Prior Plan" means the EnerSys Employee Stock Purchase Plan, as amended from time to time

2.15. "Purchase Date" means the last Trading Day of each Offering Period.

2.16 "Purchase Price" means an amount equal to 95% of the Fair Market Value of a share of Common Stock, determined as of the first Trading Day of the Offering Period or the last Trading Day of the Offering Period, whichever is lower. However, for any future Offering Period, the Compensation Committee will have the authority, in its discretion, to make either of the following changes in the Purchase Price for that Offering Period, so long as the change is determined prior to the beginning of the Offering Period and uniform for all participants:

a. The Purchase Price may be determined by reference to a higher or lower percentage of the Fair Market Value of a share of Common Stock, so long as the percentage is not lower than 85% and not higher than 100%.

b. The Purchase Price may be a designated percentage (not lower than 85% or higher than 100%) of the Fair Market Value of a share of Common Stock, determined on the Purchase Date.

2.17 "Recordkeeper" means Computershare, or its successor, or such replacement recordkeeper as may be appointed or contracted to assist with the recordkeeping and administration of this Plan.

2.18 "Reserves" means the number of shares of Common Stock covered by all options under the Plan that have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but which have not yet become subject to options.

2.19 "Subsidiary" means any corporation or other entity (other than the Company) in an unbroken chain of entities beginning with the Company, if (a) each of the entities other than the last entity in the unbroken chain owns stock or other ownership interests possessing 50% or more of the total combined voting power in one of the other entities in such chain, or (b) the entity otherwise satisfies the requirements of Code Section 424(f) and applicable regulations and other guidance issued thereunder.

2.20 "Trading Day" means a day on which The New York Stock Exchange is open for trading.

3. ELIGIBILITY AND PARTICIPATION

3.1 Initial Eligibility. Each Employee is eligible to participate in the Plan beginning on the later of the date the participant first becomes an Employee or October 1, 2018.

3.2 Participation. An Employee may become a participant in the Plan by giving instructions to the Company authorizing payroll deductions. Participant instructions must be given at such time and in such form and manner as may be prescribed by the Compensation Committee or its designee. Payroll deductions for an Employee will begin as soon as administratively feasible after the instructions are received and determined to be in good order. All elections to participate in the Plan must be made in compliance with the Company's insider trading policies and such rules and procedures as may be established by the Compensation Committee or its delegates in connection therewith.

3.3 Restrictions on Participation. Notwithstanding any provisions of the Plan to the contrary, no Employee will be granted an option to participate in the Plan to the extent that:

(a) immediately after the grant, such Employee would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of the Company's stock (determined under the rules of Section 424(d) of the Code);

(b) the Employee shall not be able to purchase more than 1,500 shares of Common Stock under the Plan in any calendar year; or

(c) the Employee's rights to purchase Common Stock under the Plan would accrue at a rate that exceeds $25,000 in fair market value of the Common Stock (determined at the time such option is granted) for each calendar year in which such option is outstanding.

4. OFFERINGS

4.1 Quarterly Offerings. The Plan will be implemented by quarterly offerings of Common Stock beginning on the first Trading Day on or after January 1, April 1, July 1 and October 1 of each calendar year and terminating on the last Trading Day of March, June, September and December of such calendar year, respectively.

4.2 Changes in Offering Periods. The Compensation Committee will have the power to change the beginning date, ending date, and duration of Offering Periods with respect to future offerings without stockholder approval if such change is announced at least five days before the scheduled beginning of the first Offering Period to be affected thereafter, provided that Offering Periods will in all cases comply with applicable limitations under Code Section 423(b)(7).

5. PAYROLL DEDUCTIONS

5.1 Amount and Timing of Deduction.

(a) A participant may elect to have deductions made for each payroll period during an Offering Period on an after-tax basis in an amount equal to any whole percentage of the participant's Compensation received for the payroll period, subject to the limitations of Section 3.3, except that the maximum amount of payroll deductions may not exceed (i) a specified maximum percentage of the participant's Compensation for each payroll period as may be designated from time to time by the Compensation Committee (which initially will be 15%), (ii) 1,500 shares of Common Stock (or such lower annual dollar limit as may be designated by the Compensation Committee), or (iii) $25,000 for each year (or such lower annual dollar limit as may be designated by the Compensation Committee). The Compensation Committee, in its discretion, may increase and decrease the maximum percentage amount (but not the maximum dollar amount) contemplated under the immediately preceding sentence without formally amending the Plan, so long as the maximum percentage amount is a uniform percentage of Compensation for all participants.

(b) The time and manner in which payroll deduction elections must be made will be established pursuant to rules and procedures adopted by the Compensation Committee, in its discretion. Such rules may provide (among other things) that participants must make payroll deduction elections within a sufficient period before the beginning of an Offering Period to allow for processing and implementation of such elections by the beginning of the Offering Period.

(c) If a participant is not paid through the participant's employer's payroll (e.g., the participant is paid by a third party payroll vendor), the Compensation Committee or its delegate will establish such reasonable and uniform policies and procedures to facilitate contribution to an Account by any such participant wishing to participate with respect to an Offering Period.

5.2 Continuation of Payroll Deduction. A participant's payroll deduction election will automatically remain in effect for successive Offering Periods, unless modified or terminated in accordance with the terms of the Plan.

5.3 Participant's Account. An individual Account will be maintained by the Recordkeeper for each participant in the Plan. All payroll deductions made for a participant (together with any other contributions permitted by the Plan or any rules or policies established by the Compensation Committee) will be credited to the participant's Account. No interest will accrue or be paid on any payroll deductions or any other amounts credited to a participant's Account.

5.4 Changes in Payroll Deductions. Once made, a participant's payroll deduction election will remain in effect until the participant provides new instructions for a subsequent Offering Period, withdraws as provided in Section 7.1, or terminates employment as provided in Section 7.2. A participant's payroll deduction election may not be modified during an Offering Period, except as provided in Sections 5.5 and 7.1.

5.5 Withdrawal. Notwithstanding the limitations in Section 5.4, except for any participant who is deemed to be an Insider, a participant may elect to withdraw from participation in the Plan at any time. Upon withdrawal, the provisions of Section 7.1 will apply. An election to withdraw from participation will become effective as soon as administratively feasible following the date such election is received by the Recordkeeper and will remain in effect for successive Offering Periods until the participant provides new instructions. A participant who withdraws from participation during an Offering Period may not again make a new payroll deduction election that is effective any sooner than the first Offering Period that begins on or after the date that is 12 months after the date of the participant's withdrawal. Any Participant who is deemed to be an Insider may not make a cash withdrawal under this Section 5.5.

6. GRANT AND EXERCISE OF OPTION

6.1 Number of Option Shares. On the first day of each Offering Period, each Employee participating in such Offering Period will be deemed to have been granted an option to purchase on the Purchase Date of such Offering Period, at the applicable Purchase Price, up to a number of whole shares of Common Stock determined by dividing such Employee's payroll deductions credited to the participant's Account as of the Purchase Date by the applicable Purchase Price and rounding down to the nearest whole share, but subject to the limitations set forth in Section 3.3 ($25,000, 1,500 shares of Common Stock and 5% limitations) and Section 8.1 (maximum number of shares). Exercise of the option will occur automatically as provided in Section 6.2, unless the participant has withdrawn the amount credited to the participant's Account upon withdrawal from the Plan pursuant to Section 7.1 or such amount has been distributed to the participant upon termination of employment pursuant to Section 7.2. The option will expire on the last day of the Offering Period.

6.2 Automatic Purchase. A participant's option for the purchase of shares will be exercised automatically on the Purchase Date, and the maximum number of shares subject to the option will be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions credited to the participant's Account. Any funds remaining in a participant's account after the Purchase Date will remain in the participant's Account if the participant is continuing payroll deductions for the succeeding Offering Period and will be returned to the participant if the participant is not continuing payroll deductions for the succeeding Offering Period.

6.3 Transferability of Option. During a participant's lifetime, options held by such participant will be exercisable only by that participant.

6.4 Delivery of Shares.

(a) At or as promptly as practicable after the Purchase Date for an Offering Period, the Company will deliver the shares of Common Stock purchased to the Recordkeeper to be deposited in the participants' Accounts.

(b) Once a participant has acquired shares of Common Stock under the Plan, any cash dividends that are paid with respect to that Common Stock will be deposited in the participant's Account for so long as that Common Stock remains credited to the participant's Account.

(c) Each participant will be entitled to vote the number of shares of Common Stock credited to the participant's Account on any matter as to which the approval of the Company's stockholders is sought. If a participant does not vote or grant a valid proxy with respect to shares credited to the participant's Account, such shares will be voted by the custodian in accordance with any stock exchange or other rules governing the custodian in the voting of shares held for customer accounts. Similar procedures will apply in the case of any consent solicitation of the Company's stockholders.

7. **WITHDRAWAL FROM PLAN AND TERMINATION OF EMPLOYMENT**

7.1 Withdrawal from Plan Participation. If a participant elects to withdraw from the Plan during an Offering Period as provided in Section 5.5, the participant will be reimbursed, without interest, all, but not less than all, of the payroll deductions credited to the participant's Account during the current Offering Period, so long as the election to withdraw is made no later than fifteen business days before the last day of such Offering Period in the form and manner prescribed by the Compensation Committee. Partial cash withdrawals shall not be permitted. If the participant does not give proper instructions to the Recordkeeper to request withdrawal in a timely manner, the participant will be deemed to have elected to exercise the participant's option for the purchase of Common Stock on the next following Purchase Date, and the participant's withdrawal election will be effective as of the next succeeding Offering Period. A participant who withdraws from participation during an Offering Period may not again make a new payroll deduction election that is effective any sooner than the first Offering Period that begins on or after the date that is 12 months after the date of the participant's withdrawal.

7.2 Termination of Employment or Death. Upon a participant's termination of employment with the Company and all Participating Companies for any reason (including termination because of the participant's death), the payroll deductions credited to such participant's Account during the Offering Period but not yet used to exercise the option will be returned, without interest, to such participant or, in the case of the participant's death, to the person or persons entitled thereto under Section 10.1, and such participant's option will be automatically terminated. The Recordkeeper will continue to maintain the participant's Account until the earlier of such time as the participant withdraws or transfers all Common Stock in the Account, or two years after the participant ceases to be employed by the Company and all Participating Companies.

7.3 Leave of Absence. If a participant goes on an authorized leave of absence for any reason, such participant will have the right to elect to: (a) withdraw all of the payroll deductions credited to the participant's Account, as provided in Sections 5.5 and 7.1; (b) discontinue contributions to the Plan but have the amount credited to the participant's Account used to purchase Common Stock on the next Purchase Date; or (c) remain a participant in the Plan during such leave of absence, authorizing deductions to be made from payments by the Company to the participant during such leave of absence and making cash payments to the Plan at the end of each payroll period to the extent that amounts payable by the Company to such participant are insufficient to meet such participant's authorized Plan deductions. Any such elections, however, must be made in compliance with the Company's insider trading policies and such rules and procedures as may be established by the Compensation Committee or its delegates in connection therewith. Unless a participant on an authorized leave of absence returns to employment with the Company or a Participating Company no later than the first anniversary of the first day of the participant's authorized leave of absence, such participant will be deemed to have terminated employment as of the first anniversary of the first day of the leave of absence and the provisions of Section 7.2 will apply.

8. **STOCK**

8.1 Maximum Shares. The maximum number of shares of Common Stock that may be issued under the Plan is 500,000 shares of Common Stock, subject to adjustment upon changes in capitalization of the Company as provided in Section 10.6, plus any unissued shares of Common Stock reserved for issuance under the Prior Plan prior to the Effective Date.

8.2 Share Usage. Shares of Common Stock covered by an option that expires or remains unexercised after the latest date on which exercise may occur will again be available for option grants under the Plan. Shares of Common Stock issued under the Plan may be shares of Common Stock of original issuance, shares of Common Stock held in treasury, or shares of Common Stock that have been reacquired by the Company.

8.3 Insufficient Shares. If the aggregate funds available for the purchase of Common Stock with respect to any Offering Period would cause an issuance of shares in excess of the number provided for in Section 8.1, (i) the Compensation Committee shall proportionately reduce the number of shares that would otherwise be purchased by each participant in order to eliminate such excess, (ii) any cash remaining in each participant's Account shall be distributed to such participant as soon as reasonably practicable, and (iii) the Plan shall automatically terminate immediately after such Offering Period.

8.4 Participant's Interest in Option Stock. A participant will have no interest in Common Stock covered by the participant's option until such option has been exercised.

9. **ADMINISTRATION**

9.1 Authority of the Compensation Committee. The Plan will be administered by the Compensation Committee; *provided, however,* that such committee shall satisfy the independence requirements under Section 16 of the Securities Exchange Act of 1934, as amended, and as prescribed by any stock exchange on which the Company lists its Common Stock. Subject to the express provisions of the Plan, the Compensation Committee will have full and discretionary authority to interpret and construe all provisions of the Plan, to adopt rules, regulations, policies, and procedures for administering the Plan, and to make any and all determinations deemed necessary or advisable for administering the Plan. The Compensation Committee may correct any defect or omission or reconcile any inconsistency in the Plan in the manner and to the extent it deems necessary or appropriate. The Compensation Committee's determinations on the foregoing matters will be final and conclusive. The Compensation Committee may, in its discretion, delegate some or all of its authority to one or more employees or officers of the Company, in which case any references in this Plan to the Compensation Committee will also refer to such delegate. The provisions of the portion of the Plan intended to be subject to Code Section 423 will be construed in a manner consistent with the requirements of that Code Section. The Compensation Committee will have the discretion to determine whether a Subsidiary will be a Participating Company.

9.2 Rules Governing the Administration of the Compensation Committee. The Compensation Committee will be governed by its charter with respect to administration, including, but not limited to meetings, quorum, and determinations.

9.3 Indemnification. Members of the Compensation Committee, and any officer or employee of the Company acting at the direction, or on behalf, of the Compensation Committee will not be personally liable for any action or determination taken or made in good faith with respect to the Plan and will, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

9.4 Recordkeeper. The Recordkeeper will act as recordkeeper under the Plan, and will perform such duties as are set forth in the Plan and in any agreement between the Company and the Recordkeeper. The Recordkeeper will establish and maintain for each Participant a brokerage account.

9.5 Administrative Costs. The costs and expenses incurred in the administration of the Plan and maintenance of Accounts will be paid by the Company, including, but not limited to, annual fees of the Recordkeeper and any brokerage fees and commissions for the purchase of Common Stock upon reinvestment of dividends and distributions. The foregoing notwithstanding, the Recordkeeper may impose or pass through to the participants a reasonable fee for the withdrawal of Common Stock in the form of stock certificates and reasonable fees for other services unrelated to the purchase of Common Stock under the Plan, to the extent approved in writing by the Company and communicated to participants. Under no circumstance will the Company pay any brokerage fees or commissions for the sale of Common Stock acquired under the Plan by a participant.

9.6 Action by the Board. Notwithstanding anything to the contrary contained in the Plan, the Board will have and may exercise all the authority granted to the Compensation Committee under the Plan. However, any such actions by the Board will be subject to the applicable rules of The New York Stock Exchange or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted.

10. **MISCELLANEOUS**

10.1 Designation of Beneficiary. A participant may elect to designate a beneficiary who is to receive any shares and cash from the participant's Account under the Plan in the event of such participant's death by giving instructions to the Recordkeeper. The participant may change the participant's beneficiary designation at any time. During a participant's lifetime, options granted to the participant shall be exercisable only by the participant. Shares of Common Stock and any cash shall be delivered only to the participant or, in the event of such participant's death, such participant's properly designated beneficiary entitled to receive the same or, in the absence of such designation, to the executor, administrator or other legal representative of the participant's estate.

10.2 Transferability. Neither payroll deductions credited to a participant's Account nor any rights with regard to the exercise of an option or to receive Common Stock under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the participant other than by will or the laws of descent and distribution or as provided in Section 10.1. Any such attempted assignment, transfer, pledge, or other disposition will be without effect.

10.3 Withholding. The Company and any Participating Company is authorized to withhold from any payment to be made to a participant any taxes or other withholding amounts due in connection with any transaction under the Plan, including any disposition of shares acquired under the Plan, and a participant's enrollment in the Plan will be deemed to constitute the participant's consent to such withholding. At the time of a participant's exercise of an option or disposition of shares acquired under the Plan, the Company may require the participant to make other arrangements to meet tax withholding obligations as a condition to exercise of rights or distribution of shares or cash from the participant's Account. In addition, a Participant may be required to advise the Company of sales and other dispositions of Common Stock acquired under the Plan in order to permit the Company to comply with tax laws and to claim any tax deductions to which the Company may be entitled with respect to the Plan, including, but not limited to, if the participant makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any shares of Common Stock issued to such participant pursuant to the exercise of an option, and such disposition occurs within the two-year period commencing on the day after the Purchase Date, such Participant shall, within five (5) days of such disposition, notify the Company thereof.

Without limiting the generality of the foregoing, the Compensation Committee may permit or require a participant to satisfy, in whole or in part, any withholding liability by any of the following methods or any combination of the following methods: (A) delivering shares of Common Stock (that are not subject to any pledge or other security interest) owned by the participant having a Fair Market Value equal to such withholding liability; (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise of an option a number of shares with a Fair Market Value equal to such withholding liability, except that with respect to shares withheld pursuant to this clause (B), the number of such shares may not have a Fair Market Value greater than the maximum required statutory withholding liability, or such other rate that will not have an adverse accounting consequence or cost, subject to any applicable Company policies and procedures and at the sole discretion of the Compensation Committee; (C) requiring the participant, as a condition precedent to transfer of the shares, to make a payment in an amount equal to the amount of the withholdings or reductions; or (D) such other method or combination of methods as the Compensation Committee deems appropriate, in its sole discretion. The Compensation Committee will have the right, in its sole discretion, to require, as a condition precedent to the transfer of any shares under this Plan, that the transferee execute a power of attorney or such other agreement or document as the Compensation Committee deems necessary or appropriate to facilitate, directly or indirectly, the withholding of taxes with respect to any transaction arising under or in connection with this Plan.

10.4 Use of Funds. All payroll deductions received or held by the Company under this Plan may be used by the Company for any corporate purpose, and the Company is not obligated to segregate such payroll deductions.

10.5 Reports. Statements of Account will be given to each participant at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased, any remaining cash balance, and other information deemed relevant by the Compensation Committee.

10.6 Adjustment Upon Changes in Capitalization.

(a) Changes in Capitalization. The Compensation Committee will proportionately adjust the Reserves and the price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or other extraordinary corporate event that affects the Common Stock in order to prevent dilution or enlargement of the rights of participants. The determination of the Compensation Committee with respect to any such adjustment will be final, binding, and conclusive.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately before the consummation of such proposed action, and if necessary, the Compensation Committee will set a new Purchase Date prior to such consummation (a "New Purchase Date"), unless otherwise provided by the Compensation Committee.

(c) Asset Sale or Merger. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, the Compensation Committee will shorten the Offering Period then in progress by setting a New Purchase Date. The New Purchase Date will be before the date of the Company's proposed asset sale or merger. The Compensation Committee will notify each participant in writing, at least ten business days before the New Purchase Date, that the Purchase Date for the participant's purchase has been changed to the New Purchase Date and that the participant's option will be exercised automatically on the New Purchase Date, unless before such date the participant has withdrawn the amount credited to the participant's Account upon withdrawal from the Plan pursuant to Section 7.1 or such amount has been distributed to the participant upon termination of employment pursuant to Section 7.2.

10.7 Amendment and Termination. The Board of Directors has the complete power and authority to terminate the Plan at any time. Any amendment to the Plan to increase the maximum number of shares of Common Stock that may be issued under any Offering (except pursuant to Section 10.6), to amend the requirements as to the class of employees eligible to purchase Common Stock under the Plan (except for designations of Participating Companies pursuant to Sections 2.9, 2.13 and 9.1), or to change the granting corporation or the Common Stock available for purchase under the Plan may be made only by the Board of Directors with the approval of the Company's stockholders within 12 months before or after the date such amendment is adopted by the Board. Any other amendment to the Plan may be made by either the Board of Directors or the Compensation Committee, unless otherwise required by any applicable law, rule, or regulation, including, without limitation, the rules and regulations of The New York Stock Exchange. Notwithstanding anything to the contrary contained herein, upon termination of the Plan, the Company shall give notice thereof to Participants and shall terminate all payroll deductions, and funds then credited to participants' Accounts shall be distributed in cash as soon as practicable, without interest.

10.8 No Right to Employment. The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares of Common Stock under the Plan except as expressly provided, or create in any employee or class of employees any right with respect to continuation of employment, and the existence of this Plan will not be deemed to interfere in any way with an employer's right to terminate, or otherwise modify, an employee's employment at any time.

10.9 Notices. All notices or other communications by a participant to the Company or to the Recordkeeper will be deemed to have been duly given when received in the manner and form specified by the Company or the Recordkeeper, whichever is applicable, at the location, or by the person, designated by the Company, or Recordkeeper, for the receipt thereof.

10.10 Elections. All elections and notices made by a participant to the Recordkeeper may be made telephonically or electronically in accordance with procedures established by the Compensation Committee and the Recordkeeper.

10.11 Conditions Upon Issuance of Shares. The Company is not obligated to issue shares of Common Stock with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto complies with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed or quoted.

10.12 Effect of Plan. The provisions of the Plan are binding upon, and will inure to the benefit of, all successors of each participant, including, without limitation, such participant's estate and the executors, administrators, or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy, or representative of creditors of such participant.

10.13 Effective Date. Subject to approval by the holders of the majority of the Common Stock present and represented at a special or annual meeting of the Company's stockholders held on or before October 1, 2018, the Plan will become effective as of October 1, 2018, and, upon the Effective Date, no further awards may be made from the Prior Plan. If the Plan is not so approved, the Plan will not become effective, and awards may continue to be made under the Prior Plan.

10.14 Governing Law. The law of the state of Delaware applicable to contracts made and performed wholly within the State of Delaware, without regard to that State's choice of law rules, will govern all matters relating to this Plan except to the extent preempted by the laws of the United States or a foreign jurisdiction.

10.15 Regulatory and Tax Compliance. The Plan, the grant and exercise of the rights to purchase shares of Common Stock under the Plan, and the Company's obligation to sell and deliver shares of Common Stock upon the exercise of rights to purchase shares of Common Stock, will be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or government agency as may, in the opinion of counsel for the Company, be required or desirable. The Plan is intended to comply with Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Any provision inconsistent with such Rule shall be inoperative and shall not affect the validity of the Plan. The Compensation Committee may withhold from any payment due under the Plan or take any other action it deems appropriate to satisfy any federal, state or local tax withholding requirements.

10.16 Non-U.S. Jurisdictions. The Compensation Committee may, in its sole discretion, adopt such rules or procedures to accommodate the requirements of local laws of non-U.S. jurisdictions, including rules or procedures relating to the handling of payroll deductions, conversion of local currency, payroll taxes and withholding procedures, as the Compensation Committee in its sole discretion deems appropriate. The Compensation Committee may also adopt rules and procedures different from those set forth in the Plan applicable to participants who are employed by specific Participating Companies or at certain non-U.S. locations that are not intended to be within the scope of Code Section 423, subject to the provisions of Section 8.1, and may where appropriate establish one or more sub-plans for this purpose.

10.17 Nontransferability. Except by the laws of descent and distribution, no benefit provided hereunder, including an option to purchase shares of Common Stock, shall be subject to alienation, assignment, or transfer by a participant (or by any person entitled to such benefit pursuant to the terms of this Plan), nor shall it be subject to attachment or other legal process of whatever nature, and any attempted alienation, assignment, attachment, or transfer shall be void and of no effect whatsoever and, upon any such attempt, the benefit shall terminate and be of no force or effect.

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APPENDIX B

EnerSys 2018 Annual Report on Form 10-K

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

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2018 or**

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to**

Commission file number: 001-32253

ENERSYS

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**23-3058564** **(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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

(Do not check if a smaller reporting company)

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates at **October 1, 2017**: $2,901,470,255 (1) (based upon its closing transaction price on the New York Stock Exchange on September 29, 2017).

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

Common stock outstanding at May 25, 2018: 42,112,206 Shares of Common Stock

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on or about August 2, 2018 are incorporated by reference in Part III of this Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

- general cyclical patterns of the industries in which our customers operate;
- the extent to which we cannot control our fixed and variable costs;
- the raw materials in our products may experience significant fluctuations in market price and availability;
- certain raw materials constitute hazardous materials that may give rise to costly environmental and safety claims;
- legislation regarding the restriction of the use of certain hazardous substances in our products;
- risks involved in our operations such as disruption of markets, changes in import and export laws, environmental regulations, currency restrictions and local currency exchange rate fluctuations;
- our ability to maintain relationships with customers, including raising 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 and other energy solutions for industrial applications 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;
- our expectations concerning indemnification obligations;
- changes in our market share in the geographic business segments where we operate;
- our ability to implement our cost reduction initiatives successfully and improve our profitability;
- quality problems associated with our products;
- our ability to implement business strategies, including our acquisition strategy, manufacturing expansion and restructuring plans;
- our acquisition strategy may not be successful in locating advantageous targets;
- our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames;
- potential goodwill impairment charges, future impairment charges and fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames;
- our debt and debt service requirements which may restrict our operational and financial flexibility, as well as imposing unfavorable interest and financing costs;
- our ability to maintain our existing credit facilities or obtain satisfactory new credit facilities;

- adverse changes in our short- and long-term debt levels under our credit facilities;
- our exposure to fluctuations in interest rates on our variable-rate debt;
- our ability to attract and retain qualified management and personnel;
- our ability to maintain good relations with labor unions;
- credit risk associated with our customers, including risk of insolvency and bankruptcy;
- our ability to successfully recover in the event of a disaster affecting our infrastructure;
- terrorist acts or acts of war, could cause damage or disruption to our operations, our suppliers, channels to market or customers, or could cause costs to increase, or create political or economic instability; and
- the operation, capacity and security of our information systems and infrastructure.

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

EnerSys
Annual Report on Form 10-K
For the Fiscal Year Ended March 31, 2018

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PART I

ITEM 1. *BUSINESS*

Overview

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

We operate and manage our business in three geographic regions of the world—Americas, EMEA and Asia, as described below. Our business is highly decentralized with manufacturing locations throughout the world. More than half of our manufacturing capacity is located outside of the United States, and approximately 50% of our net sales were generated outside of the United States. The Company has three reportable business segments based on geographic regions, defined as follows:

- **Americas**, which includes North and South America, with our segment headquarters in Reading, Pennsylvania, U.S.A.;
- **EMEA**, which includes Europe, the Middle East and Africa, with our segment headquarters in Zug, 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 medical and security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities, large-scale energy storage, energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships and tactical vehicles. Reserve power products also include thermally managed cabinets and enclosures for electronic equipment and batteries.
- **Motive power products** are used to provide power for electric industrial forklifts used in manufacturing, warehousing and other material handling applications, as well as mining equipment, diesel locomotive starting and other rail equipment.

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

Fiscal Year Reporting

In this Annual Report on Form 10-K, when we refer to our fiscal years, we state "fiscal" and the year, as in "fiscal 2018", which refers to our fiscal year ended March 31, 2018. 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 2018 ended on July 2, 2017, October 1, 2017, December 31, 2017, and March 31, 2018, respectively. The four quarters in fiscal 2017 ended on July 3, 2016, October 2, 2016, January 1, 2017, and March 31, 2017, respectively.

History

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

In 2004, EnerSys completed its initial public offering (the "IPO") and the Company's common stock commenced trading on the New York Stock Exchange, under the trading symbol "ENS".

Key Developments

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

In March 2002, we acquired the reserve power and motive power business of the Energy Storage Group of Invensys plc. ("ESG"). Our successful integration of ESG provided global scale in both the reserve and motive power markets. The ESG acquisition also provided us with a further opportunity to reduce costs and improve operating efficiency.

During fiscal years 2003 through 2018, we made twenty-eight acquisitions around the globe. In fiscal 2016, we completed the acquisition of ICS Industries Pty. Ltd. (ICS), headquartered in Melbourne, Australia. ICS is a leading full line shelter designer and manufacturer with installation and maintenance services serving the telecommunications, utilities, datacenter, natural resources and transport industries operating in Australia and serving customers in the Asia Pacific region.

Our Customers

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

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

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

Distribution and Services

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

Manufacturing and Raw Materials

We manufacture and assemble our products at manufacturing facilities located in the Americas, EMEA and Asia. With a view toward projected demand, we strive to optimize and balance capacity at our battery manufacturing facilities globally, while simultaneously minimizing our product cost. By taking a global view of our manufacturing requirements and capacity, we believe we are better able to anticipate potential capacity bottlenecks and equipment and capital funding needs.

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

Competition

The industrial battery market is highly competitive both among competitors who manufacture and sell industrial batteries and among customers who purchase industrial batteries. Our competitors range from development stage companies to large domestic and international corporations. Certain of our competitors produce energy storage products utilizing technologies or chemistries different from our own. We compete primarily on the basis of reputation, product quality, reliability of service, delivery and price. We believe that our products and services are competitively priced.

Americas

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

EMEA

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

Asia

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

Warranties

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

Intellectual Property

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

We believe we are leaders in thin plate pure lead technology (“TPPL”). We believe that a significant capital investment would be required by any party desiring to produce products using TPPL technology for our markets.

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

Seasonality

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

Product and Process Development

Our product and process development efforts are focused on the creation of new stored energy products, and integrated power systems and controls. We allocate our resources to the following key areas:

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

Employees

At March 31, 2018, we had approximately 9,600 employees. Of these employees, approximately 27% were covered by collective bargaining agreements. Employees covered by collective bargaining agreements that did not exceed twelve months were approximately 6% of the total workforce. The average term of these agreements is two years, with the longest term being three years. We consider our employee relations to be good. We did not experience any significant labor unrest or disruption of production during fiscal 2018.

Environmental Matters

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

Sumter, South Carolina

We currently are responsible for certain environmental obligations at our former battery facility in Sumter, South Carolina, that predate our ownership of this facility. This battery facility was closed in 2001 and is separate from our current metal fabrication facility in Sumter. We have a reserve of $1.1 million for this facility as of March 31, 2018. Based on current information, we believe this reserve is adequate to satisfy our environmental liabilities at this facility.

Environmental and safety certifications

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

Quality Systems

We utilize a global strategy for quality management systems, policies and procedures, the basis of which is the ISO 9001:2015 standard, which is a worldwide recognized quality standard. We believe in the principles of this standard and reinforce this by requiring mandatory compliance for all manufacturing, sales and service locations globally that are registered to the ISO 9001 standard. This strategy enables us to provide consistent quality products and services to meet our customers’ needs.

Available Information

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

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

ITEM 1A. *RISK FACTORS*

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

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

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

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

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

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

As we operate in various locations around the world, our operations in certain countries are subject to significant governmental scrutiny and may be adversely impacted by the results of such scrutiny. The regulatory environment with regard to our business is evolving, and officials often exercise broad discretion in deciding how to interpret and apply applicable regulations. From time to time, we receive formal and informal inquiries from various government regulatory authorities, as well as self-regulatory organizations, about our business and compliance with local laws, regulations or standards. For example, certain of the Company's European subsidiaries have received subpoenas and requests for documents and, in some cases, interviews from, and have had on-site inspections conducted by the competition authorities of Belgium, Germany and the Netherlands relating to conduct and anticompetitive practices of certain industrial battery participants. The Company settled the Belgian regulatory proceeding in February 2016 by acknowledging certain anticompetitive practices and conduct and agreeing to pay a fine of $2.0 million, which was paid in March 2016. In June 2017, the Company settled a portion of its previously disclosed proceeding involving the German competition authority relating to conduct involving the Company's motive power battery business and agreed to pay a fine of $14.8 million, which was paid in July 2017. Also in June 2017, the German competition authority issued a fining decision related to the Company's reserve power battery business. The Company is appealing this decision, including payment of the proposed fine of $11.4 million. In July 2017, the Company settled the Dutch regulatory proceeding and agreed to pay a fine of $11.2 million, which was paid in August 2017. As of March 31, 2018, the Company had a total reserve balance of $2.3 million in connection with these investigations and related legal matters. However, the precise scope, timing and time period at issue, as well as the final outcome of the investigations or customer claims, remain uncertain and could be materially adverse to our business. (See Note 18 to the Consolidated Financial Statement).

Any determination that our operations or activities, or the activities of our employees, are not in compliance with existing laws, regulations or standards could result in the imposition of substantial fines, interruptions of business, loss of supplier, vendor, customer or other third-party relationships, termination of necessary licenses and permits, or similar results, all of which could potentially harm our business and/or reputation. Even if an inquiry does not result in these types of determinations, regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business, and it potentially could create negative publicity which could harm our business and/or reputation.

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

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

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

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

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

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

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

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

Certain environmental laws assess liability on owners or operators of real property for the cost of investigation, removal or remediation of hazardous substances at their current or former properties or at properties at which they have disposed of hazardous substances. These laws may also assess costs to repair damage to natural resources. We may be responsible for remediating damage to our properties caused by former owners. Soil and groundwater contamination has occurred at some of our current and former properties and may occur or be discovered at other properties in the future. We are currently investigating and monitoring soil and groundwater contamination at several of our properties, in most cases as required by regulatory permitting processes. We may be required to conduct these operations at other properties in the future. In addition, we have been and in the future may be liable to contribute to the cleanup of locations owned or operated by other persons to which we or our predecessor companies have sent wastes for disposal, pursuant to federal and other environmental laws. Under these laws, the owner or operator of contaminated properties and companies that generated, disposed of or arranged for the disposal of wastes sent to a contaminated disposal facility can be held jointly and severally liable for the investigation and cleanup of such properties, regardless of fault. Additionally, our products may become subject to fees and taxes in order to fund cleanup of such properties, including those operated or used by other lead-battery industry participants.

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

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

There is also a regulation to improve the transparency and accountability concerning the supply of minerals coming from the conflict zones in and around the Democratic Republic of Congo. U.S. legislation included disclosure requirements regarding the use of conflict minerals mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer's efforts to prevent the sourcing of such conflict minerals. In addition, the European Union adopted a EU-wide conflict minerals rule under which most EU importers of tin, tungsten, tantalum, gold and their ores will have to conduct due diligence to ensure the minerals do not originate from conflict zones and do not fund armed conflicts. Large manufacturers also will have to disclose how they plan to monitor their sources to comply with the rules. Compliance with the regulation is required by January 1, 2021. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of our products. As a result, there may only be a limited pool of suppliers who provide conflict-free metals, and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices. Future regulations may become more stringent or costly and our compliance costs and potential liabilities could increase, which may harm our business.

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

We invoice our foreign sales and service transactions in local and foreign currencies and translate net sales using actual exchange rates during the period. We translate our non-U.S. assets and liabilities into U.S. dollars using current exchange rates as of the balance sheet dates. Because a significant portion of our revenues and expenses are denominated in foreign currencies, changes in exchange rates between the U.S. dollar and foreign currencies, primarily the euro, British pound, Polish zloty, Chinese renminbi, Mexican peso and Swiss franc may adversely affect our revenue, cost of goods sold and operating margins. For example, foreign currency depreciation against the U.S. dollar will reduce the value of our foreign revenues and operating earnings as well as reduce our net investment in foreign subsidiaries. Approximately 50% of net sales were generated outside of the United States for the last three fiscal years.

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

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

If foreign currencies depreciate against the U.S. dollar, it would make it more expensive for our non-U.S. subsidiaries to purchase certain of our raw material commodities that are priced globally in U.S. dollars, while the related revenue will decrease when translated to U.S. dollars. Significant movements in foreign exchange rates can have a material impact on our results of operations and financial condition. We periodically engage in hedging of our foreign currency exposures, but cannot assure you that we can successfully hedge all of our foreign currency exposures or do so at a reasonable cost.

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

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

We may experience difficulties implementing our new global enterprise resource planning system.

We are engaged in a multi-year implementation of a new global enterprise resource planning system (“ERP”). The ERP is designed to efficiently maintain our financial records and provide information important to the operation of our business to our management team. The ERP will continue to require significant investment of human and financial resources. In implementing the ERP, we may experience significant delays, increased costs and other difficulties. Any significant disruption or deficiency in the design and implementation of the ERP could adversely affect our ability to process orders, ship product, send invoices and track payments, fulfill contractual obligations or otherwise operate our business. While we have invested significant resources in planning, project management and training, additional and significant implementation issues may arise. In addition, our efforts to centralize various business processes and functions within our organization in connection with our ERP implementation may disrupt our operations and negatively impact our business, results of operations and financial condition.

The failure to successfully implement efficiency and cost reduction initiatives, including restructuring activities, could materially adversely affect our business and results of operations, and we may not realize some or all of the anticipated benefits of those initiatives.

From time to time we have implemented efficiency and cost reduction initiatives intended to improve our profitability and to respond to changes impacting our business and industry. These initiatives include relocating manufacturing to lower cost regions, working with our material suppliers to lower costs, product design and manufacturing improvements, personnel reductions and voluntary retirement programs, and strategically planning capital expenditures and development activities. In the past we have recorded net restructuring charges to cover costs associated with our cost reduction initiatives involving restructuring. These costs have been primarily composed of employee separation costs, including severance payments, and asset impairments or losses from disposal. We also undertake restructuring activities and programs to improve our cost structure in connection with our business acquisitions, which can result in significant charges, including charges for severance payments to terminated employees and asset impairment charges.

We cannot assure you that our efficiency and cost reduction initiatives will be successfully or timely implemented, or that they will materially and positively impact our profitability. Because our initiatives involve changes to many aspects of our business, the associated cost reductions could adversely impact productivity and sales to an extent we have not anticipated. In addition, our ability to complete our efficiency and cost-savings initiatives and achieve the anticipated benefits within the expected time frame is subject to estimates and assumptions and may vary materially from our expectations, including as a result of factors that are beyond our control. Furthermore, our efforts to improve the efficiencies of our business operations and improve growth may not be successful. Even if we fully execute and implement these activities and they generate the anticipated cost savings, there may be other unforeseeable and unintended consequences that could materially adversely impact our profitability and business, including unintended employee attrition or harm to our competitive position. To the extent that we do not achieve the profitability enhancement or other benefits of our efficiency and cost reduction initiatives that we anticipate, our results of operations may be materially adversely effected.

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

We currently have significant manufacturing and/or distribution facilities outside of the United States, in Argentina, Australia, Belgium, Brazil, Bulgaria, Canada, the Czech Republic, France, Germany, India, Italy, Malaysia, Mexico, the People's Republic of China ("PRC"), Poland, Spain, Switzerland, Tunisia and the United Kingdom. Our global operations are dependent upon products manufactured, purchased and sold in the U.S. and internationally, including in countries with political and economic instability or uncertainty. This includes, for example, the uncertainty related to the United Kingdom's withdrawal from the European Union (commonly known as "Brexit"). Some countries have greater political and economic volatility and greater vulnerability to infrastructure and labor disruptions than others. Our business could be negatively impacted by adverse fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products. Operating in different regions and countries exposes us to a number of risks, including:

- multiple and potentially conflicting laws, regulations and policies that are subject to change;
- imposition of currency restrictions, restrictions on repatriation of earnings or other restraints imposition of burdensome tariffs or quotas;
- changes in trade agreements;
- imposition of new or additional trade and economic sanctions laws imposed by the U.S. or foreign governments;
- war or terrorist acts; and
- political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.

The occurrence of one or more of these events may negatively impact our business, results of operations and financial condition.

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

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

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

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

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

The trend by a number of our North American and Western European customers to move manufacturing operations and expand their businesses in faster growing and low labor-cost markets may have an adverse impact on our business. As our customers in traditional manufacturing-based industries seek to move their manufacturing operations to these locations, there is a risk that these customers will source their energy storage products from competitors located in those territories and will cease or reduce the purchase of products from our manufacturing plants. We cannot assure you that we will be able to compete effectively with manufacturing operations of energy storage products in those territories, whether by establishing or expanding our manufacturing operations in those lower-cost territories or acquiring existing manufacturers.

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

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

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

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

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

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

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

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

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

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

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

Our ability to maintain adequate credit facilities.

Our ability to continue our ongoing business operations and fund future growth depends on our ability to maintain adequate credit facilities and to comply with the financial and other covenants in such credit facilities or to secure alternative sources of financing. However, such credit facilities or alternate financing may not be available or, if available, may not be on terms favorable to us. If we do not have adequate access to credit, we may be unable to refinance our existing borrowings and credit facilities when they mature and to fund future acquisitions, and this may reduce our flexibility in responding to changing industry conditions.

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

As of March 31, 2018, we had $598.0 million of total consolidated debt (including capital lease obligations). This level of debt could:

- increase our vulnerability to adverse general economic and industry conditions, including interest rate fluctuations, because a portion of our borrowings bear, and will continue to bear, interest at floating rates;
- require us to dedicate a substantial portion of our cash flow from operations to debt service payments, which would reduce the availability of our cash to fund working capital, capital expenditures or other general corporate purposes, including acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- restrict our ability to introduce new products or new technologies or exploit business opportunities;
- place us at a disadvantage compared with competitors that have proportionately less debt;
- limit our ability to borrow additional funds in the future, if we need them, due to financial and restrictive covenants in our debt agreements; and
- have a material adverse effect on us if we fail to comply with the financial and restrictive covenants in our debt agreements.

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

During fiscal 2018, we announced the declaration of a quarterly cash dividend of $0.175 per share of common stock for quarters ended July 2, 2017, October 1, 2017, December 31, 2017 and March 31, 2018. On May 16, 2018, we announced a fiscal 2019 first quarter cash dividend of $0.175 per share of common stock. Future payment of a regular quarterly cash dividend on our common shares will be subject to, among other things, our results of operations, cash balances and future cash requirements, financial condition, statutory requirements of Delaware law, compliance with the terms of existing and future indebtedness and credit facilities, and other factors that the Board of Directors may deem relevant. Our dividend payments may change from time to time, and we cannot provide assurance that we will continue to declare dividends at all or in any particular amounts. A reduction in or elimination of our dividend payments could have a negative effect on our share price.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves.

Our board of directors has authorized a share repurchase program of up to $100 million of our common stock. Although our board of directors has authorized this share repurchase program, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. We cannot guarantee that the program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our stock. In addition, this program could diminish our cash reserves.

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

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

We may have exposure to greater than anticipated tax liabilities.

Our income tax obligations are based in part on our corporate operating structure and intercompany arrangements, including the manner in which we operate our business, develop, value, manage, protect, and use our intellectual property and the valuations of our intercompany transactions. We may also be subject to additional indirect or non-income taxes. The tax laws applicable to our business, including the laws of the United States and other jurisdictions, are subject to interpretation and certain jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue from multi-national companies, like us. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, which could increase our worldwide effective tax rate and harm our financial position, results of operations, and cash flows. Although we believe that our provision for income taxes is reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. In addition, our future income tax rates could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws, regulations, or accounting principles.

Changes in tax laws or tax rulings could materially affect our financial position, results of operations, and cash flows.

The income and non-income tax regimes we are subject to or operate under are unsettled and may be subject to significant change. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, could materially affect our financial position, results of operations, and cash flows. For example, changes to U.S. tax laws enacted in December 2017 had a significant impact on our tax obligations and effective tax rate for the third quarter and full year of fiscal 2018. In addition, many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in many countries where we do business or require us to change the manner in which we operate our business. The Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Shifting Project, and issued in 2015, and is expected to continue to issue, guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. The European Commission has conducted investigations in multiple countries focusing on whether local country tax rulings or tax legislation provides preferential tax treatment that violates European Union state aid rules and concluded that certain countries, including Ireland, have provided illegal state aid in certain cases. These investigations may result in changes to the tax treatment of our foreign operations. Due to the large and expanding scale of our international business activities, many of these types of changes to the taxation of our activities could increase our worldwide effective tax rate and harm our financial position, results of operations, and cash flows.

Uncertainties in the interpretation and application of the 2017 Tax Cuts and Jobs Act could materially affect our tax obligations and effective tax rate.

The 2017 Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017, and significantly affected U.S. tax law by changing how the U.S. imposes income tax on multinational corporations. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations in the period issued. The Tax Act requires complex computations not previously provided in the U.S. tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the Tax Act and the accounting for such provisions require accumulation of information not previously required or regularly produced. As a result, we have provided a provisional estimate on the effect of the Tax Act in our financial statements. As additional regulatory guidance is issued by the applicable taxing authorities, as accounting treatment is clarified, as we perform additional analysis on the application of the law, and as we refine estimates in calculating the effect, our final analysis, which will be recorded in the period completed, may be different from our current provisional amounts, which could materially affect our tax obligations and effective tax rate.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

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

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

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

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

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

ITEM 3. *LEGAL PROCEEDINGS*

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

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

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

Market Information

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

Quarter Ended	High Price	Low Price	Closing Price	Dividends Declared
March 31, 2018	$ 76.73	$ 62.85	$ 69.37	$ 0.175
December 31, 2017	71.37	65.47	69.63	0.175
October 1, 2017	74.75	61.33	69.17	0.175
July 2, 2017	84.74	71.75	72.45	0.175
March 31, 2017	$ 81.63	$ 73.98	$ 78.94	$ 0.175
January 1, 2017	83.70	63.10	78.10	0.175
October 2, 2016	73.12	58.35	69.19	0.175
July 3, 2016	67.94	52.37	60.66	0.175

Holders of Record

As of May 25, 2018, there were approximately 366 record holders of common stock of the Company. Because many of these shares are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of stockholders represented by these record holders.

Recent Sales of Unregistered Securities

During the fourth quarter of fiscal 2018, we did not issue any unregistered securities.

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 equity awards 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)]
January 1, 2018 - January 28, 2018	216,738	$ 92.28	216,738	$ 100,000,000
January 29, 2018 - February 25, 2018	4,279	71.22	—	100,000,000
February 26, 2018 - March 31, 2018	—	—	—	100,000,000
Total	221,017	$ 91.87	216,738	

(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 2017 Equity Incentive Plan and the number of shares exercised through stock option awards during such fiscal year. These amounted to 4,279 shares, repurchased at an average price of $71.22.

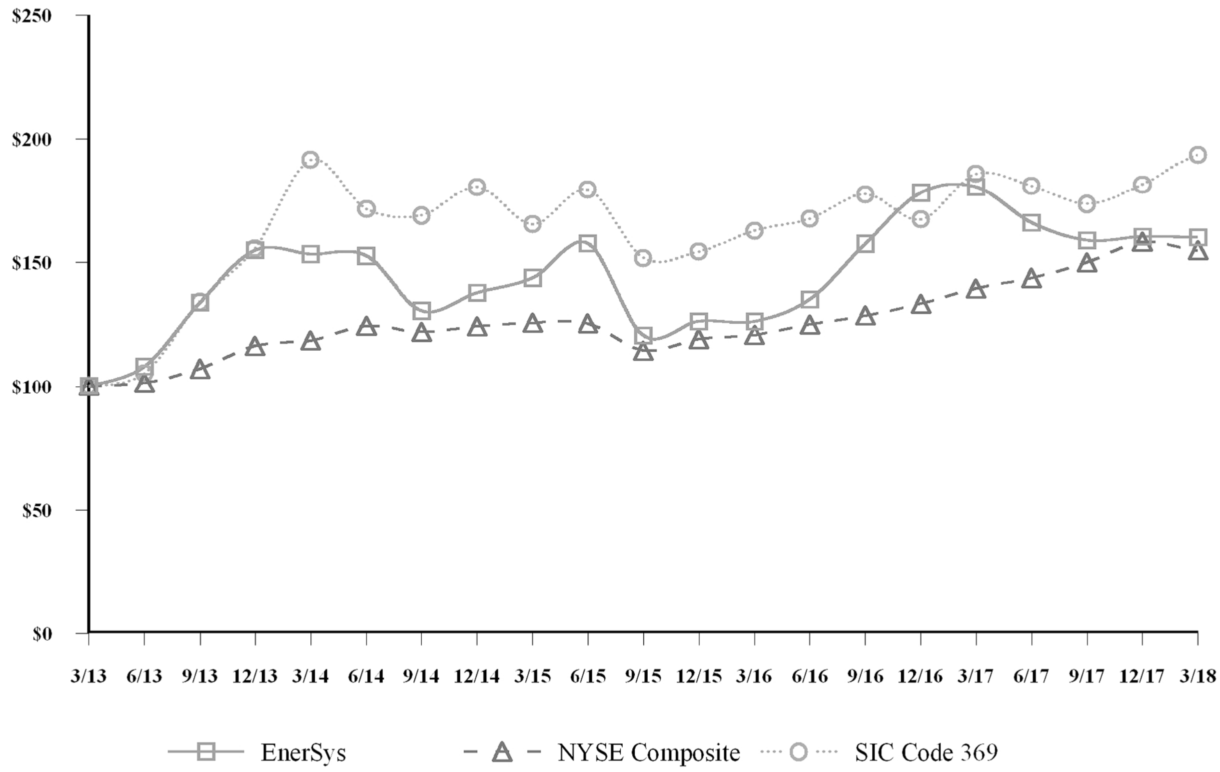
(2) On November 8, 2017, the Company announced the establishment of a $100 million stock repurchase authorization, with no expiration date. The authorization is in addition to the existing stock repurchase programs.

STOCK PERFORMANCE GRAPH

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

The graph was prepared assuming that $100 was invested in EnerSys' common stock, the New York Stock Exchange Composite Index and the peer group (duly updated for changes) on March 31, 2013.

Comparison Of Five Year Cumulative Total Return*
For Year Ended March 31, 2018
Among EnerSys, the NYSE Composite Index, and SIC Code 369



*$100 invested on March 31, 2013 in stock or index, including reinvestment of dividends.

ITEM 6. *SELECTED FINANCIAL DATA*

	Fiscal Year Ended March 31,				
	2018	2017	2016	2015	2014
	(In thousands, except share and per share data)				
Consolidated Statements of Income:					
Net sales	$ 2,581,891	$ 2,367,149	$ 2,316,249	$ 2,505,512	$ 2,474,433
Cost of goods sold	1,921,494	1,714,367	1,704,472	1,864,601	1,844,813
Inventory adjustment relating to exit activities	3,457	2,157	—	—	—
Gross profit	656,940	650,625	611,777	640,911	629,620
Operating expenses	382,077	369,863	352,767	358,381	344,421
Restructuring and other exit charges	5,481	7,160	12,978	11,436	27,326
Impairment of goodwill	—	12,216	31,411	20,371	5,179
Impairment of indefinite-lived intangibles and fixed assets	—	1,800	4,841	3,575	—
Legal proceedings charge / (reversal of legal accrual, net of fees)	—	23,725	3,201	(16,233)	58,184
Gain on sale of facility	—	—	(3,420)	—	—
Operating earnings	269,382	235,861	209,999	263,381	194,510
Interest expense	25,001	22,197	22,343	19,644	17,105
Other (income) expense, net	6,055	969	5,719	(5,602)	13,658
Earnings before income taxes	238,326	212,695	181,937	249,339	163,747
Income tax expense	118,493	54,472	50,113	67,814	16,980
Net earnings	119,833	158,223	131,824	181,525	146,767
Net earnings (losses) attributable to noncontrolling interests	239	(1,991)	(4,326)	337	(3,561)
Net earnings attributable to EnerSys stockholders	$ 119,594	$ 160,214	$ 136,150	$ 181,188	$ 150,328
Net earnings per common share attributable to EnerSys stockholders:					
Basic	$ 2.81	$ 3.69	$ 3.08	$ 3.97	$ 3.17
Diluted	$ 2.77	$ 3.64	$ 2.99	$ 3.77	$ 3.02
Weighted-average number of common shares outstanding:					
Basic	42,612,036	43,389,333	44,276,713	45,606,317	47,473,690
Diluted	43,119,856	44,012,543	45,474,130	48,052,729	49,788,155

	Fiscal Year Ended March 31,				
	2018	2017	2016	2015	2014
	(In thousands)				
Consolidated cash flow data:					
Net cash provided by operating activities	$ 211,048	$ 246,030	$ 307,571	$ 194,471	$ 193,621
Net cash used in investing activities	(72,357)	(61,833)	(80,923)	(59,616)	(232,005)
Net cash (used in) provided by financing activities	(166,888)	(62,542)	(105,729)	(59,313)	21,562
Other operating data:					
Capital expenditures	69,832	50,072	55,880	63,625	61,995

	As of March 31,				
	2018	2017	2016	2015	2014
	(In thousands)				
Consolidated balance sheet data:					
Cash and cash equivalents	$ 522,118	$ 500,329	$ 397,307	$ 268,921	$ 240,103
Working capital	1,048,057	951,484	845,068	769,881	719,297
Total assets	2,486,925	2,293,029	2,214,488	2,136,555	2,318,959
Total debt, including capital leases, excluding discount on the Convertible Notes (1)	598,020	606,133	628,631	513,213	319,401
Total EnerSys stockholders' equity	1,195,675	1,103,456	1,013,131	1,038,900	1,246,402

(1) Convertible Notes as defined under *Liquidity and Capital Resources* in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

The following discussion and analysis of our results of operations and financial condition for the fiscal years ended March 31, 2018, 2017 and 2016, should be read in conjunction with our audited consolidated financial statements and the notes to those statements included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on Form 10-K. Our discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, opinions, expectations, anticipations and intentions and beliefs. Actual results and the timing of events could differ materially from those anticipated in those forward-looking statements as a result of a number of factors. See "Cautionary Note Regarding Forward-Looking Statements," "Business" and "Risk Factors," sections elsewhere in this Annual Report on Form 10-K. In the following discussion and analysis of results of operations and financial condition, certain financial measures may be considered "non-GAAP financial measures" under the SEC rules. These rules require supplemental explanation and reconciliation, which is provided in this Annual Report on Form 10-K.

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

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

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

Overview

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

We operate and manage our business in three geographic regions of the world—Americas, EMEA and Asia, as described below. Our business is highly decentralized with manufacturing locations throughout the world. More than half of our manufacturing capacity is located outside the United States, and approximately 50% of our net sales were generated outside the United States. The Company has three reportable business segments based on geographic regions, defined as follows:

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

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

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

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

We have two primary product lines: reserve power 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 medical and security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities, large-scale energy storage, energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships and tactical vehicles. Reserve power products also include thermally managed cabinets and enclosures for electronic equipment and batteries.
- **Motive power products** are used to provide power for electric industrial forklifts used in manufacturing, warehousing and other material handling applications, as well as mining equipment, diesel locomotive starting and other rail equipment.

Current Market Conditions

Economic Climate

Recent indicators continue to suggest a mixed trend in economic activity among the different geographical regions. North America and EMEA are experiencing moderate economic growth. Our Asia region continues to grow faster than any other region in which we do business.

Volatility of Commodities and Foreign Currencies

Our most significant commodity and foreign currency exposures are related to lead and the euro, respectively. Historically, volatility of commodity costs and foreign currency exchange rates have caused large swings in our production costs. As the global economic climate changes, we anticipate that our commodity costs and foreign currency exposures may continue to fluctuate as they have in the past several years. Over the past year, on a consolidated basis, we have experienced rising commodity costs and a weaker U.S. dollar.

Customer Pricing

Our selling prices rose during the past year to offset the rising cost of commodities. Approximately 30% of our revenue is currently subject to agreements that adjust pricing to a market-based index for lead. During fiscal 2018, we increased our selling prices in response to increased commodity costs.

Liquidity and Capital Resources

We believe that our financial position is strong, and we have substantial liquidity with $522 million of available cash and cash equivalents and available and undrawn credit lines of approximately $613 million at March 31, 2018 to cover short-term liquidity requirements and anticipated growth in the foreseeable future.

In the second quarter of fiscal 2018, we entered into a new credit facility (“2017 Credit Facility”) that comprised a $600 million senior secured revolving credit facility (“2017 Revolver”) and a $150 million senior secured term loan (“2017 Term Loan”) with a maturity date of September 30, 2022. We repaid our then existing facility (“2011 Credit Facility”), which comprised a $500 million senior secured revolving credit facility (“2011 Revolver”) and a $150 million senior secured incremental term loan (the “2011 Term Loan”) with the proceeds of the new facility. We believe that the 2017 Credit Facility, which is committed through September 2022 as long as we comply with its covenants and conditions, provides us with sufficient liquidity to fund acquisitions and stock repurchase programs.

Current market conditions related to our liquidity and capital resources are favorable. We believe current conditions remain favorable for the Company to have continued positive cash flow from operations that, along with available cash and cash equivalents and our undrawn lines of credit, will be sufficient to fund our capital expenditures, acquisitions and other investments for growth.

In fiscal 2016, we issued $300 million of 5.00% Senior Notes due 2023 (the “Notes”), the net proceeds used primarily to fund the payment of principal and accreted interest outstanding on the senior 3.375% convertible notes due 2038 (the “Convertible Notes”) that were settled in fiscal 2016.

Subsequent to the extinguishment of the Convertible Notes and the repayment of the 2011 Credit Facility, other than the Notes and the 2017 Credit Facility, we have no other significant amount of long-term debt maturing in the near future.

In fiscal 2018, we repurchased $121 million of our common stock through an accelerated share repurchase program (“ASR”) with a major financial institution and through open market purchases. Share repurchases and a decline in our share price helped offset the dilutive impact of stock awards. There were no repurchases of common stock in fiscal 2017.

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

Cost Savings Initiatives

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

During fiscal 2016, we announced restructuring programs related to improving operational efficiencies in EMEA and the Americas. These actions were completed in fiscal 2017, resulting in the reduction of approximately 240 employees and the closure of our Cleveland, Ohio, U.S.A., manufacturing facility. Approximately $3.0 million pre-tax savings have been reflected in the fiscal 2016 results, and an additional pre-tax savings of approximately $6.0 million have been reflected in the fiscal 2017 results. Fiscal 2018 results included an additional pre-tax savings of approximately $1.3 million.

During fiscal 2017, we announced restructuring programs to improve efficiencies related to our motive power production in EMEA. These actions resulted in the reduction of approximately 45 employees. Approximately $3.5 million pre-tax savings have been reflected in our fiscal 2018 results.

During fiscal 2018, we announced a restructuring program to improve efficiencies of our general operations in the Americas. This action resulted in the reduction of approximately 100 employees and $2.2 million of pre-tax savings in our fiscal 2018 results.

In January 2017, we started our Operational Excellence program, referred to as the EnerSys Operating System, or EOS. Currently, EOS engages over 2,700 employees world-wide who impact approximately $700 million in cost of production. EOS serves as our Continuous Improvement engine. During fiscal 2018, we were able to fund our investment in new product development and digital core with savings of nearly $25 million, which included the aforementioned $7.0 million savings in fiscal 2018 from restructuring programs. We remain on pace with our global deployment of EOS, and constantly evaluate the return on investment to ensure we achieve our targeted 200 basis point improvement by end of fiscal 2021.

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

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

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

Asset Impairment Determinations

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

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

The future cash flows used under the DCF method are derived from estimates of future revenues, operating income, working capital requirements and capital expenditures, which in turn reflect specific global, industry and market conditions. The discount rate developed for each of the reporting units is based on data and factors relevant to the economies in which the business operates and other risks associated with those cash flows, including the potential variability in the amount and timing of the cash flows. A terminal growth rate is applied to the final year of the projected period and reflects our estimate of stable growth to perpetuity. We then calculate the present value of the respective cash flows for each reporting unit to arrive at the fair value using the income approach and then determine the appropriate weighting between the fair value estimated using the income approach and the fair value estimated using the market approach. Finally, we compare the estimated fair value of each reporting unit to its respective carrying value in order to determine if the goodwill assigned to each reporting unit is potentially impaired. In January 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment", which eliminated Step 2 from the goodwill impairment test. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This update is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019 with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company was able to early adopt ASU 2017-04 in fiscal 2017 and eliminated Step 2 from the goodwill impairment test conducted in fiscal 2017.

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

The indefinite-lived trademarks are tested for impairment by comparing the carrying value to the fair value based on current revenue projections of the related operations, under the relief from royalty method. Any excess carrying value over the amount of fair value is recognized as impairment. Any impairment would be recognized in full in the reporting period in which it has been identified.

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

Litigation and Claims

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

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

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

For certain matters, management is able to estimate a range of losses. When a loss is probable, but no amount of loss within a range of outcomes is more likely than other any other outcome, management will record a liability based on the low end of the estimated range. Additionally, management will evaluate whether losses in excess of amounts accrued are reasonably possible, and will make disclosure of those matters based on an assessment of the materiality of those addition possible losses.

Environmental Loss Contingencies

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

Warranty

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

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

Allowance for Doubtful Accounts

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

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

Retirement Plans

We use certain economic and demographic assumptions in the calculation of the actuarial valuation of liabilities associated with our defined benefit plans. These assumptions include the discount rate, expected long-term rates of return on assets and rates of increase in compensation levels. Changes in these assumptions can result in changes to the pension expense and recorded liabilities. Management reviews these assumptions at least annually. We use independent actuaries to assist us in formulating assumptions and making estimates. These assumptions are updated periodically to reflect the actual experience and expectations on a plan-specific basis, as appropriate.

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

We believe that the current assumptions used to estimate plan obligations and annual expense are appropriate in the current economic environment. However, if economic conditions change materially, we may change our assumptions, and the resulting change could have a material impact on the Consolidated Statements of Income and on the Consolidated Balance Sheets.

Equity-Based Compensation

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

Income Taxes

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

The recognition and measurement of a tax position is based on management’s best judgment given the facts, circumstances and information available at the reporting date. We evaluate tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we recognize the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement in the financial statements. For tax positions that are not more likely than not of being sustained upon audit, we do not recognize any portion of the benefit in the financial statements. If the more likely than not threshold is not met in the period for which a tax position is taken, we may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

We evaluate, on a quarterly basis, our ability to realize deferred tax assets by assessing our valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. To the extent we prevail in matters for which reserves have been established, or are required to pay amounts in excess of our reserves, our effective tax rate in a given financial statement period could be materially affected.

Results of Operations—Fiscal 2018 Compared to Fiscal 2017

The following table presents summary Consolidated Statement of Income data for fiscal year ended March 31, 2018, compared to fiscal year ended March 31, 2017:

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Net sales	$ 2,581.8	100.0%	$ 2,367.1	100.0%	$ 214.7	9.1%
Cost of goods sold	1,921.5	74.5	1,714.4	72.4	207.1	12.1
Inventory adjustment relating to exit activities - See Note 19	3.4	0.1	2.1	0.1	1.3	60.3
Gross profit	656.9	25.4	650.6	27.5	6.3	1.0
Operating expenses	382.1	14.8	369.9	15.6	12.2	3.3
Restructuring and other exit charges	5.5	0.2	7.1	0.3	(1.6)	(23.5)
Impairment of goodwill	—	—	12.2	0.5	(12.2)	NM
Impairment of indefinite-lived intangibles	—	—	1.8	0.1	(1.8)	NM
Legal proceedings charge	—	—	23.7	1.0	(23.7)	NM
Operating earnings	269.3	10.4	235.9	10.0	33.4	14.2
Interest expense	25.0	1.0	22.2	1.0	2.8	12.6
Other (income) expense, net	6.0	0.2	1.0	—	5.0	NM
Earnings before income taxes	238.3	9.2	212.7	9.0	25.6	12.1
Income tax expense	118.5	4.6	54.5	2.3	64.0	NM
Net earnings	119.8	4.6	158.2	6.7	(38.4)	(24.3)
Net earnings (losses) attributable to noncontrolling interests	0.2	—	(2.0)	(0.1)	2.2	NM
Net earnings attributable to EnerSys stockholders	$ 119.6	4.6%	$ 160.2	6.8%	$ (40.6)	(25.4)%

NM = not meaningful

Overview

Our sales in fiscal 2018 were $2.6 billion, a 9% increase from prior year's sales. This increase was the result of a 4% increase in pricing, a 3% increase in organic volume and a 2% increase in foreign currency translation impact.

A discussion of specific fiscal 2018 versus fiscal 2017 operating results follows, including an analysis and discussion of the results of our reportable segments.

Net Sales

Segment sales

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	% Net Sales	In Millions	% Net Sales	In Millions	%
Americas	$ 1,429.8	55.4%	$ 1,332.3	56.3%	$ 97.5	7.3%
EMEA	849.5	32.9	763.1	32.2	86.4	11.3
Asia	302.5	11.7	271.7	11.5	30.8	11.3
Total net sales	$ 2,581.8	100.0%	$ 2,367.1	100.0%	$ 214.7	9.1%

The Americas segment's net sales increased by $97.5 million or 7.3% in fiscal 2018, as compared to fiscal 2017, primarily due to a 4% increase in organic volume and a 3% increase in pricing.

The EMEA segment's net sales increased by $86.4 million or 11.3% in fiscal 2018, as compared to fiscal 2017, primarily due to a 7% increase in currency translation impact and a 5% increase in pricing, partially offset by a 1% decrease in organic volume.

The Asia segment's net sales increased by $30.8 million or 11.3% in fiscal 2018, as compared to fiscal 2017, primarily due to a 5% increase in organic volume, a 4% increase in pricing and a 2% increase in currency translation impact.

Product line sales

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Reserve power	$ 1,247.9	48.3%	$ 1,142.2	48.3%	$ 105.7	9.2%
Motive power	1,333.9	51.7	1,224.9	51.7	109.0	8.9
Total net sales	$ 2,581.8	100.0%	$ 2,367.1	100.0%	$ 214.7	9.1%

Sales in our reserve power products increased in fiscal 2018 by $105.7 million or 9.2% compared to the prior year, primarily due to a 4% increase in pricing, a 3% increase in organic volume and a 2% increase in currency translation impact.

Sales in our motive power products increased in fiscal 2018 by $109.0 million or 8.9% compared to the prior year, primarily due to a 4% increase in pricing, a 3% increase in currency translation impact and a 2% increase in organic volume.

Gross Profit

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Gross profit	$ 656.9	25.4%	$ 650.6	27.5%	$ 6.3	1.0%

Gross profit increased $6.3 million or 1.0% in fiscal 2018 compared to fiscal 2017. Gross profit, as a percentage of net sales, decreased 210 basis points in fiscal 2018 compared to fiscal 2017. The decrease in the gross profit margin is primarily due to an increase in commodity costs of approximately $125 million, partially offset by increases in organic volume, cost savings and pricing.

Operating Items

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Operating expenses	$ 382.1	14.8%	$ 369.9	15.6%	$ 12.2	3.3%
Restructuring and other exit charges	5.5	0.2	7.1	0.3	(1.6)	(23.5)
Impairment of goodwill	—	—	12.2	0.5	(12.2)	NM
Impairment of indefinite-lived intangibles	—	—	1.8	0.1	(1.8)	NM
Legal proceedings charge	—	—	23.7	1.0	(23.7)	NM

NM = not meaningful

Operating Expenses

Operating expenses increased $12.2 million or 3.3% in fiscal 2018 from fiscal 2017 but decreased as a percentage of net sales by 80 basis points. The impact of foreign currency translation resulted in an increase of $6.1 million. Excluding this impact of the foreign currency translation, the increase in dollars was primarily due to our investment relating to the development of our digital core and new products, which were partially offset by our cost saving initiatives.

The operating expenses in fiscal 2017 included a receipt of $1.9 million of deferred purchase consideration relating to an acquisition made in fiscal 2014. In fiscal 2017, we also recorded a charge of $9.4 million in operating expenses, related to the ERP system implementation in our Americas region, including a $6.3 million write-off of previously capitalized costs during the first quarter of fiscal 2017.

Selling expenses, our main component of operating expenses, were 51.5% in fiscal 2018, compared to 53.9% in fiscal 2017.

Restructuring and other exit charges

Included in our fiscal 2018 operating results is a $5.5 million charge of restructuring and other exit charges, comprising $1.3 million in Americas, $4.0 million in EMEA and $0.2 million in Asia. The charges in the Americas primarily relate to improving efficiencies of our general operations, while charges in EMEA relate to restructuring programs to improve efficiencies in our manufacturing, supply chain and general operations. In addition, cost of goods sold also include a $3.4 million of inventory write-off relating to the closing of our Cleveland, Ohio charger manufacturing facility.

Included in our fiscal 2017 operating results is a $7.1 million charge consisting of restructuring and other exit charges, comprising primarily of $5.5 million in EMEA, $0.9 million in Americas and $0.7 million in Asia. Of the restructuring and other exit charges in EMEA of $5.5 million, $4.3 million of restructuring charges related primarily to European manufacturing operations and $1.2 million of other exit charges related to our joint venture in South Africa. In addition, cost of goods sold also includes a $2.1 million inventory adjustment charge relating to the South Africa joint venture, discussed below.

Fiscal 2017—South Africa exit activities

During fiscal 2017, the Company recorded exit charges of $3.3 million related to the South Africa joint venture, consisting of cash charges of $2.6 million primarily relating to severance and non-cash charges of $0.7 million. Included in the non-cash charges is a $2.1 million charge relating to the inventory adjustment which was reported in cost of goods sold, partially offset by a credit of $1.1 million relating to a change in estimate of contract losses and a $0.3 million gain on deconsolidation of the joint venture. Weakening of the general economic environment in South Africa, reflecting the limited growth in the mining industry, affected the joint venture's ability to compete effectively in the marketplace and consequently, the Company initiated an exit plan in consultation with its joint venture partner in the second quarter of fiscal 2017. The joint venture is currently under liquidation resulting in a loss of control and deconsolidation of the joint venture. The impact of the deconsolidation has been reflected in the Consolidated Statements of Income.

Fiscal 2017—Impairment of goodwill and indefinite-lived intangibles

In the fourth quarter of fiscal 2017, we conducted step one of the annual goodwill impairment test which indicated that the fair values of two of our reporting units—Purcell US in the Americas and Purcell EMEA in EMEA operating segment, were less than their respective carrying values. Based on the guidance in ASU 2017-04, which we early adopted, we recognized an impairment charge for the amount by which the carrying amount exceeded the reporting unit's fair value.

We recorded a non-cash charge of $8.6 million and $3.6 million, related to goodwill impairment in the Americas and EMEA operating segments, respectively, and $0.7 million and $1.1 million, related to impairment of indefinite-lived trademarks in the Americas and EMEA operating segments, respectively, in the Consolidated Statements of Income.

Purcell was acquired in fiscal 2014 during the height of the 4G telecom build-out. After performing to expectations for the first few quarters, its revenue declined as telecom spending in the U.S. curtailed sharply. In fiscal 2016, lower estimated projected revenue and profitability in the near term caused by reduced levels of capital spending by major customers in the telecommunications industry was a key factor contributing to the impairment charges recorded in that year. In fiscal 2017, we transferred the European operations of Purcell to its EMEA operating segment, consistent with our geographical management approach. In the U.S., Purcell received significant orders, but at lower margins, resulting in an impairment in 2017. In Europe, Purcell's sales forecasts were reduced as a result of low telecom spending and accordingly recorded an impairment charge as well.

Fiscal 2017—Legal proceedings charge

Certain of our European subsidiaries had received subpoenas and requests for documents and, in some cases, interviews from, and have had on-site inspections conducted by the competition authorities of Belgium, Germany and the Netherlands relating to conduct and anticompetitive practices of certain industrial battery participants. We settled the Belgian regulatory proceeding in February 2016 by acknowledging certain anticompetitive practices and conduct and agreeing to pay a fine of $2.0 million, which was paid in March 2016.

As of March 31, 2018 and March 31, 2017, the Company had a reserve balance of $2.3 million and $1.8 million, respectively, relating to certain ancillary matters associated with the Belgian regulatory proceeding. The change in the reserve balance between March 31, 2018 and March 31, 2017 was due to foreign currency translation impact.

As of January 1, 2017, we had estimated an aggregate range of possible loss associated with the German regulatory proceeding of $17.0 million to $26.0 million and reserved $17.0 million. Based on the continued evolution of facts and our interactions with the German competition authority in regard to this matter, we further refined our estimate for a portion of this proceeding to be $13.5 million as of March 31, 2017. The Company settled a portion of the proceeding relating to conduct involving the Company's motive power battery business and agreed to pay a fine of $14.8 million, which was paid in July 2017. Also in June 2017, the German competition authority issued a fining decision related to the Company's reserve power battery business, which constitutes the remaining portion of the previously disclosed German proceeding. The Company is appealing this decision, including payment of the proposed fine of $12.3 million, and believes that the reserve power matter does not, based on current facts and circumstances known to management, require an accrual. The Company is not required to escrow any portion of this fine during the appeal process. As of March 31, 2018 and March 31, 2017, the Company had a reserve balance of $0 and $13.5 million, respectively, relating to this matter.

For the Dutch regulatory proceeding, we reserved $10.2 million as of March 31, 2017. In July 2017, the Company settled the Dutch regulatory proceeding and agreed to pay a fine of $11.2 million, which was paid in August 2017. As of March 31, 2018 and March 31, 2017, the Company had a reserve balance of $0 and $10.2 million, respectively, relating to the Dutch regulatory proceeding.

As of March 31, 2018 and March 31, 2017, we had a total reserve balance of $2.3 million and $25.6 million, respectively, in connection with these remaining investigations and other related legal matters, included in Accrued Expenses on the Consolidated Balance Sheets. The foregoing estimate of losses is based upon currently available information for these proceedings. However, the precise scope, timing and time period at issue, as well as the final outcome of the investigations or customer claims, remain uncertain. Accordingly, the Company's estimate may change from time to time, and actual losses could vary.

Operating Earnings

Operating earnings by segment were as follows:

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales(1)	In Millions	As % Net Sales(1)	In Millions	%
Americas	$ 189.0	13.2%	$ 191.5	14.4%	$ (2.5)	(1.3)%
EMEA	76.6	9.0	76.2	10.0	0.4	0.3
Asia	12.6	4.2	15.1	5.5	(2.5)	(15.7)
Subtotal	278.2	10.8	282.8	12.0	(4.6)	(1.6)
Inventory adjustment relating to exit activities—Americas	(3.4)	(0.2)	—	—	(3.4)	NM
Restructuring charges—Americas	(1.3)	(0.1)	(0.9)	(0.1)	(0.4)	39.7
Inventory adjustment relating to exit activities—EMEA	—	—	(2.1)	(0.3)	2.1	NM
Restructuring and other exit charges—EMEA	(4.0)	(0.5)	(5.5)	(0.7)	1.5	(26.7)
Restructuring charges—Asia	(0.2)	(0.1)	(0.7)	(0.3)	0.5	(72.9)
Impairment of goodwill and indefinite-lived intangibles—Americas	—	—	(9.3)	(0.7)	9.3	NM
Impairment of goodwill and indefinite-lived intangibles—EMEA	—	—	(4.7)	(0.6)	4.7	NM
Legal proceedings charge—EMEA	—	—	(23.7)	(3.1)	23.7	NM
Total operating earnings	$ 269.3	10.4%	$ 235.9	10.0%	$ 33.4	14.2%

NM = not meaningful

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

Operating earnings increased $33.4 million or 14.2% in fiscal 2018, compared to fiscal 2017. Operating earnings, as a percentage of net sales, increased 40 basis points in fiscal 2018, compared to fiscal 2017. Excluding the impact of highlighted items, operating earnings in fiscal 2018 decreased 120 basis points primarily due to an increase in lead cost partially offset by price recoveries and cost saving initiatives.

The Americas segment's operating earnings, excluding the highlighted items discussed above, decreased $2.5 million or 1.3% in fiscal 2018 compared to fiscal 2017, with the operating margin decreasing 120 basis points to 13.2%. This decrease is primarily due to higher commodity costs partially offset by price recoveries and cost saving initiatives. Excluding the impact of the $6.3 million write-off of previously capitalized costs relating to the ERP system implementation during fiscal 2017, operating earnings of fiscal 2018 decreased by 170 basis points compared to the prior year period.

The EMEA segment's operating earnings, excluding the highlighted items discussed above, increased $0.4 million or 0.3% in fiscal 2018 compared to fiscal 2017, with the operating margin decreasing 100 basis points to 9.0%. This decrease is primarily due to an increase in lead cost, partially offset by price recoveries and cost saving initiatives.

Operating earnings in Asia, excluding the highlighted items discussed above, decreased $2.5 million or 15.7% in fiscal 2018 compared to fiscal 2017, with the operating margin decreasing by 130 basis points to 4.2%. This decrease is primarily due to higher commodity costs, partially offset by price recoveries, currency headwinds and a slowdown in telecom spending during the first half of fiscal 2018 in the PRC.

Interest Expense

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Interest expense	$ 25.0	1.0%	$ 22.2	1.0%	$ 2.8	12.6%

Interest expense of $25.0 million in fiscal 2018 (net of interest income of $3.0 million) was $2.8 million higher than the $22.2 million in fiscal 2017 (net of interest income of $2.1 million).

Our average debt outstanding was $672.8 million in fiscal 2018, compared to our average debt outstanding of $625.4 million in fiscal 2017. Our average cash interest rate incurred in fiscal 2018 was 3.7% compared to 3.3% in fiscal 2017. The increase in our average debt was primarily to fund treasury share repurchase activity.

Included in interest expense were non-cash charges related to amortization of deferred financing fees of $1.6 million in fiscal 2018 and $1.4 million in fiscal 2017.

Other (Income) Expense, Net

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Other (income) expense, net	$ 6.0	0.2%	$ 1.0	—%	$ 5.0	NM

NM = not meaningful

Other (income) expense, net was expense of $6.0 million in fiscal 2018 compared to expense of $1.0 million in fiscal 2017 primarily due to foreign currency losses of $5.5 million in fiscal 2018 compared to foreign currency gains of $0.6 million in fiscal 2017.

Earnings Before Income Taxes

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Earnings before income taxes	$ 238.3	9.2%	$ 212.7	9.0%	$ 25.6	12.1%

As a result of the factors discussed above, fiscal 2018 earnings before income taxes were $238.3 million, an increase of $25.6 million or 12.1% compared to fiscal 2017.

Income Tax Expense

	Fiscal 2018		Fiscal 2017		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Income tax expense	$ 118.5	4.6%	$ 54.5	2.3%	$ 64.0	NM
Effective tax rate	49.7%		25.6%		24.1%	

NM = not meaningful

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

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act") was enacted into law. Among the significant changes resulting from the law, the Tax Act reduces the U.S. federal income tax rate from 35% to 21% effective January 1, 2018, requires companies to pay a one-time transition tax on unrepatriated cumulative non-U.S. earnings of foreign subsidiaries ("Transition Tax"), and creates new taxes on certain foreign sourced earnings. In accordance with ASC 740, "Income Taxes", we are required to record the effects of tax law changes in the period enacted. As a result of the rate change in the Tax Act, our blended U.S. statutory tax rate for fiscal 2018 is 31.55%.

As of March 31, 2018, we have not completed our accounting for the tax effects of enactment of the Tax Act; however, in certain cases, as described below, we have made a reasonable estimate of the effects on our existing deferred tax balances and the Transition Tax. Our results for fiscal 2018 contain estimates of the impact of the Tax Act as permitted by Staff Accounting Bulletin 118 "SAB 118" issued by the Securities and Exchange Commission on December 22, 2017. These amounts are considered provisional and may be affected by future guidance if and when issued.

As a result of the Tax Act, fiscal 2018 financial statements include a provisional net tax expense of $83.4 million which is comprised of the following:

Foreign tax effects: The Transition Tax is based on our total post-1986 earnings and profits ("E&P") that we previously deferred from U.S. income taxes. We recorded a provisional amount for our Transition Tax liability, resulting in an increase in income tax expense of $97.5 million; an increase of $3.5 million from the amount reported in the third quarter of fiscal 2018. The estimated Transition Tax of $97.5 million is recorded under current income tax payable and non-current income tax payable, at $7.8 million and $89.7 million, respectively, and is payable over eight years. Further, the Transition Tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when we finalize both the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the Transition Tax, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations.

Deferred tax assets and liabilities: We remeasured our deferred tax assets and liabilities based on the reduced U.S. federal income tax rate of 21%. However, we are still analyzing certain aspects of the Tax Act and refining our calculations, which could potentially affect the measurement of these balances or give rise to new deferred tax amounts. The provisional amount recorded related to the remeasurement of our deferred tax balance was a tax benefit of $14.1 million; a decrease of $0.6 million from the amount reported in the third quarter of fiscal 2018.

In all cases, we may adjust these provisional amounts which could potentially affect the measurement and impact on tax expense as we refine our calculations within a reasonable period not to exceed one year from the enactment date.

The Company's income tax provision consists of federal, state and foreign income taxes. The effective income tax rate was 49.7% in fiscal 2018 compared to the fiscal 2017 effective income tax rate of 25.6%. The rate increase in fiscal 2018 as compared to fiscal 2017 is primarily due to the impact of the Tax Act in fiscal 2018, partially offset by a decrease due to the reversal of previously recognized deferred tax valuation allowances related to certain of the Company's foreign subsidiaries in fiscal 2018, decreases due to non-deductible goodwill impairment charges and non-deductible legal proceedings charge relating to the European competition investigation in fiscal 2017, and a decrease due to changes in the mix of earnings among tax jurisdictions. The valuation allowances released are primarily the result of an operational restructuring approved during the fourth quarter of fiscal 2018.

The fiscal 2018 foreign effective income tax rate on foreign pre-tax income of $163.9 million was 5.2% compared to foreign pre-tax income of $132.3 million and effective income tax rate of 13.5% in fiscal 2017. For both fiscal 2018 and fiscal 2017, the difference in the foreign effective tax rate versus the U.S. statutory rate of 31.55% and 35%, respectively, is primarily attributable to lower tax rates in the foreign countries in which we operate. The rate decrease in fiscal 2018 compared to fiscal 2017 is primarily due to the reversal of previously recognized deferred tax valuation allowances related to certain of the Company's foreign subsidiaries in fiscal 2018, decreases due to non-deductible goodwill impairment charges and non-deductible legal proceedings charge related to the European competition investigation in fiscal 2017, and changes in the mix of earnings among tax jurisdictions.

Income from our Swiss subsidiary comprised a substantial portion of our overall foreign mix of income for both fiscal 2018 and fiscal 2017 and is taxed at an effective income tax rate of approximately 8% and 5%, respectively.

Results of Operations—Fiscal 2017 Compared to Fiscal 2016

The following table presents summary Consolidated Statement of Income data for fiscal year ended March 31, 2017, compared to fiscal year ended March 31, 2016:

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Net sales	$ 2,367.1	100.0%	$ 2,316.2	100.0%	$ 50.9	2.2%
Cost of goods sold	1,714.4	72.4	1,704.5	73.6	9.9	0.6
Inventory adjustment relating to exit activities—See Note 19	2.1	0.1	—	—	2.1	NM
Gross profit	650.6	27.5	611.7	26.4	38.9	6.4
Operating expenses	369.9	15.6	352.7	15.2	17.2	4.8
Restructuring and other exit charges	7.1	0.3	12.9	0.5	(5.8)	(44.8)
Impairment of goodwill	12.2	0.5	31.5	1.4	(19.3)	(61.1)
Impairment of indefinite-lived intangibles and fixed assets	1.8	0.1	4.8	0.2	(3.0)	(62.8)
Legal proceedings charge	23.7	1.0	3.2	0.1	20.5	NM
Gain on sale of facility	—	—	(3.4)	(0.1)	3.4	NM
Operating earnings	235.9	10.0	210.0	9.1	25.9	12.3
Interest expense	22.2	1.0	22.3	1.0	(0.1)	(0.7)
Other (income) expense, net	1.0	—	5.7	0.2	(4.7)	(83.1)
Earnings before income taxes	212.7	9.0	182.0	7.9	30.7	16.9
Income tax expense	54.5	2.3	50.1	2.2	4.4	8.7
Net earnings	158.2	6.7	131.9	5.7	26.3	20.0
Net losses attributable to noncontrolling interests	(2.0)	(0.1)	(4.3)	(0.2)	2.3	(54.0)
Net earnings attributable to EnerSys stockholders	$ 160.2	6.8%	$ 136.2	5.9%	$ 24.0	17.7%

NM = not meaningful

Overview

Our sales in fiscal 2017 were $2.4 billion, a 2% increase from prior year's sales. This increase was the result of a 2% increase in organic volume and a 1% increase each from pricing and acquisitions, partially offset by a 2% decrease due to foreign currency translation impact.

Gross profit margin percentage in fiscal 2017 increased by 110 basis points to 27.5% compared to fiscal 2016, mainly due to favorable product mix combined with the benefits of restructuring programs in EMEA, along with a modest growth in organic volume and a decrease in warranty costs.

A discussion of specific fiscal 2017 versus fiscal 2016 operating results follows, including an analysis and discussion of the results of our reportable segments.

Net Sales

Net sales by reportable segment were as follows:

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	% Net Sales	In Millions	% Net Sales	In Millions	%
Americas	$ 1,332.3	56.3%	$ 1,276.0	55.1%	$ 56.3	4.4%
EMEA	763.1	32.2	787.4	34.0	(24.3)	(3.1)
Asia	271.7	11.5	252.8	10.9	18.9	7.5
Total net sales	$ 2,367.1	100.0%	$ 2,316.2	100.0%	$ 50.9	2.2%

The Americas segment's revenue increased by $56.3 million or 4.4% in fiscal 2017, compared to fiscal 2016, primarily due a 4% increase in organic volume and a 1% increase in acquisitions, partially offset by a 1% decrease in currency translation impact.

The EMEA segment's revenue decreased by $24.3 million or 3.1% in fiscal 2017, compared to fiscal 2016, primarily due to a 4% decrease in currency translation impact, partially offset by a 1% increase in organic volume.

The Asia segment's revenue increased by $18.9 million or 7.5% in fiscal 2017, compared to fiscal 2016, primarily due to an increase from acquisitions, pricing and organic volume of approximately 6%, 2% and 2%, respectively, partially offset by a 2% decrease in currency translation impact.

Net sales by product line were as follows:

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Reserve power	$ 1,142.2	48.3%	$ 1,109.2	47.9%	$ 33.0	3.0%
Motive power	1,224.9	51.7	1,207.0	52.1	17.9	1.5
Total net sales	$ 2,367.1	100.0%	$ 2,316.2	100.0%	$ 50.9	2.2%

Sales in our reserve power product line increased in fiscal 2017 by $33.0 million or 3% compared to the prior year, primarily due to an increase from acquisitions and organic volume of approximately 3% and 2%, respectively, partially offset by a 2% decrease in currency translation impact.

Sales in our motive power product line increased in fiscal 2017 by $17.9 million or 1.5% compared to the prior year, primarily due to an increase from organic volume and pricing of approximately 2% and 1%, respectively, partially offset by a 2% decrease in currency translation impact.

Gross Profit

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Gross profit	$ 650.6	27.5%	$ 611.7	26.4%	$ 38.9	6.4%

Gross profit increased $38.9 million or 6.4% in fiscal 2017 compared to fiscal 2016. Gross profit, excluding the effect of foreign currency translation, increased $45.4 million or 7.4% in fiscal 2017 compared to fiscal 2016. The 110 basis point improvement in the gross profit margin is primarily due to favorable product mix combined with the benefits of restructuring programs in EMEA, along with a modest growth in organic volume and a decrease in warranty costs.

Operating Items

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Operating expenses	$ 369.9	15.6%	$ 352.7	15.2%	$ 17.2	4.8%
Restructuring and other exit charges	7.1	0.3	12.9	0.5	(5.8)	(44.8)
Impairment of goodwill	12.2	0.5	31.5	1.4	(19.3)	(61.1)
Impairment of indefinite-lived intangibles and fixed assets	1.8	0.1	4.8	0.2	(3.0)	(62.8)
Legal proceedings charge	23.7	1.0	3.2	0.1	20.5	NM
Gain on sale of facility	—	—	(3.4)	(0.1)	3.4	NM

NM = not meaningful

Operating Expenses

Operating expenses increased $17.2 million or 4.8% in fiscal 2017 from fiscal 2016. Operating expenses, excluding the effect of foreign currency translation, increased $22.2 million or 6.4% in fiscal 2017 compared to fiscal 2016. The operating expenses in fiscal

2017 included a receipt of $1.9 million of deferred purchase consideration relating to an acquisition made in fiscal 2014. The increase in operating expenses as a percentage of sales of 40 basis points in fiscal 2017 was primarily due to payroll related expenses, acquisitions and professional fees, partially offset by the aforementioned receipt of deferred purchase consideration. In fiscal 2017, we also recorded a charge of $9.4 million in operating expenses, related to the ERP system implementation in our Americas region, including a $6.3 million write-off of previously capitalized costs during the first quarter of fiscal 2017. We determined that previously capitalized costs associated with the implementation should be written off, after reassessing our software design subsequent to encountering difficulty in the roll out at our pilot location. These costs were previously included in the construction in progress balance within property, plant and equipment, net, in the Consolidated Balance Sheet.

Restructuring and other exit charges

Included in our fiscal 2017 operating results is a $7.1 million charge consisting of restructuring and other exit charges, comprised of $5.5 million in EMEA, $0.9 million in Americas and $0.7 million in Asia. Of the restructuring and exit charges in EMEA of $5.5 million, $4.3 million of restructuring charges related primarily to European manufacturing operations and $1.2 million of exit charges related to our joint venture in South Africa. In addition, cost of goods sold also included a $2.1 million inventory adjustment charge relating to the South Africa joint venture.

South Africa exit activities

During fiscal 2017, the Company recorded exit charges of $3.3 million related to the South Africa joint venture, consisting of cash charges of $2.6 million primarily relating to severance and non-cash charges of $0.7 million. Included in the non-cash charges was a $2.1 million charge relating to the inventory adjustment which was reported in cost of goods sold, partially offset by a credit of $1.1 million relating to a change in estimate of contract losses and a $0.3 million gain on deconsolidation of the joint venture. See the discussion under *Results of Operations—Fiscal 2018 Compared to Fiscal 2017—Fiscal 2017—South Africa exit activities* for more details.

Included in fiscal 2016 operating results were restructuring and other exit charges in EMEA of $9.4 million and restructuring charges of $2.1 million and $1.4 million in Americas and Asia, respectively.

Impairment of goodwill, indefinite-lived intangibles and fixed assets

In the fourth quarter of fiscal 2017, we conducted step one of the annual goodwill impairment test which indicated that the fair values of two of our reporting units—Purcell US in the Americas and Purcell EMEA in EMEA operating segment, were less than their respective carrying values. Based on the guidance in ASU 2017-04, which we early adopted, we recognized an impairment charge for the amount by which the carrying amount exceeded the reporting unit's fair value.

We recorded a non-cash charge of $8.6 million and $3.6 million, related to goodwill impairment in the Americas and EMEA operating segments, respectively, and $0.7 million and $1.1 million, related to impairment of indefinite-lived trademarks in the Americas and EMEA operating segments, respectively, in the Consolidated Statements of Income.

See the discussion under *Results of Operations—Fiscal 2018 Compared to Fiscal 2017—Fiscal 2017—Impairment of goodwill and indefinite-lived intangibles* for more details.

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

Certain of our European subsidiaries have received subpoenas and requests for documents and, in some cases, interviews from, and have had on-site inspections conducted by the competition authorities of Belgium, Germany and the Netherlands relating to conduct and anticompetitive practices of certain industrial battery participants. We settled the Belgian regulatory proceeding in February 2016 by acknowledging certain anticompetitive practices and conduct and agreeing to pay a fine of $2.0 million, which was paid in March 2016. As of March 31, 2017 and March 31, 2016, we had a reserve balance of $1.8 million and $2.0 million, respectively, relating to certain ancillary matters associated with the Belgian regulatory proceeding. The change in the reserve balance between March 31, 2017 and March 31, 2016 was solely due to foreign currency translation impact.

As of January 1, 2017, we had estimated an aggregate initial range of possible loss associated with the German regulatory proceeding of $17.0 million to $26.0 million and reserved $17.0 million with respect to the German regulatory proceeding. Based on the continued evolution of facts and our interactions with the German competition authority in regard to this matter, we further refined our estimate for a portion of this proceeding to be $13.5 million as of March 31, 2017.

For the Dutch regulatory proceeding, we reserved $10.2 million as of March 31, 2017.

See the discussion under *Results of Operations—Fiscal 2018 Compared to Fiscal 2017— Fiscal 2017—Legal Proceedings Charge* for more details on this European matter.

Included in our fiscal 2016 results was the reversal of a $0.8 million legal accrual in Americas, relating to legal fees, subsequent to the final settlement of the Altergy matter.

Operating Earnings

Operating earnings by segment were as follows:

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales(1)	In Millions	As % Net Sales(1)	In Millions	%
Americas	$ 191.5	14.4%	$ 182.7	14.3%	$ 8.8	4.8%
EMEA	76.2	10.0	75.6	9.6	0.6	1.0
Asia	15.1	5.5	0.7	0.2	14.4	NM
Subtotal	282.8	12.0	259.0	11.2	23.8	9.2
Restructuring charges—Americas	(0.9)	(0.1)	(2.1)	(0.2)	1.2	(56.7)
Inventory adjustment relating to exit activities—EMEA	(2.1)	(0.3)	—	—	(2.1)	NM
Restructuring and other exit charges—EMEA	(5.5)	(0.7)	(9.4)	(1.2)	3.9	(42.2)
Restructuring charges—Asia	(0.7)	(0.3)	(1.4)	(0.6)	0.7	(45.0)
Impairment of goodwill and indefinite-lived intangibles—Americas	(9.3)	(0.7)	(33.0)	(2.6)	23.7	(71.7)
Impairment of goodwill, indefinite-lived intangibles and fixed assets—EMEA	(4.7)	(0.6)	(3.3)	(0.4)	(1.4)	43.6
Reversal of legal accrual, net of fees—Americas	—	—	0.8	0.1	(0.8)	NM
Legal proceedings charge—EMEA	(23.7)	(3.1)	(4.0)	(0.5)	(19.7)	NM
Gain on sale of facility—Asia	—	—	3.4	1.4	(3.4)	NM
Total operating earnings	$ 235.9	10.0%	$ 210.0	9.1%	$ 25.9	12.3%

NM = not meaningful

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

Fiscal 2017 operating earnings of $235.9 million were $25.9 million higher than in fiscal 2016 and were 10.0% of sales. The 90 basis point improvement in operating margin was primarily attributable to improved mix, better manufacturing capacity utilization from higher organic volume, benefits from cost saving initiatives and lower warranty costs. Commodity costs remained relatively flat compared to the prior year but were on the rise as we exited the fiscal year. The lower restructuring and exit charges and impairment charges in fiscal 2017 were largely offset by the legal proceedings charge in EMEA. Also included in the operating earnings of fiscal 2016 was the $3.4 million gain on sale of our plant in Chaozhou, PRC, recorded in fiscal 2016.

The Americas segment's operating earnings, excluding the highlighted items discussed above, increased $8.8 million or 4.8% in fiscal 2017 compared to fiscal 2016, with the operating margin increasing 10 basis points to 14.4%. This relatively flat operating margin in our Americas segment was primarily due to higher organic volume, improved product mix in both product lines, combined with lower manufacturing costs, negatively offset by the write-off during the first quarter fiscal 2017 of previously capitalized costs of $6.3 million related to the new ERP system.

The EMEA segment's operating earnings, excluding the highlighted items discussed above, increased $0.6 million or 1.0% in fiscal 2017 compared to fiscal 2016, with the operating margin increasing 40 basis points to10.0%. This increase was primarily on account of improved product mix, manufacturing efficiencies and lower warranty costs combined with benefits from cost reduction programs, partially offset by currency headwinds and weak reserve power telecom market demand.

Operating earnings in Asia, excluding the highlighted items discussed above, increased $14.4 million in fiscal 2017 compared to fiscal 2016, with the operating margin increasing by 530 basis points to 5.5% was primarily due to improved product mix and results from our India operations. Our PRC operations improved as the transition from our Jiangsu to Yangzhou facilities was completed.

Interest Expense

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Interest expense	$ 22.2	1.0%	$ 22.3	1.0%	$ (0.1)	(0.7)%

Interest expense of $22.2 million in fiscal 2017 (net of interest income of $2.1 million) was $0.1 million lower than the $22.3 million in fiscal 2016 (net of interest income of $1.9 million).

Our average debt outstanding was $625.4 million in fiscal 2017, compared to our average debt outstanding (including the average amount of the Convertible Notes discount of $0.2 million) of $626.8 million in fiscal 2016. Our average cash interest rate incurred in fiscal 2017 was 3.3% compared to 3.1% in fiscal 2016.

Included in interest expense were non-cash charges related to amortization of deferred financing fees of $1.4 million in fiscal 2017 and $1.5 million in fiscal 2016. Also included in interest expense of fiscal 2016 was non-cash, accreted interest on the Convertible Notes of $1.3 million.

Other (Income) Expense, Net

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Other (income) expense, net	$ 1.0	—%	$ 5.7	0.2%	$ (4.7)	(83.1)%

Other (income) expense, net was expense of $1.0 million in fiscal 2017 compared to expense of $5.7 million in fiscal 2016 primarily due to foreign currency gains of $0.6 million in fiscal 2017 compared to foreign currency losses of $5.4 million in fiscal 2016, partially offset by miscellaneous income of $1.2 million in fiscal 2016.

Earnings Before Income Taxes

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Earnings before income taxes	$ 212.7	9.0%	$ 182.0	7.9%	$ 30.7	16.9%

As a result of the factors discussed above, fiscal 2017 earnings before income taxes were 212.7 million, an increase of $30.7 million or 16.9% compared to fiscal 2016.

Income Tax Expense

	Fiscal 2017		Fiscal 2016		Increase (Decrease)	
	In Millions	As % Net Sales	In Millions	As % Net Sales	In Millions	%
Income tax expense	$ 54.5	2.3%	$ 50.1	2.2%	$ 4.4	8.7%
Effective tax rate	25.6%		27.5%		(1.9)%	

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

The Company's income tax provision consists of federal, state and foreign income taxes. The effective income tax rate was 25.6% in fiscal 2017 compared to the fiscal 2016 effective income tax rate of 27.5%. The rate decrease in fiscal 2017 as compared to fiscal 2016 was primarily due to changes in the mix of earnings among tax jurisdictions and a decrease in non-deductible goodwill impairment charges as compared to fiscal 2016, partially offset by an increase in non-deductible legal proceedings charge relating to the European competition investigation in fiscal 2017 as compared to fiscal 2016.

The fiscal 2017 foreign effective income tax rate on foreign pre-tax income of $132.3 million was 13.5% compared to foreign pre-tax income of $117.7 million and effective income tax rate of 16.9% in fiscal 2016. For both fiscal 2017 and fiscal 2016 the difference in the foreign effective tax rate versus the U.S. statutory rate of 35% was primarily attributable to lower tax rates in the foreign countries in which we operate. The rate decrease in fiscal 2017 compared to fiscal 2016 was primarily due to changes in the mix of earnings among tax jurisdictions and a decrease in non-deductible goodwill impairment charges compared to fiscal 2016, partially offset by an increase in non-deductible legal proceedings charge relating to the European competition investigation in fiscal 2017 compared to fiscal 2016.

Income from our Swiss subsidiary comprised a substantial portion of our overall foreign mix of income for both fiscal 2017 and fiscal 2016 and was taxed at an effective income tax rate of approximately 5% and 7%, respectively.

Liquidity and Capital Resources

Cash Flow and Financing Activities

Cash and cash equivalents at March 31, 2018, 2017 and 2016, were \$522.1 million, \$500.3 million and \$397.3 million, respectively.

Cash provided by operating activities for fiscal 2018, 2017 and 2016, was \$211.0 million, \$246.0 million and \$307.6 million, respectively.

During fiscal 2018, cash provided by operating activities was primarily from net earnings of \$119.8 million, depreciation and amortization of \$54.3 million, stock-based compensation of \$19.5 million, non-cash charges relating to write-off of assets of \$3.7 million, non-cash interest of \$1.6 million and provision for doubtful accounts of \$0.8 million, partially offset by deferred tax benefit of \$20.3 million. Cash provided by earnings as adjusted for non-cash items was improved by an increase of \$94.0 million in long term liabilities primarily due to the Transition Tax liability and was partially offset by the increase in primary working capital of \$49.0 million, net of currency translation changes, and a decrease in accrued expenses of \$26.6 million, comprising primarily of legal proceedings related payments, payroll related expenses and income taxes. Prepaid and other current assets, comprising of prepaid taxes, also provided an increase of \$14.5 million to operating cash.

During fiscal 2017, cash provided by operating activities was primarily from net earnings of \$158.2 million, depreciation and amortization of \$53.9 million, non-cash charges relating to write-off of goodwill and other assets of \$20.3 million, stock-based compensation of \$19.2 million, provision of doubtful accounts of \$1.8 million, restructuring and other exit charges of \$1.4 million, and non-cash interest of \$1.4 million. Cash provided by operating activities were partially offset by the increase in primary working capital of \$55.5 million, net of currency translation changes. Cash provided by operating activities were positively impacted by legal proceedings accrual of \$23.7 million and accrued expenses of \$9.3 million, comprising primarily of income and other taxes.

During fiscal 2016, cash from operating activities was provided primarily from net earnings of \$131.8 million, depreciation and amortization of \$56.0 million, non-cash charges relating to write-off of goodwill and other assets of \$36.3 million, stock-based compensation of \$19.6 million, provision of doubtful accounts of \$4.7 million, restructuring of \$3.8 million and non-cash interest of \$2.8 million and were partially offset by a gain of \$4.3 million on sale of our facility in the PRC. Also contributing to our cash provided from operating activities was the decrease in primary working capital of \$55.0 million, net of currency translation changes.

As explained in the discussion of our use of "non-GAAP financial measures," we monitor the level and percentage of primary working capital to sales. Primary working capital for this purpose is trade accounts receivable, plus inventories, minus trade accounts payable and the resulting net amount is divided by the trailing three-month net sales (annualized) to derive a primary working capital percentage. Primary working capital was \$701.6 million (yielding a primary working capital percentage of 25.7%) at March 31, 2018 and 624.8 million (yielding a primary working capital percentage of 24.9%) at March 31, 2017. The primary working capital percentage of 25.7% at March 31, 2018 is 80 basis points higher than that for March 31, 2017, and 140 basis points higher than that for March 31, 2016. Primary working capital percentage increased during fiscal 2018 largely due to higher inventory levels. The reason for the increase in inventory is partially due to rising lead costs and a longer supply chain on selective products.

Primary Working Capital and Primary Working Capital percentages at March 31, 2018, 2017 and 2016 are computed as follows:

At March 31,	Trade Receivables	Inventory	Accounts Payable	Primary Working Capital	Quarter Revenue Annualized	Primary Working Capital (%)
			(in millions)			
2018	\$ 546.3	\$ 414.2	\$ (258.9)	\$ 701.6	\$ 2,732.2	25.7%
2017	486.6	360.7	(222.5)	624.8	2,507.2	24.9
2016	490.8	331.0	(228.4)	593.4	2,445.9	24.3

Cash used in investing activities for fiscal 2018, 2017 and 2016 was $72.4 million, $61.8 million and $80.9 million, respectively. Capital expenditures were $69.8 million, $50.1 million and $55.9 million in fiscal 2018, 2017 and 2016, respectively. During fiscal 2018, capital spending focused primarily on continuous improvement to our equipment and facilities world-wide and the continuation of a new ERP system implementation for our Americas.

During fiscal 2018, 2017 and 2016, we had minor acquisitions resulting in a cash outflow of $3.0 million, $12.4 million and $35.4 million, respectively.

During fiscal 2018, financing activities used cash of $166.9 million. In fiscal 2018, we entered into a new 2017 Credit Facility and borrowed $379.8 million under the 2017 Revolver and $150.0 million under the 2017 Term loan. Repayments on the 2017 Revolver during fiscal 2018 were $244.3 million. Borrowings and repayments on the 2011 Revolver during fiscal 2018 were $147.1 million and $312.1 million, respectively, and repayment of the 2011 Term loan was $127.5 million. On August 4, 2017, the outstanding balance on the 2011 Revolver and the 2011 Term Loan of $240.0 million and $123.0 million, respectively, was repaid utilizing the proceeds from the 2017 Credit Facility. We also paid $100.0 million under the ASR agreement, which was settled on January 9, 2018. Treasury stock open market purchases were $21.2 million, payment of cash dividends to our stockholders were $29.7 million, payment of taxes related to net share settlement of equity awards were $7.5 million and debt issuance costs were $2.7 million. Net borrowings on short-term debt were $0.2 million and proceeds from stock options were $1.0 million.

During fiscal 2017, financing activities used cash of $62.5 million primarily due to 2011 Revolver borrowings of $262.0 million and repayments of $267.0 million, repayment of our 2011 Term Loan of $15.0 million, payment of cash dividends to our stockholders of $30.4 million, and payment of taxes related to net share settlement of equity awards of $7.4 million. Net payments on short-term debt were $4.6 million.

During fiscal 2016, financing activities used cash of $105.7 million primarily due to 2011 Revolver repayments of $360.8 million, purchase of treasury stock for $178.2 million, principal payment of $172.3 million to the Convertible Notes holders, payment of cash dividends to our stockholders of $30.9 million, repayment on 2011 Term Loan of $7.5 million and debt issuance costs of $5.0 million relating to the Notes. This was partially offset by revolver borrowings of $355.8 million and the issuance of $300.0 million of the Notes. Taxes paid related to net share settlement of equity awards, net of option proceeds and related tax benefits also resulted in a net outflow of $10.9 million. Net borrowings on short-term debt were $4.2 million.

As a result of the above, total cash and cash equivalents increased $21.8 million from $500.3 million at March 31, 2017 to $522.1 million at March 31, 2018.

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

In addition to cash flows from operating activities, we had available committed and uncommitted credit lines of approximately $613 million at March 31, 2018 to cover short-term liquidity requirements. Our 2017 Credit Facility is committed through September 30, 2022, as long as we continue to comply with the covenants and conditions of the credit facility agreement. We have $463 million in available credit lines under our 2017 Credit Facility at March 31, 2018.

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

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commercial Commitments

At March 31, 2018, we had certain cash obligations, which are due as follows:

	Total	Less than 1 year	2 to 3 years	4 to 5 years	After 5 years
			(in millions)		
Debt obligations	$ 585.5	$ 3.8	$ 22.5	$ 259.2	$ 300.0
Short-term debt	18.3	18.3	—	—	—
Interest on debt	135.0	25.0	46.3	41.2	22.5
Operating leases	105.5	27.9	42.8	22.5	12.3
Tax Act—Transition Tax	97.5	7.8	15.6	15.6	58.5
Pension benefit payments and profit sharing	39.9	3.0	6.3	7.5	23.1
Restructuring	2.9	2.9	—	—	—
Purchase commitments	6.9	6.9	—	—	—
Lead forward contracts	3.9	3.9	—	—	—
Capital lease obligations, including interest	0.1	0.1	—	—	—
Total	$ 995.5	$ 99.6	$ 133.5	$ 346.0	$ 416.4

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

Under our 2017 Credit Facility and other credit arrangements, we had outstanding standby letters of credit of $3.1 million as of March 31, 2018.

Credit Facilities and Leverage

Our focus on working capital management and cash flow from operations is measured by our ability to reduce debt and reduce our leverage ratios. In the second quarter of fiscal 2018, we entered into the 2017 Credit Facility that comprised a $600 million senior secured revolving credit facility (“2017 Revolver”) and a $150 million senior secured term loan (“2017 Term Loan”) with a maturity date of September 30, 2022. We repaid our then existing facility (“2011 Credit Facility”), which comprised a $500 million senior secured revolving credit facility (“2011 Revolver”) and a $150 million senior secured incremental term loan (the “2011 Term Loan”) with the proceeds of the new facility.

Shown below are the leverage ratios at March 31, 2018 and 2017, in connection with the 2017 Credit Facility and 2011 Credit Facility, respectively.

The total net debt, as defined under the 2017 Credit Facility is $234.7 million for fiscal 2018 and is 0.7 times adjusted EBITDA (non-GAAP), compared to total net debt of $463.7 million and 1.4 times adjusted EBITDA (non-GAAP), as defined under the 2011 Credit Facility, for fiscal 2017.

The following table provides a reconciliation of net earnings to EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) for March 31, 2018 and 2017, in connection with the 2017 Credit Facility and 2011 Credit Facility, respectively:

	Fiscal 2018	Fiscal 2017
	(in millions, except ratios)	
Net earnings as reported	$ 119.8	$ 158.2
Add back:		
Depreciation and amortization	54.3	53.9
Interest expense	25.0	22.2
Income tax expense	118.5	54.5
EBITDA (non GAAP)(1)	$ 317.6	$ 288.8
Adjustments per credit agreement definitions(2)	23.2	46.8
Adjusted EBITDA (non-GAAP) per credit agreement(1)	$ 340.8	$ 335.6
Total net debt(3)	$ 234.7	$ 463.7
Leverage ratios(4):		
Total net debt/adjusted EBITDA ratio(4)	0.7 X	1.4 X
Maximum ratio permitted	3.50 X	3.25 X
Consolidated interest coverage ratio(5)	14.5 X	16.1 X
Minimum ratio required	3.0 X	4.5 X

(1) We have included EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) because our lenders use them as key measures of our performance. EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization. EBITDA is not a measure of financial performance under GAAP and should not be considered an alternative to net earnings or any other measure of performance under GAAP or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Our calculation of EBITDA may be different from the calculations used by other companies, and therefore comparability may be limited. Certain financial covenants in our 2017 and 2011 Credit Facility are based on EBITDA, subject to adjustments, which are shown above. Continued availability of credit under our 2017 Credit Facility is critical to our ability to meet our business plans. We believe that an understanding of the key terms of our credit agreement is important to an investor’s understanding of our financial condition and liquidity risks. Failure to comply with our financial covenants, unless waived by our lenders, would mean we could not borrow any further amounts under our revolving credit facility and would give our lenders the right to demand immediate repayment of all outstanding revolving credit and term loans. We would be unable to continue our operations at current levels if we lost the liquidity provided under our credit agreements. Depreciation and amortization in this table excludes the amortization of deferred financing fees, which is included in interest expense.

(2) The $23.2 million adjustment to EBITDA in fiscal 2018 primarily related to $19.5 million of non-cash stock compensation and $3.7 million of non-cash restructuring and other exit charges. The $46.8 million adjustment to EBITDA in fiscal 2017 primarily related to $19.2 million of non-cash stock compensation, $1.4 million of non-cash restructuring and other exit charges and $24.1 million of impairment of goodwill, indefinite-lived intangibles, fixed assets and ERP system related charges, $2.0 million relating to minority partners’ share of joint venture losses and $0.1 million of acquisition expenses.

(3) Debt includes capital lease obligations and letters of credit and is net of U.S. cash and cash equivalents and a portion of foreign cash and investments, as defined in the 2017 and 2011 Credit Facility. In fiscal 2018, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $372 million, and in fiscal 2017, were $150 million.

(4) These ratios are included to show compliance with the leverage ratios set forth in our credit facilities. We show both our current ratios and the maximum ratio permitted or minimum ratio required under our 2017 and 2011 Credit Facility, for fiscal 2018 and fiscal 2017, respectively.

(5) As defined in the 2017 and 2011 Credit Facility, interest expense used in the consolidated interest coverage ratio excludes non-cash interest of $1.6 million and $1.4 million for fiscal 2018 and fiscal 2017, respectively.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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

Related Party Transactions

None.

Sequential Quarterly Information

Fiscal 2018 and 2017 quarterly operating results, and the associated quarterly trends within each of those two fiscal years, are affected by the same economic and business conditions except for income tax expense in the third quarter of fiscal 2018, which included $77.3 million of tax expense as a result of the Tax Act.

	Fiscal 2018				Fiscal 2017			
	July 2, 2017 1st Qtr.	Oct. 1, 2017 2nd Qtr.	Dec. 31, 2017 3rd Qtr.	March 31, 2018 4th Qtr.	July 3, 2016 1st Qtr.	Oct. 2, 2016 2nd Qtr.	Jan. 1, 2017 3rd Qtr.	March 31, 2017 4th Qtr.
	(in millions, except share and per share amounts)							
Net sales	$ 622.6	$ 617.3	$ 658.9	$ 683.0	$ 600.6	$ 576.0	$ 563.7	$ 626.8
Cost of goods sold	459.5	457.4	492.0	512.6	434.3	412.1	408.3	459.7
Inventory adjustment relating to exit activities	—	—	—	3.4	—	2.6	(0.5)	—
Gross profit	163.1	159.9	166.9	167.0	166.3	161.3	155.9	167.1
Operating expenses	92.7	94.1	96.7	98.6	99.0	93.5	85.0	92.4
Restructuring and other exit charges	0.8	1.8	1.8	1.1	1.3	4.9	(1.2)	2.1
Impairment of goodwill	—	—	—	—	—	—	—	12.2
Impairment of indefinite-lived intangibles	—	—	—	—	—	—	—	1.8
Legal proceedings charge	—	—	—	—	—	—	17.0	6.7
Operating earnings	69.6	64.0	68.4	67.3	66.0	62.9	55.1	51.9
Interest expense	5.7	6.5	6.5	6.3	5.7	5.5	5.6	5.4
Other (income) expense, net	2.9	2.4	(0.6)	1.3	1.3	(0.6)	(1.1)	1.4
Earnings before income taxes	61.0	55.1	62.5	59.7	59.0	58.0	50.6	45.1
Income tax expense	12.7	11.9	88.3	5.6	14.4	15.2	13.5	11.4
Net earnings (loss)	48.3	43.2	(25.8)	54.1	44.6	42.8	37.1	33.7
Net earnings (losses) attributable to noncontrolling interests	0.1	—	—	0.1	—	(2.8)	0.9	(0.1)
Net earnings (loss) attributable to EnerSys stockholders	$ 48.2	$ 43.2	$ (25.8)	$ 54.0	$ 44.6	$ 45.6	$ 36.2	$ 33.8
Net earnings (loss) per common share attributable to EnerSys stockholders:								
Basic	$ 1.11	$ 1.01	$ (0.61)	$ 1.29	$ 1.03	$ 1.05	$ 0.83	$ 0.78
Diluted	$ 1.09	$ 1.00	$ (0.61)	$ 1.27	$ 1.02	$ 1.04	$ 0.82	$ 0.76
Weighted-average number of common shares outstanding:								
Basic	43,450,082	42,938,131	42,125,745	41,934,187	43,269,942	43,426,955	43,429,525	43,430,911
Diluted	44,163,074	43,327,361	42,125,745	42,441,647	43,829,813	43,949,543	44,049,674	44,221,143

Net Sales

Quarterly net sales by segment were as follows:

	Fiscal 2018				Fiscal 2017			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
	(in millions)							
Net sales by segment:								
Americas	$ 354.6	$ 341.5	$ 353.2	$ 380.5	$ 329.7	$ 324.8	$ 314.0	$ 363.8
EMEA	199.1	197.9	224.9	227.6	197.1	180.6	186.1	199.3
Asia	68.9	77.9	80.8	74.9	73.8	70.6	63.6	63.7
Total	$ 622.6	$ 617.3	$ 658.9	$ 683.0	$ 600.6	$ 576.0	$ 563.7	$ 626.8
Segment net sales as % of total:								
Americas	56.9%	55.3%	53.6%	55.7%	54.9%	56.4%	55.7%	58.1%
EMEA	32.0	32.1	34.1	33.3	32.8	31.4	33.0	31.8
Asia	11.1	12.6	12.3	11.0	12.3	12.2	11.3	10.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Quarterly net sales by product line were as follows:

	Fiscal 2018				Fiscal 2017			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
	(in millions)							
Net sales by product line:								
Reserve power	$ 305.2	$ 292.2	$ 327.0	$ 323.5	$ 296.0	$ 277.4	$ 271.3	$ 297.5
Motive power	317.4	325.1	331.9	359.5	304.6	298.6	292.4	329.3
Total	$ 622.6	$ 617.3	$ 658.9	$ 683.0	$ 600.6	$ 576.0	$ 563.7	$ 626.8
Product line net sales as % of total:								
Reserve power	49.0%	47.3%	49.6%	47.4%	49.3%	48.2%	48.1%	47.5%
Motive power	51.0	52.7	50.4	52.6	50.7	51.8	51.9	52.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Market Risks

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

Counterparty Risks

We have entered into lead forward purchase contracts and foreign exchange forward and purchased option contracts to manage the risk associated with our exposures to fluctuations resulting from changes in raw material costs and foreign currency exchange rates. The Company's agreements are with creditworthy financial institutions. Those contracts that result in a liability position at March 31, 2018 are $4.5 million (pre-tax) and the vast majority of these will settle within one year. Those contracts that result in an asset position at March 31, 2018 are $0.6 million (pre-tax). The impact on the Company due to nonperformance by the counterparties has been evaluated and not deemed material.

Interest Rate Risks

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

A 100 basis point increase in interest rates would have increased annual interest expense by approximately $3.0 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	# Pounds Purchased	Average Cost/Pound	Approximate % of Lead Requirements[1]
	(in millions)	(in millions)		
March 31, 2018	$72.2	62.9	$1.15	14%
March 31, 2017	46.6	45.0	1.03	8
March 31, 2016	21.6	27.4	0.79	6

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

We estimate that a 10% increase in our cost of lead would have increased our annual cost of goods sold by approximately $69 million for the fiscal year ended March 31, 2018.

Foreign Currency Exchange Rate Risks

We manufacture and assemble our products globally in the Americas, EMEA and Asia. Approximately 50% of our sales and expenses are transacted in foreign currencies. Our sales revenue, production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. Additionally, as we report our financial statements in U.S. dollars, our financial results are affected by the strength of the currencies in countries where we have operations relative to the strength of the U.S. dollar. The principal foreign currencies in which we conduct business are the Euro, Swiss franc, British pound, Polish zloty, Chinese renminbi and Mexican peso.

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

We hedge at any time, approximately 10% - 15% of the nominal amount of our known annual foreign exchange transactional exposures. We primarily enter into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. The vast majority of such contracts are for a period not extending beyond one year.

Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincide with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. We also selectively hedge anticipated transactions that are subject to foreign exchange exposure, primarily with foreign currency exchange contracts, which are designated as cash flow hedges in accordance with Topic 815 - Derivatives and Hedging.

At March 31, 2018 and 2017, we estimate that an unfavorable 10% movement in the exchange rates would have adversely changed our hedge valuations net unrealized gains by approximately $2.1 million and $3.2 million, respectively.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

Contents

EnerSys
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of EnerSys

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of EnerSys (the Company) as of March 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 30, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1998.

Philadelphia, Pennsylvania
May 30, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of EnerSys

Opinion on Internal Control over Financial Reporting

We have audited EnerSys' internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, EnerSys (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2018 consolidated financial statements of the Company and our report dated May 30, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP
Philadelphia, Pennsylvania
May 30, 2018

EnerSys
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)

	March 31, 2018	March 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 522,118	$ 500,329
Accounts receivable, net of allowance for doubtful accounts (2018–$12,643; 2017–$12,662)	546,325	486,646
Inventories	414,234	360,694
Prepaid and other current assets	56,910	71,246
Total current assets	1,539,587	1,418,915
Property, plant, and equipment, net	390,260	348,549
Goodwill	352,805	328,657
Other intangible assets, net	147,141	153,960
Deferred taxes	44,402	31,587
Other assets	12,730	11,361
Total assets	$ 2,486,925	$ 2,293,029
Liabilities and Equity		
Current liabilities:		
Short-term debt	$ 18,341	$ 18,359
Current portion of capital lease obligations	89	69
Accounts payable	258,982	222,493
Accrued expenses	214,118	226,510
Total current liabilities	491,530	467,431
Long-term debt, net of unamortized debt issuance costs	579,535	587,609
Capital lease obligations	55	96
Deferred taxes	33,607	45,923
Other liabilities	181,087	83,601
Total liabilities	1,285,814	1,184,660
Commitments and contingencies		
Equity:		
Preferred Stock, $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding at March 31, 2018 and at March 31, 2017	—	—
Common Stock, $0.01 par value per share, 135,000,000 shares authorized, 54,595,105 shares issued and 41,915,000 shares outstanding at March 31, 2018; 54,370,810 shares issued and 43,447,536 shares outstanding at March 31, 2017	546	544
Additional paid-in capital	477,288	464,092
Treasury stock at cost, 12,680,105 shares held as of March 31, 2018 and 10,923,274 shares held as of March 31, 2017	(560,991)	(439,800)
Retained earnings	1,320,549	1,231,444
Accumulated other comprehensive loss	(41,717)	(152,824)
Total EnerSys stockholders’ equity	1,195,675	1,103,456
Nonredeemable noncontrolling interests	5,436	4,913
Total equity	1,201,111	1,108,369
Total liabilities and equity	$ 2,486,925	$ 2,293,029

See accompanying notes.

EnerSys
Consolidated Statements of Income
(In Thousands, Except Share and Per Share Data)

	Fiscal year ended March 31,		
	2018	2017	2016
Net sales	$ 2,581,891	$ 2,367,149	$ 2,316,249
Cost of goods sold	1,921,494	1,714,367	1,704,472
Inventory adjustment relating to exit activities	3,457	2,157	—
Gross profit	656,940	650,625	611,777
Operating expenses	382,077	369,863	352,767
Restructuring and other exit charges	5,481	7,160	12,978
Impairment of goodwill	—	12,216	31,411
Impairment of indefinite-lived intangibles and fixed assets	—	1,800	4,841
Legal proceedings charge	—	23,725	3,201
Gain on sale of facility	—	—	(3,420)
Operating earnings	269,382	235,861	209,999
Interest expense	25,001	22,197	22,343
Other (income) expense, net	6,055	969	5,719
Earnings before income taxes	238,326	212,695	181,937
Income tax expense	118,493	54,472	50,113
Net earnings	119,833	158,223	131,824
Net earnings (losses) attributable to noncontrolling interests	239	(1,991)	(4,326)
Net earnings attributable to EnerSys stockholders	$ 119,594	$ 160,214	$ 136,150
Net earnings per common share attributable to EnerSys stockholders:			
Basic	$ 2.81	$ 3.69	$ 3.08
Diluted	$ 2.77	$ 3.64	$ 2.99
Dividends per common share	$ 0.70	$ 0.70	$ 0.70
Weighted-average number of common shares outstanding:			
Basic	42,612,036	43,389,333	44,276,713
Diluted	43,119,856	44,012,543	45,474,130

See accompanying notes.

EnerSys
Consolidated Statements of Comprehensive Income
(In Thousands)

	Fiscal year ended March 31,		
	2018	2017	2016
Net earnings	$ 119,833	$ 158,223	$ 131,824
Other comprehensive income (loss):			
Net unrealized (loss) gain on derivative instruments, net of tax	(5,400)	1,587	483
Pension funded status adjustment, net of tax	3,052	(3,694)	1,858
Foreign currency translation adjustment	113,739	(53,730)	8,035
Total other comprehensive income (loss), net of tax	111,391	(55,837)	10,376
Total comprehensive income	231,224	102,386	142,200
Comprehensive income (loss) attributable to noncontrolling interests	523	(2,353)	(5,576)
Comprehensive income attributable to EnerSys stockholders	$ 230,701	$ 104,739	$ 147,776

See accompanying notes.

EnerSys
Consolidated Statements of Changes in Equity

(In Thousands)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total EnerSys Stockholders' Equity	Non-redeemable Non-Controlling Interests	Total Equity
Balance at March 31, 2015	**$ —**	**$ 537**	**$ 525,967**	**$ (376,005)**	**$ 997,376**	**$ (108,975)**	**$ 1,038,900**	**$ 5,540**	**$ 1,044,440**
Stock-based compensation	—	—	19,603	—	—	—	19,603	—	19,603
Shares issued under equity awards (taxes paid related to net share settlement of equity awards), net	—	4	(15,209)	—	—	—	(15,205)	—	(15,205)
Tax benefit from stock options	—	—	4,291	—	—	—	4,291	—	4,291
Purchase of common stock	—	—	—	(178,244)	—	—	(178,244)	—	(178,244)
Reissuance of treasury stock to Convertible Notes holders	—	—	—	114,449	—	—	114,449	—	114,449
Adjustment to equity on debt extinguishment	—	—	(84,140)	—	—	—	(84,140)	—	(84,140)
Debt conversion feature	—	—	1,330	—	—	—	1,330	—	1,330
Other	—	—	(477)	—	—	—	(477)	—	(477)
Net earnings (excludes $4,272 of losses attributable to redeemable noncontrolling interests)	—	—	—	—	136,150	—	136,150	(54)	136,096
Dividends ($0.70 per common share)	—	—	732	—	(31,612)	—	(30,880)	—	(30,880)
Redemption value adjustment attributable to redeemable noncontrolling interests	—	—	—	—	(4,272)	—	(4,272)	—	(4,272)
Other comprehensive income:									
Pension funded status adjustment (net of tax expense of $587)	—	—	—	—	—	1,858	1,858	—	1,858
Net unrealized gain (loss) on derivative instruments (net of tax expense of $277)	—	—	—	—	—	483	483	—	483
Foreign currency translation adjustment (excludes ($1,068) related to redeemable noncontrolling interests)	—	—	—	—	—	9,285	9,285	(182)	9,103
Balance at March 31, 2016	**$ —**	**$ 541**	**$ 452,097**	**$ (439,800)**	**$1,097,642**	**$ (97,349)**	**$ 1,013,131**	**$ 5,304**	**$ 1,018,435**
Stock-based compensation	—	—	19,185	—	—	—	19,185	—	19,185
Shares issued under equity awards (taxes paid related to net share settlement of equity awards), net	—	3	(7,447)	—	—	—	(7,444)	—	(7,444)
Other	—	—	(480)	—	—	—	(480)	—	(480)
Net earnings (excludes $2,021 of losses attributable to redeemable noncontrolling interests)	—	—	—	—	160,214	—	160,214	30	160,244
Dividends ($0.70 per common share)	—	—	737	—	(31,137)	—	(30,400)	—	(30,400)
Redemption value adjustment attributable to redeemable noncontrolling interests	—	—	—	—	4,725	—	4,725	—	4,725
Other comprehensive income:									
Pension funded status adjustment (net of tax expense of $142)	—	—	—	—	—	(3,694)	(3,694)	—	(3,694)
Net unrealized gain (loss) on derivative instruments (net of tax expense of $929)	—	—	—	—	—	1,587	1,587	—	1,587
Foreign currency translation adjustment (excludes $59 related to redeemable noncontrolling interests)	—	—	—	—	—	(53,368)	(53,368)	(421)	(53,789)
Balance at March 31, 2017	**$ —**	**$ 544**	**$ 464,092**	**$ (439,800)**	**$1,231,444**	**$ (152,824)**	**$ 1,103,456**	**$ 4,913**	**$ 1,108,369**
Stock-based compensation	—	—	19,453	—	—	—	19,453	—	19,453
Shares issued under equity awards (taxes paid related to net share settlement of equity awards), net	—	2	(6,533)	—	—	—	(6,531)	—	(6,531)
Purchase of common stock	—	—	—	(121,191)	—	—	(121,191)	—	(121,191)
Other	—	—	(402)	—	(137)	—	(539)	—	(539)
Net earnings	—	—	—	—	119,594	—	119,594	239	119,833
Dividends ($0.70 per common share)	—	—	678	—	(30,352)	—	(29,674)	—	(29,674)
Other comprehensive income:									
Pension funded status adjustment (net of tax benefit of $808)	—	—	—	—	—	3,052	3,052	—	3,052
Net unrealized gain (loss) on derivative instruments (net of tax benefit of $2,071)	—	—	—	—	—	(5,400)	(5,400)	—	(5,400)
Foreign currency translation adjustment	—	—	—	—	—	113,455	113,455	284	113,739
Balance at March 31, 2018	**$ —**	**$ 546**	**$ 477,288**	**$ (560,991)**	**$1,320,549**	**$ (41,717)**	**$ 1,195,675**	**$ 5,436**	**$ 1,201,111**

See accompanying notes.

EnerSys
Consolidated Statements of Cash Flows
(In Thousands)

	Fiscal year ended March 31,		
	2018	2017	2016
Cash flows from operating activities			
Net earnings	$ 119,833	$ 158,223	$ 131,824
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	54,317	53,945	55,994
Write-off of assets relating to restructuring and other exit charges	3,736	1,435	3,800
Non-cash write-off of property, plant and equipment	—	6,300	—
Impairment of goodwill	—	12,216	31,411
Impairment of indefinite-lived intangibles and fixed assets	—	1,800	4,841
Derivatives not designated in hedging relationships:			
Net (gains) losses	(180)	471	409
Cash proceeds (settlements)	43	(1,225)	648
Provision for doubtful accounts	822	1,794	4,749
Deferred income taxes	(20,313)	1,455	(753)
Legal proceedings accrual / (reversal of legal accrual, net of fees)	—	23,725	(799)
Non-cash interest expense	1,603	1,388	2,794
Stock-based compensation	19,453	19,185	19,603
Loss (gain) on sale of facility	—	—	(4,348)
Gain on disposal of fixed assets	116	(7)	(114)
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(32,242)	(13,535)	31,142
Inventories	(38,075)	(42,792)	11,667
Prepaid and other current assets	14,470	3,721	4,751
Other assets	(1,150)	2,034	(331)
Accounts payable	21,266	845	12,178
Accrued expenses	(26,614)	9,333	(4,739)
Other liabilities	93,963	5,719	2,844
Net cash provided by operating activities	211,048	246,030	307,571
Cash flows from investing activities			
Capital expenditures	(69,832)	(50,072)	(55,880)
Purchase of businesses, net of cash acquired	(2,988)	(12,392)	(35,439)
Proceeds from sale of facility	—	—	9,179
Proceeds from disposal of property, plant, and equipment	463	631	1,217
Net cash used in investing activities	(72,357)	(61,833)	(80,923)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	214	(4,600)	4,233
Proceeds from 2017 Revolver borrowings	379,750	—	—
Proceeds from 2011 Revolver borrowings	147,050	262,000	355,800
Repayments of 2017 Revolver borrowings	(244,250)	—	—
Repayments of 2011 Revolver borrowings	(312,050)	(267,000)	(360,800)
Proceeds from 2017 Term Loan	150,000	—	—
Proceeds from Notes	—	—	300,000
Repayments of 2011 Term Loan	(127,500)	(15,000)	(7,500)
Repayments of Convertible Notes	—	—	(172,266)
Debt issuance costs	(2,677)	—	(5,031)
Capital lease obligations and other	(29)	(98)	(127)
Proceeds from the issuance of common stock	958	3	4
Payment of taxes related to net share settlement of equity awards	(7,489)	(7,447)	(15,209)
Excess tax benefits from exercise of stock options and vesting of equity awards	—	—	4,291
Purchase of treasury stock	(121,191)	—	(178,244)
Dividends paid to stockholders	(29,674)	(30,400)	(30,880)
Net cash used by financing activities	(166,888)	(62,542)	(105,729)
Effect of exchange rate changes on cash and cash equivalents	49,986	(18,633)	7,467
Net increase in cash and cash equivalents	21,789	103,022	128,386
Cash and cash equivalents at beginning of year	500,329	397,307	268,921
Cash and cash equivalents at end of year	$ 522,118	$ 500,329	$ 397,307

See accompanying notes.

Notes to Consolidated Financial Statements
March 31, 2018
(In Thousands, Except Share and Per Share Data)

1. Summary of Significant Accounting Policies

Description of Business

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

Principles of Consolidation

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

The Company, in previous years, consolidated certain subsidiaries in which the noncontrolling interest party had 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 were reported at their estimated redemption value, and the amount presented in temporary equity was not less than the initial amount reported in temporary equity. Any adjustment to the redemption value impacted retained earnings but did not impact net income or comprehensive income. In fiscal 2017, the Company deconsolidated its joint venture in South Africa and the impact of this deconsolidation was reflected in the Consolidated Statements of Income. As a result, the Company has no redeemable noncontrolling interest on its Consolidated Balance Sheet as of March 31, 2018 and 2017.

Foreign Currency Translation

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

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

Revenue Recognition

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

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

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

Freight Expense

Costs incurred by the Company for outbound freight costs to customers, inbound and transfer freight are classified in cost of goods sold.

Warranties

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Accounts Receivable

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

Inventories

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

Property, Plant, and Equipment

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

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

Business Combinations

The purchase price of an acquired company is allocated between tangible and intangible assets acquired and liabilities assumed from the acquired business based on their estimated fair values, with the residual of the purchase price recorded as goodwill. The results of operations of the acquired business are included in the Company's operating results from the date of acquisition.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived trademarks are tested for impairment at least annually and whenever events or circumstances occur indicating that a possible impairment may have been incurred. Goodwill is tested for impairment by determining the fair value of the Company's reporting units. These estimated fair values are based on financial projections, certain cash flow measures, and market capitalization.

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

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

In fiscal 2016, in accordance with the existing guidance under ASC 350, the Company conducted the goodwill impairment test using the two-step process. In the first step, the Company compared the fair value of each reporting unit to its carrying value. If the fair value of the reporting unit exceeded its carrying value, goodwill was not impaired and no further testing was required. If the fair value of the reporting unit was less than the carrying value, the Company performed the second step of the impairment test to measure the amount of impairment loss, if any. In the second step, the reporting unit's fair value was allocated to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that calculated the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill was less than the carrying value, the difference was recorded as an impairment loss.

In fiscal 2017, the Company early adopted ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment", which simplified the measurement of goodwill impairment by removing the second step of the goodwill impairment test that requires a hypothetical purchase price allocation.

Beginning fiscal 2017, the annual or interim goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. If the fair value of the reporting unit exceeds its carrying value, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than the carrying value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

The indefinite-lived trademarks are tested for impairment by comparing the carrying value to the fair value based on current revenue projections of the related trademarks, under the relief from royalty method. Any excess carrying value over the amount of fair value is recognized as impairment. Any impairment would be recognized in full in the reporting period in which it has been identified.

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

Impairment of Long-Lived Assets

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

Environmental Expenditures

The Company records a loss and establishes a reserve for environmental remediation liabilities when it is probable that an asset has been impaired or a liability exists and the amount of the liability can be reasonably estimated. Reasonable estimates involve judgments made by management after considering a broad range of information including notifications, demands or settlements that have been received from a regulatory authority or private party, estimates performed by independent engineering companies and outside counsel, available facts, existing and proposed technology, the identification of other potentially responsible parties, their ability to contribute and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. However, the reserves may materially differ from ultimate actual liabilities if the loss contingency is difficult to estimate or if management's judgments turn out to be inaccurate. If management believes no best estimate exists, the minimum probable loss is accrued.

Derivative Financial Instruments

The Company utilizes derivative instruments to mitigate volatility related to interest rates, lead prices and foreign currency exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company recognizes derivatives as either assets or liabilities in the accompanying Consolidated Balance Sheets and measures those instruments at fair value. Changes in the fair value of those instruments are reported in AOCI if they qualify for hedge accounting or in earnings if they do not qualify for hedge accounting. Derivatives qualify for hedge accounting if they are designated as hedge instruments and if the hedge is highly effective in achieving offsetting changes in the fair value or cash flows of the asset or liability hedged. Effectiveness is measured on a regular basis using statistical analysis and by comparing the overall changes in the expected cash flows on the lead and foreign currency forward contracts with the changes in the expected all-in cash outflow required for the lead and foreign currency purchases. This analysis is performed on the initial purchases quarterly that cover the quantities hedged. Accordingly, gains and losses from changes in derivative fair value of effective hedges are deferred and reported in AOCI until the underlying transaction affects earnings.

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

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

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

The Company has elected to offset net derivative positions under master netting arrangements. The Company does not have any positions involving cash collateral (payables or receivables) under a master netting arrangement as of March 31, 2018 and 2017.

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

Fair Value of Financial Instruments

The Company groups its recurring, non-recurring and disclosure-only fair value measurements into the following levels when making fair value measurement disclosures:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3 Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Company and its subsidiaries use, as appropriate, a market approach (generally, data from market transactions), an income approach (generally, present value techniques and option-pricing models), and / or a cost approach (generally, replacement cost) to measure the fair value of an asset or liability. These valuation approaches incorporate inputs such as observable, independent market data and / or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk.

Lead contracts, foreign currency contracts and interest rate contracts generally use an income approach to measure the fair value of these contracts, utilizing readily observable inputs, such as forward interest rates (e.g., London Interbank Offered Rate—"LIBOR"), forward foreign currency exchange rates (e.g., GBP and euro) and commodity prices (e.g., London Metals Exchange), as well as inputs that may not be observable, such as credit valuation adjustments. When observable inputs are used to measure all or most of the value of a contract, the contract is classified as Level 2. Over-the-counter (OTC) contracts are valued using quotes obtained from an exchange, binding and non-binding broker quotes. Furthermore, the Company obtains independent quotes from the market to validate the forward price curves. OTC contracts include forwards, swaps and options. To the extent possible, fair value measurements utilize various inputs that include quoted prices for similar contracts or market-corroborated inputs.

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

Income Taxes

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

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act") was enacted into law. Among the significant changes resulting from the law, the Tax Act reduces the U.S. federal income tax rate from 35% to 21% effective January 1, 2018, requires companies to pay a one-time transition tax on unrepatriated cumulative non-U.S. earnings of foreign subsidiaries ("Transition Tax"), and creates new taxes on certain foreign sourced earnings. In accordance with ASC 740, "Income Taxes," the Company is required to record the effects of tax law changes in the period enacted. The 21% rate was effective at the beginning of the Company's fourth quarter of fiscal 2018, and resulted in the Company using a blended rate for the annual period. The results for fiscal 2018 contain estimates of the impact of the Tax Act in regard to deferred tax balances and the Transition Tax as permitted by Staff Accounting Bulletin 118 "SAB 118" issued by the Securities and Exchange Commission on December 22, 2017. These amounts are considered provisional and may be affected by future guidance if and when issued.

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

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

No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the Transition Tax, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations.

Deferred Financing Fees

Debt issuance costs that are incurred by the Company in connection with the issuance of debt are deferred and amortized to interest expense over the life of the underlying indebtedness, adjusted to reflect any early repayments and are shown as a deduction from long-term debt.

Stock-Based Compensation Plans

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

Market condition-based awards

The Company grants two types of market condition-based awards—market share units and performance market share units.

The fair value of the market share units is estimated at the date of grant using a binomial lattice model with the following assumptions: a risk-free interest rate, dividend yield, time to maturity and expected volatility. These units cliff vest on the third anniversary of the date of grant and are settled in common stock on the first anniversary of the vesting date. Market share units are converted into between zero and two shares of common stock for each unit granted at the end of a three-year performance cycle. The conversion ratio is calculated by dividing the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the vesting date by the average closing share price of the Company's common stock during the ninety calendar days immediately preceding the grant date, with the resulting quotient capped at two. This quotient is then multiplied by the number of market share units granted to yield the number of shares of common stock to be delivered on the vesting date.

The fair value of the performance market share units is estimated at the date of grant using a Monte Carlo Simulation. A participant may earn between 0% to 200% of the number of performance market share units granted, based on the total shareholder return ("TSR") of the Company's common stock over a three-year period. The awards will cliff vest on the third anniversary of the date of grant and are settled in common stock on the first anniversary of the vesting date. The TSR is calculated by dividing the sixty or ninety calendar day average price at end of the period (as applicable) and the reinvested dividends thereon by such sixty or ninety calendar day average price at start of the period. The maximum number of awards earned is capped at 200% of the target award. Additionally, no payout will be awarded in the event that the TSR at the vesting date reflects less than a 25% return from the average price at the grant date. Performance market share units are similar to the market share units except that the targets are more difficult to achieve and may be tied to the TSR of a defined peer group.

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

Restricted Stock Units

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

Stock Options

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

Earnings Per Share

Basic earnings per common share ("EPS") are computed by dividing net earnings attributable to EnerSys stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. At March 31, 2018, 2017 and 2016, the Company had outstanding stock options, restricted stock units, market share units and performance market share units, which could potentially dilute basic earnings per share in the future. The Convertible Notes (as defined in Note 8), prior to their extinguishment on July 17, 2015, had a dilutive impact on the EPS for fiscal 2016.

Segment Reporting

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

- **Americas**, which includes North and South America, with segment headquarters in Reading, Pennsylvania, U.S.A.,
- **EMEA**, which includes Europe, the Middle East and Africa, with segment headquarters in Zug, Switzerland, and
- **Asia**, which includes Asia, Australia and Oceania, with segment headquarters in Singapore.

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. In July 2015, the FASB voted to delay the effective date for interim and annual reporting periods beginning after December 15, 2017, with early adoption permissible one year earlier. The standard permits the use of either the modified retrospective or full retrospective transition methods. In the first half of fiscal 2018, the Company completed an impact assessment of the potential changes from adopting ASU 2014-09. The impact assessment included a review of customer arrangements across all of its global business units and an in-depth analysis of its global revenue processes and accounting policies to identify potential areas where change may be needed to comply with this guidance. The Company has assembled an implementation work team to assess and document the accounting conclusions for the adoption of ASU 2014-09.

The Company adopted the ASU on April 1, 2018, using the modified retrospective transition method. The Company has concluded that the adoption of the ASU will not have a material impact on its accounting for revenue in the consolidated financial statements. The ASU requires the recognition of allowances for estimated sales returns on a gross versus net basis in the Consolidated Statements of Income and presenting the right of return asset and associated refund liability on the Consolidated Balance Sheets separately, which differs from current practice. In addition, the disclosures in the notes to its consolidated financial statements related to revenue recognition will be expanded under the new standards to include the methods the Company uses to recognize revenue, assets and liabilities relating to contracts with its customers, the nature of its performance obligations and the manner by which it determines and allocates transaction prices to the performance obligations, and the significant judgments inherent in its revenue recognition policies. The Company also anticipates implementing enhancements to its internal controls to support its ability to sustain compliance with the standard after adoption.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)", which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). This update requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. This update is effective for annual periods beginning after December 15, 2018, using a modified retrospective approach, with early adoption permitted. The Company is currently assessing the potential impact that the adoption will have on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740)": Intra-Entity Transfers of Assets Other than Inventory. ASU 2016-16 requires that an entity recognize the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. This update is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. The Company early adopted the standard on a modified retrospective basis during the first quarter of fiscal 2018 through a cumulative-effect adjustment directly to retained earnings of $137, as of the beginning of the period of adoption.

In March 2017, the FASB issued ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715)", which requires an entity to report the service cost component of pension and other postretirement benefit costs in the same line item as other compensation costs. The other components of net (benefit) cost will be required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. This standard is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, "Derivatives and Hedging (Topic 815)": Targeted Improvements to Accounting for Hedging Activities, which amends and simplifies existing guidance in order to allow companies to more accurately present the economic effects of risk management activities in the financial statements. The guidance eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those years. Early adoption is permitted in any interim period or fiscal year before the effective date. The Company is currently assessing the potential impact that the adoption will have on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220)": Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows a reclassification from accumulated other comprehensive income (loss) to retained earnings for stranded tax effects resulting from the Tax Act. The amount of the reclassification is calculated based on the effect of the change in the U.S. federal corporate income tax rate on the gross deferred tax amounts at the date of the enactment of the Tax Act related to items that remained in accumulated other comprehensive income (loss) at that time. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those years and early adoption is permitted. The Company is currently assessing the potential impact that the adoption will have on its consolidated financial statements.

Use of Estimates

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

Reclassifications

The Company reclassified, $12,216 and $31,411 for fiscal year 2017 and 2016, respectively, relating to the impairment of goodwill, in the income statements, cash flow statements and footnotes, to separately present the aggregate amount of goodwill impairment losses consistent with ASC 350-20-45. Such reclassifications had no effect on reported net earnings attributable to EnerSys stockholders, total assets, stockholders' equity, or operating cash flows.

2. Acquisitions

There were no significant acquisitions in fiscal 2018 and 2017.

In fiscal 2016, the Company completed the acquisition of ICS Industries Pty. Ltd. (ICS), headquartered in Melbourne, Australia, for $34,496, net of cash acquired. ICS is a leading full line shelter designer and manufacturer with installation and maintenance services serving the telecommunications, utilities, datacenter, natural resources and transport industries operating in Australia and serving customers in the Asia Pacific region. The Company acquired tangible and intangible assets, in connection with the acquisition, including trademarks, technology, customer relationships, non-competition agreements and goodwill. Based on the final valuation, trademarks were valued at $1,322, technology at $1,399, customer relationships at $10,211, non-competition agreements at $142 and goodwill was recorded at $13,898. The useful lives of technology were estimated at 10 years, customer relationships were estimated at 11 years and non-competition agreements ranged from 2-5 years. Trademarks were considered to be indefinite-lived assets. There was no tax deductible goodwill associated with this acquisition.

The results of the acquisitions have been included in the Company's results of operations from the dates of their respective acquisitions. Pro forma earnings and earnings per share computations have not been presented as these acquisitions are not considered significant.

3. Inventories

	March 31, 2018	March 31, 2017
Raw materials	$ 92,216	$ 85,604
Work-in-process	136,068	107,177
Finished goods	185,950	167,913
Total	$ 414,234	$ 360,694

4. Property, Plant, and Equipment

Property, plant, and equipment consist of:

	March 31, 2018	March 31, 2017
Land, buildings, and improvements	$ 273,506	$ 251,030
Machinery and equipment	657,262	582,105
Construction in progress	49,900	33,418
	980,668	866,553
Less accumulated depreciation	(590,408)	(518,004)
Total	$ 390,260	$ 348,549

Depreciation expense for the fiscal years ended March 31, 2018, 2017 and 2016 totaled $45,874, $45,388, and $47,686, respectively. Interest capitalized in connection with major capital expenditures amounted to $1,082, $817, and $1,526 for the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

5. Goodwill and Other Intangible Assets

Other Intangible Assets

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

	March 31, 2018			March 31, 2017		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Indefinite-lived intangible assets:						
Trademarks	$ 97,444	$ (953)	$ 96,491	$ 96,849	$ (953)	$ 95,896
Finite-lived intangible assets:						
Customer relationships	66,973	(31,500)	35,473	66,187	(24,936)	41,251
Non-compete	2,852	(2,759)	93	2,846	(2,701)	145
Technology	22,769	(8,872)	13,897	22,549	(7,168)	15,381
Trademarks	2,003	(1,151)	852	2,003	(1,066)	937
Licenses	1,491	(1,156)	335	1,474	(1,124)	350
Total	$ 193,532	$ (46,391)	$ 147,141	$ 191,908	$ (37,948)	$ 153,960

The Company's amortization expense related to finite-lived intangible assets was $8,443, $8,557, and $8,308, for the years ended March 31, 2018, 2017 and 2016, respectively. The expected amortization expense based on the finite-lived intangible assets as of March 31, 2018, is $8,405 in fiscal 2019, $8,262 in fiscal 2020, $8,005 in fiscal 2021, $7,922 in fiscal 2022 and $5,670 in fiscal 2023.

Goodwill

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

	Fiscal year ended March 31, 2018			
	Americas	EMEA	Asia	Total
Balance at beginning of year	$ 146,982	$ 138,813	$ 42,862	$ 328,657
Goodwill acquired during the year	3,670	—	—	3,670
Foreign currency translation adjustment	603	17,012	2,863	20,478
Balance at end of year	$ 151,255	$ 155,825	$ 45,725	$ 352,805

	Fiscal year ended March 31, 2017			
	Americas	EMEA	Asia	Total
Balance at beginning of year	$ 166,197	$ 141,392	$ 45,958	$ 353,547
Reorganization of reporting structure	(11,628)	11,628	—	—
Goodwill acquired during the year, including purchase accounting adjustments	1,962	—	(840)	1,122
Goodwill impairment charge	(8,646)	(3,570)	—	(12,216)
Foreign currency translation adjustment	(903)	(10,637)	(2,256)	(13,796)
Balance at end of year	$ 146,982	$ 138,813	$ 42,862	$ 328,657

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

	March 31, 2018			
	Americas	EMEA	Asia	Total
Gross carrying value	$ 209,100	$ 161,978	$ 50,904	$ 421,982
Accumulated goodwill impairment charges	(57,845)	(6,153)	(5,179)	(69,177)
Net book value	$ 151,255	$ 155,825	$ 45,725	$ 352,805

	March 31, 2017			
	Americas	EMEA	Asia	Total
Gross carrying value	$ 204,827	$ 144,966	$ 48,041	$ 397,834
Accumulated goodwill impairment charges	(57,845)	(6,153)	(5,179)	(69,177)
Net book value	$ 146,982	$ 138,813	$ 42,862	$ 328,657

Impairment of goodwill, indefinite-lived intangibles and fixed assets

In fiscal 2017, the Company early adopted ASU 2017-04, which eliminated Step 2 from the goodwill impairment test. In the fourth quarter of fiscal 2017, the Company conducted step one of the annual goodwill impairment test which indicated that the fair values of two of its reporting units—Purcell US in the Americas operating segment and Purcell EMEA in the EMEA operating segment—were less than their respective carrying values. Based on the guidance in ASU 2017-04, the Company recognized an impairment charge for the amount by which the carrying amount exceeded the reporting unit's fair value and recorded a non-cash charge of $8,646 and $3,570, related to goodwill impairment in the Americas and EMEA operating segments, respectively, and $700 and $1,100 related to impairment of indefinite-lived trademarks in the Americas and EMEA operating segments, respectively.

Purcell was acquired in fiscal 2014 during the height of the 4G telecom build-out. After performing to expectations for the first few quarters, its revenue declined as telecom spending in the U.S. curtailed sharply. In fiscal 2016, lower estimated projected revenue and profitability caused by reduced levels of capital spending by major customers in the telecommunications industry was a key factor contributing to the impairment charges recorded in that year. In fiscal 2017, the company transferred the European operations of Purcell to its EMEA operating segment, consistent with its geographical management approach. In the U.S., Purcell received significant orders, but at lower margins, resulting in an impairment in 2017. In Europe, Purcell's sales forecasts were reduced in fiscal 2017, as a result of low telecom spending and accordingly recorded an impairment charge as well.

In fiscal 2016, the Company recorded a non-cash charge of $29,579 and $1,832, related to goodwill impairment in the Americas and EMEA operating segments, respectively, $3,420 related to impairment of indefinite-lived trademarks in the Americas and $1,421 related to impairment of fixed assets in the EMEA operating segment.

The Company estimated tax-deductible goodwill to be approximately $18,147 and $19,857 as of March 31, 2018 and 2017, respectively.

6. Prepaid and Other Current Assets

Prepaid and other current assets consist of the following:

	March 31, 2018	March 31, 2017
Prepaid non-income taxes	$ 22,583	$ 22,268
Prepaid income taxes	8,921	22,540
Non-trade receivables	4,087	4,318
Other	21,319	22,120
Total	$ 56,910	$ 71,246

7. Accrued Expenses

Accrued expenses consist of the following:

	March 31, 2018	March 31, 2017
Payroll and benefits	$ 50,053	$ 56,295
Accrued selling expenses	34,831	34,561
Warranty	22,637	20,595
Income taxes payable	19,696	13,708
Freight	15,810	14,583
VAT and other non-income taxes	13,155	11,380
Deferred income	9,387	10,661
Tax Act—Transition Tax	7,800	—
Interest	6,762	6,315
Restructuring	2,909	2,812
Legal proceedings	2,326	25,551
Pension	1,657	1,222
Other	27,095	28,827
Total	$ 214,118	$ 226,510

8. Debt

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

	As of March 31, 2018		As of March 31, 2017	
	Principal	Unamortized Issuance Costs	Principal	Unamortized Issuance Costs
5.00% Senior Notes due 2023	$ 300,000	$ 3,122	$ 300,000	$ 3,746
2017 Credit Facility, due 2022	285,500	2,843	—	—
2011 Credit Facility, due 2018	—	—	292,500	1,145
	$ 585,500	$ 5,965	$ 592,500	$ 4,891
Less: Unamortized issuance costs	5,965		4,891	
Less: Current portion	—		—	
Long-term debt, net of unamortized issuance costs	$ 579,535		$ 587,609	

5.00% Senior Notes

The Company's $300,000 5.00% Senior Notes due 2023 (the "Notes") bear interest at a rate of 5.00% per annum. Interest is payable semiannually in arrears on April 30 and October 30 of each year, commencing on October 30, 2015. The Notes will mature on April 30, 2023, unless earlier redeemed or repurchased in full. The Notes are unsecured and unsubordinated obligations of the Company. The Notes are fully and unconditionally guaranteed (the "Guarantees"), jointly and severally, by certain of its subsidiaries that are guarantors (the "Guarantors") under the 2011 Credit Facility and its successor, the 2017 Credit Facility. The Guarantees are unsecured and unsubordinated obligations of the Guarantors. The net proceeds from the sale of the Notes in fiscal 2016, were used primarily to repay and retire in full the principal amount of the Company's senior 3.375% convertible notes (the "Convertible Notes"), as discussed below, as well as fund the accelerated share repurchase program discussed in Note 15.

2017 Credit Facility

On August 4, 2017, the Company entered into a new credit facility ("2017 Credit Facility"). The 2017 Credit Facility matures on September 30, 2022 and comprises a $600,000 senior secured revolving credit facility ("2017 Revolver") and a $150,000 senior secured term loan ("2017 Term Loan"). The Company's previous credit facility ("2011 Credit Facility") comprised a $500,000 senior secured revolving credit facility ("2011 Revolver") and a $150,000 senior secured incremental term loan (the "2011 Term Loan") with a maturity date of September 30, 2018. On August 4, 2017, the outstanding balance on the 2011 Revolver and the 2011 Term Loan of $240,000 and $123,750, respectively, was repaid utilizing borrowings from the 2017 Credit Facility.

As of March 31, 2018, the Company had $135,500 outstanding on the 2017 Revolver and $150,000 under the 2017 Term Loan.

The quarterly installments payable on the 2017 Term Loan are $1,875 beginning December 31, 2018, $2,813 beginning December 31, 2019 and $3,750 beginning December 31, 2020 with a final payment of $105,000 on September 30, 2022. The 2017 Credit Facility may be increased by an aggregate amount of $325,000 in revolving commitments and /or one or more new tranches of term loans, under certain conditions. Both the 2017 Revolver and the 2017 Term Loan bear interest, at the Company's option, at a rate per annum equal to either (i) LIBOR plus between 1.25% and 2.00% (currently 1.25% and based on the Company's consolidated net leverage ratio) or (ii) the Base Rate (which equals, for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus 0.50%, (b) Bank of America "Prime Rate" and (c) the Eurocurrency Base Rate plus 1%; provided that, if the Base Rate shall be less than zero, such rate shall be deemed zero). Obligations under the 2017 Credit Facility are secured by substantially all of the Company's existing and future acquired assets, including substantially all of the capital stock of the Company's United States subsidiaries that are guarantors under the 2017 Credit Facility and 65% of the capital stock of certain of the Company's foreign subsidiaries that are owned by the Company's United States subsidiaries.

The current portion of the 2017 Term Loan of $3,750 is classified as long-term debt as the Company expects to refinance the future quarterly payments with revolver borrowings under its 2017 Credit Facility.

2011 Credit Facility

As discussed under the 2017 Credit Facility, the 2011 Credit Facility was repaid in full on August 4, 2017. There were no prepayment penalties on loans under the 2011 Credit Facility. Both the revolving loan and the Term Loan under the 2011 Credit Facility bore interest, at the Company's option, at a rate per annum equal to either (i) LIBOR plus between 1.25% and 1.75% (1.25% at March 31, 2017, and based on the Company's consolidated net leverage ratio) or (ii) the Base Rate (which is the highest of (a) the Bank of America prime rate, and (b) the Federal Funds Effective Rate) plus between 0.25% and 0.75% (based on the Company's consolidated net leverage ratio).

Senior Unsecured 3.375% Convertible Notes

The Company's 3.375% Convertible Notes, with an original face value of $172,500, were issued when the Company's stock price was trading at $30.19 per share. On May 7, 2015, the Company filed a notice of redemption for all of the Convertible Notes with a redemption date of June 8, 2015 at a price equal to $1,000.66 per $1,000 original principal amount of Convertible Notes, which is equal to 100% of the accreted principal amount of the Convertible Notes being repurchased plus accrued and unpaid interest. Holders were permitted to convert their Convertible Notes at their option on or before June 5, 2015.

Ninety-nine percent of the Convertible Notes holders exercised their conversion rights on or before June 5, 2015, pursuant to which, on July 17, 2015, the Company paid $172,388, in aggregate, towards the principal balance including accreted interest, cash equivalent of fractional shares issued towards conversion premium and settled the conversion premium by issuing, in the aggregate, 1,889,431 shares of the Company's common stock from its treasury shares, thereby resulting in the extinguishment of all of the Convertible Notes as of that date. There was no impact to the income statement from the extinguishment as the fair value of the total settlement consideration transferred and allocated to the liability component approximated the carrying value of the Convertible Notes. The remaining consideration allocated to the equity component resulted in an adjustment to equity of $84,140.

The amount of interest cost recognized for the amortization of the discount on the liability component of the Convertible Notes was $1,330 for the fiscal year ended March 31, 2016.

Interest Rates on Long Term Debt

The weighted average interest rate on the long term debt at March 31, 2018 and March 31, 2017, was 3.7% and 3.3%, respectively.

Interest Paid

The Company paid in cash, $23,527, $20,781 and $15,176, net of interest received, for interest during the fiscal years ended March 31, 2018, 2017 and 2016, respectively.

Covenants

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

Short-Term Debt

As of March 31, 2018 and 2017, the Company had $18,341 and $18,359, respectively, of short-term borrowings from banks. The weighted-average interest rate on these borrowings was approximately 7% for both fiscal years ended March 31, 2018 and 2017.

Letters of Credit

As of March 31, 2018 and 2017, the Company had $3,074 and $2,189, respectively, of standby letters of credit.

Debt Issuance Costs

In connection with the new 2017 Credit Facility, the Company incurred $2,677 in debt issuance costs and wrote off $301 of unamortized debt issuance costs related to the 2011 Credit Facility. Amortization expense, relating to debt issuance costs, included in interest expense was $1,302, $1,388, and $1,464 for the fiscal years ended March 31, 2018, 2017 and 2016, respectively. Debt issuance costs, net of accumulated amortization, totaled $5,965 and $4,891 as of March 31, 2018 and 2017, respectively.

Available Lines of Credit

As of March 31, 2018 and 2017, the Company had available and undrawn, under all its lines of credit, $613,234 and $475,947, respectively, including $150,459 and $142,872, respectively, of uncommitted lines of credit as of March 31, 2018 and March 31, 2017.

9. Leases

The Company's future minimum lease payments under operating leases that have noncancelable terms in excess of one year as of March 31, 2018 are as follows:

2019	$	27,924
2020		23,790
2021		19,018
2022		14,155
2023		8,280
Thereafter		12,321
Total minimum lease payments	$	105,488

Rental expense was $38,146, $35,991, and $34,590 for the fiscal years ended March 31, 2018, 2017 and 2016, respectively. Certain operating lease agreements contain renewal or purchase options and /or escalation clauses.

10. Other Liabilities

Other liabilities consist of the following:

	March 31, 2018	March 31, 2017
Tax Act—Transition Tax	$ 89,700	$ —
Pension	44,404	42,930
Warranty	27,965	25,521
Deferred income	7,094	4,929
Liability for uncertain tax benefits	1,684	1,562
Other	10,240	8,659
Total	$ 181,087	$ 83,601

11. Fair Value of Financial Instruments

Recurring Fair Value Measurements

The following tables represent the financial assets and (liabilities) measured at fair value on a recurring basis as of March 31, 2018 and March 31, 2017 and the basis for that measurement:

	Total Fair Value Measurement March 31, 2018	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	$ (3,877)	$ —	$ (3,877)	$ —
Foreign currency forward contracts	22	—	22	—
Total derivatives	$ (3,855)	$ —	$ (3,855)	$ —

	Total Fair Value Measurement March 31, 2017	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	$ 1,163	$ —	$ 1,163	$ —
Foreign currency forward contracts	(313)	—	(313)	—
Total derivatives	$ 850	$ —	$ 850	$ —

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 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 approximate carrying value due to their short maturities and are classified as Level 1.

The fair value of the Company’s short-term debt and borrowings under the new 2017 Credit Facility and the previous 2011 Credit Facility (each as defined in Note 8), approximate their respective carrying value, as they are variable rate debt and the terms are comparable to market terms as of the balance sheet dates and are classified as Level 2.

The Company's Notes, with an original face value of $300,000, were issued in April 2015. The fair value of these Notes represent the trading values based upon quoted market prices and are classified as Level 2. The Notes were trading at approximately 102% and 101% of face value on March 31, 2018 and March 31, 2017, respectively.

The carrying amounts and estimated fair values of the Company's derivatives and Notes at March 31, 2018 and 2017 were as follows:

	March 31, 2018		March 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Derivatives(1)	$ 22	$ 22	$ 1,163	$ 1,163
Financial liabilities:				
Notes (2)	300,000	304,500	300,000	303,000
Derivatives(1)	$ 3,877	$ 3,877	$ 313	$ 313

(1) Represents lead and foreign currency forward contracts (see Note 12 for asset and liability positions of the lead and foreign currency forward contracts at March 31, 2018 and March 31, 2017).

(2) The fair value amount of the Notes at March 31, 2018 and March 31, 2017 represents the trading value of the instruments.

Non-recurring fair value measurements

In connection with the annual impairment testing conducted as of January 2, 2017 for fiscal 2017, indefinite-lived trademarks associated with Purcell US and Purcell EMEA were recorded at fair value on a nonrecurring basis at $4,300 and $3,900, respectively, and the remeasurement resulted in an impairment charge of $700 and $1,100, respectively. In determining the fair value of these assets, the Company used royalty rates ranging between 1.3%-2.5% based on comparable market rates, and used discount rates ranging between 15.0%-17.0%.

The inputs used to measure the fair value of other intangible assets were largely unobservable and accordingly were also classified as Level 3. The fair value of trademarks, is based on an estimate of the royalties saved that would have been paid to a third party had the Company not owned the trademark. The fair value of other indefinite-lived intangibles was estimated using the income approach, based on cash flow projections of revenue growth rates, taking into consideration industry and market conditions.

12. Derivative Financial Instruments

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

Derivatives in Cash Flow Hedging Relationships

Lead Forward Contracts

The Company enters into lead forward contracts to fix the price for a portion of its lead purchases. Management considers the lead 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. At March 31, 2018 and 2017, the Company has hedged the price to purchase notional amounts of approximately 62.9 million pounds and 45.0 million pounds of lead, respectively, for a total purchase price of $72,207 and $46,550, respectively.

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts and options to hedge a portion of the Company's foreign currency exposures for lead, as well as other foreign currency exposures so that gains and losses on these contracts offset changes in the underlying foreign currency denominated exposures. The vast majority of such contracts are for a period not extending beyond one year. As of March 31, 2018 and 2017, the Company had entered into a total of $54,164 and $30,751, respectively, of such contracts.

In the coming twelve months, the Company anticipates that $4,369 of net pretax loss relating to lead and foreign currency forward contracts will be reclassified from AOCI as part of cost of goods sold. This amount represents the current net unrealized impact of hedging lead and foreign exchange rates, which will change as market rates change in the future, and will ultimately be realized in the Consolidated Statements of Income as an offset to the corresponding actual changes in lead costs to be realized in connection with the variable lead cost and foreign exchange rates being hedged.

Derivatives not Designated in Hedging Relationships

Foreign Currency Forward Contracts

The Company also enters into foreign currency forward contracts to economically hedge foreign currency fluctuations on intercompany loans and foreign currency denominated receivables and payables. These are not designated as hedging instruments and changes in fair value of these instruments are recorded directly in the Consolidated Statements of Income. As of March 31, 2018 and 2017, the notional amount of these contracts was $28,486 and $13,560, respectively.

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

Fair Value of Derivative Instruments
March 31, 2018 and 2017

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Prepaid and other current assets				
Lead forward contracts	$ —	$ 1,163	$ —	$ —
Foreign currency forward contracts	209	11	—	—
Total assets	$ 209	$ 1,174	$ —	$ —
Accrued expenses				
Lead forward contracts	$ 3,877	$ —	$ —	$ —
Foreign currency forward contracts	—	—	187	324
Total liabilities	$ 3,877	$ —	$ 187	$ 324

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2018

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 forward contracts	$ (805)	Cost of goods sold	$ 5,860
Foreign currency forward contracts	(3,524)	Cost of goods sold	(2,718)
Total	$ (4,329)		$ 3,142

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

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2017

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 forward contracts	$ 7,907	Cost of goods sold	$ 5,803
Foreign currency forward contracts	845	Cost of goods sold	433
Total	$ 8,752		$ 6,236

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	$ (471)
Total		$ (471)

The Effect of Derivative Instruments on the Consolidated Statements of Income
For the fiscal year ended March 31, 2016

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 forward contracts	$ (3,361)	Cost of goods sold	$ (11,085)
Foreign currency forward contracts	(3,023)	Cost of goods sold	3,941
Total	$ (6,384)		$ (7,144)

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	$ (409)
Total		$ (409)

13. Income Taxes

	Fiscal year ended March 31,		
	2018	2017	2016
Current income tax expense			
Current:			
Federal	$ 115,315	$ 30,362	$ 29,082
State	3,461	4,855	4,750
Foreign	20,030	17,800	17,034
Total current income tax expense	138,806	53,017	50,866
Deferred income tax expense (benefit)			
Federal	(9,551)	857	(3,706)
State	789	590	124
Foreign	(11,551)	8	2,829
Total deferred income tax expense (benefit)	(20,313)	1,455	(753)
Total income tax expense	$ 118,493	$ 54,472	$ 50,113

Earnings before income taxes consists of the following:

	Fiscal year ended March 31,		
	2018	2017	2016
United States	$ 74,440	$ 80,436	$ 64,235
Foreign	163,886	132,259	117,702
Earnings before income taxes	$ 238,326	$ 212,695	$ 181,937

Income taxes paid by the Company for the fiscal years ended March 31, 2018, 2017 and 2016 were $28,044, $45,332 and $44,625, respectively.

U.S. Tax Cuts and Jobs Act of 2017

On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Act") was enacted into law. Among the significant changes resulting from the law, the Tax Act reduces the U.S. federal income tax rate from 35% to 21% effective January 1, 2018, requires companies to pay a one-time transition tax on unrepatriated cumulative non-U.S. earnings of foreign subsidiaries, and creates new taxes on certain foreign sourced earnings. In accordance with ASC 740, "Income Taxes," the Company is required to record the effects of tax law changes in the period enacted. As a result of the rate change in the Tax Act, the Company's blended U.S. statutory tax rate for fiscal 2018 is 31.55%.

As of March 31, 2018, the Company has not completed its accounting for the tax effects of enactment of the Tax Act; however, in certain cases, as described below, the Company has made a reasonable estimate of the effects on existing deferred tax balances and the Transition Tax. The results for fiscal 2018 contain estimates of the impact of the Tax Act as permitted by Staff Accounting Bulletin 118 "SAB 118" issued by the Securities and Exchange Commission on December 22, 2017. These amounts are considered provisional and may be affected by future guidance, if and when issued.

As a result of the Tax Act, the fiscal 2018 financial statements include a provisional net tax expense of $83,400 which is comprised of the following:

Foreign tax effects: The Transition Tax is based on the Company's total post-1986 earnings and profits ("E&P") that were previously deferred from U.S. income taxes. The Company recorded a provisional amount for the Transition Tax liability, resulting in an increase in income tax expense of $97,500; an increase of $3,500 from the amount reported in the third quarter of fiscal 2018. The estimated Transition Tax of $97,500 is recorded under current income tax payable and non-current income tax payable, at $7,800 and $89,700, respectively, and is payable over eight years. Further, the Transition Tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when the Company finalizes both the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and the amounts held in cash or other specified assets.

Deferred tax assets and liabilities: The Company remeasured its deferred tax assets and liabilities based on the reduced U.S. federal income tax rate of 21%. However, the Company is still analyzing certain aspects of the Tax Act and refining its calculations, which could potentially affect the measurement of these balances or give rise to new deferred tax amounts. The provisional amount recorded related to the remeasurement of the Company's deferred tax balance was a tax benefit of $14,100; a decrease of $606 from the amount reported in the third quarter of fiscal 2018.

In all cases, the Company may adjust these provisional amounts which could potentially affect the measurement and impact on tax expense as the Company refines its calculations within a reasonable period not to exceed one year from the enactment date.

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

	March 31, 2018	March 31, 2017
Deferred tax assets:		
Accounts receivable	$ 1,790	$ 2,419
Inventories	3,660	6,521
Net operating loss carryforwards	50,928	46,178
Accrued expenses	21,274	29,783
Other assets	16,832	20,282
Gross deferred tax assets	94,484	105,183
Less valuation allowance	(15,255)	(27,053)
Total deferred tax assets	79,229	78,130
Deferred tax liabilities:		
Property, plant and equipment	21,045	24,319
Other intangible assets	46,058	67,388
Other liabilities	1,331	759
Total deferred tax liabilities	68,434	92,466
Net deferred tax assets (liabilities)	$ 10,795	$ (14,336)

The Company has approximately $1,617 in United States federal net operating loss carryforwards, all of which are limited by Section 382 of the Internal Revenue Code, with expirations between 2023 and 2027. The Company has approximately $161,929 of foreign net operating loss carryforwards, of which $115,420 may be carried forward indefinitely and $46,509 expire between fiscal 2019 and fiscal 2034. In addition, the Company also has approximately $33,246 of state net operating loss carryforwards with expirations between fiscal 2019 and fiscal 2038.

As of March 31, 2018 and 2017, the federal valuation allowance was $630 and $1,050, respectively. The decrease is due to the Tax Act rate change. As of March 31, 2018 and 2017, the valuation allowance associated with the state tax jurisdictions was $895 and $705, respectively. As of March 31, 2018 and 2017, the valuation allowance associated with certain foreign tax jurisdictions was $13,730 and $25,298, respectively. Of the net decrease of $11,568, $9,049 was recorded as a decrease to tax expense. The $9,049 net decrease to tax expense includes a decrease of $11,954 due to the reversal of previously recognized deferred tax valuation allowances related to certain of the Company’s foreign subsidiaries, and an increase of $2,905 primarily related to net operating loss carryforwards generated in the current year that the Company believes are not more likely than not to be realized. The remaining net decrease of $2,519 is primarily related to foreign currency translation adjustments and an offset to adjustments to foreign net operating losses for which a full valuation allowance was recorded.

A reconciliation of income taxes at the statutory rate (31.55% for fiscal 2018 and 35% for fiscal 2017 and 2016) to the income tax provision is as follows:

	Fiscal year ended March 31, 2018	2017	2016
United States statutory income tax expense	$ 75,196	$ 74,444	$ 63,678
Increase (decrease) resulting from:			
Impact of Tax Act	83,400	—	—
State income taxes, net of federal effect	3,146	3,677	3,282
Nondeductible expenses, domestic manufacturing deduction and other	1,078	1,993	(1,407)
Legal proceedings charge - European Competition Investigations - See Note 18	—	7,873	668
Goodwill impairment - See Note 5	—	3,812	6,475
Effect of foreign operations	(35,048)	(39,377)	(28,845)
Valuation allowance	(9,279)	2,050	6,262
Income tax expense	$ 118,493	$ 54,472	$ 50,113

The effective income tax rates for the fiscal years ended March 31, 2018, 2017 and 2016 were 49.7%, 25.6% and 27.5%, respectively. The 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 its consolidated income before taxes. The increase in the effective income tax rate in fiscal 2018 is primarily due to the Tax Act.

In fiscal 2018, the foreign effective income tax rate on foreign pre-tax income of $163,886 was 5.2%. In fiscal 2017, the foreign effective income tax rate on foreign pre-tax income of $132,259 was 13.5% and in fiscal 2016, the foreign effective income tax rate on foreign pre-tax income of $117,702 was 16.9%. The rate decrease in fiscal 2018 compared to fiscal 2017 is primarily due to the reversal of previously recognized deferred tax valuation allowances related to certain of the Company's foreign subsidiaries in fiscal 2018, decreases due to non-deductible goodwill impairment charges and non-deductible legal proceedings charge related to the European competition investigation in fiscal 2017, and changes in the mix of earnings among tax jurisdictions. The rate decrease in fiscal 2017 compared to fiscal 2016 is primarily due to changes in the mix of earnings among tax jurisdictions and a decrease in non-deductible goodwill impairment charges compared to fiscal 2016, partially offset by an increase in non-deductible legal proceedings charge relating to the European competition investigation in fiscal 2017 compared to fiscal 2016.

Income from the Company's Swiss subsidiary comprised a substantial portion of its overall foreign mix of income for the fiscal years ended March 31, 2018, 2017 and 2016 and was taxed at approximately 8%, 5% and 7%, respectively.

The Company has approximately $1,126,000 and $960,000 of undistributed earnings of foreign subsidiaries for fiscal years 2018 and 2017, respectively. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the Transition Tax, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations.

Uncertain Tax Positions

The following table summarizes activity of the total amounts of unrecognized tax benefits:

	Fiscal year ended March 31,		
	2018	2017	2016
Balance at beginning of year	$ 1,450	$ 2,375	$ 4,112
Increases related to current year tax positions	397	252	422
Increases related to prior year tax positions	11	31	470
Decreases related to prior tax positions due to foreign currency translation	—	(352)	—
Decreases related to prior year tax positions settled	(1)	(678)	(2,315)
Lapse of statute of limitations	(289)	(178)	(314)
Balance at end of year	$ 1,568	$ 1,450	$ 2,375

All of the balance of unrecognized tax benefits at March 31, 2018, if recognized, would be included in the Company's Consolidated Statements of Income and have a favorable impact on both the Company's net earnings and effective tax rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015.

While the net effect on total unrecognized tax benefits cannot be reasonably estimated, approximately $480 is expected to reverse in fiscal 2019 due to expiration of various statute of limitations.

The Company recognizes tax related interest and penalties in income tax expense in its Consolidated Statements of Income. As of March 31, 2018 and 2017, the Company had an accrual of $116 and $112, respectively, for interest and penalties.

14. Retirement Plans

Defined Benefit Plans

The Company sponsors several retirement and pension plans covering eligible salaried and hourly employees. The Company uses a measurement date of March 31 for its pension plans.

Net periodic pension cost for fiscal 2018, 2017 and 2016, includes the following components:

	United States Plans			International Plans		
	Fiscal year ended March 31,			Fiscal year ended March 31,		
	2018	2017	2016	2018	2017	2016
Service cost	$ —	$ 371	$ 482	$ 1,025	$ 871	$ 820
Interest cost	658	664	682	1,795	1,848	1,904
Expected return on plan assets	(496)	(816)	(855)	(2,264)	(1,875)	(2,247)
Amortization and deferral	303	453	481	1,468	978	1,249
Curtailment loss	—	—	313	—	—	—
Net periodic benefit cost	$ 465	$ 672	$ 1,103	$ 2,024	$ 1,822	$ 1,726

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

	United States Plans		International Plans	
	March 31,		March 31,	
	2018	2017	2018	2017
Change in projected benefit obligation				
Benefit obligation at the beginning of the period	$ 16,682	$ 17,649	$ 74,478	$ 69,134
Service cost	—	371	1,025	871
Interest cost	658	664	1,795	1,848
Benefits paid, inclusive of plan expenses	(1,037)	(1,057)	(2,153)	(1,982)
Plan curtailments and settlements	—	—	(52)	(17)
Actuarial (gains) losses	410	(945)	(2,705)	11,863
Foreign currency translation adjustment	—	—	9,645	(7,239)
Benefit obligation at the end of the period	$ 16,713	$ 16,682	$ 82,033	$ 74,478
Change in plan assets				
Fair value of plan assets at the beginning of the period	$ 12,731	$ 11,839	$ 34,323	$ 32,314
Actual return on plan assets	1,731	1,455	688	6,669
Employer contributions	503	494	1,865	1,640
Benefits paid, inclusive of plan expenses	(1,037)	(1,057)	(2,153)	(1,982)
Plan curtailments and settlements	—	—	(52)	(17)
Foreign currency translation adjustment	—	—	4,086	(4,301)
Fair value of plan assets at the end of the period	$ 13,928	$ 12,731	$ 38,757	$ 34,323
Funded status deficit	$ (2,785)	$ (3,951)	$ (43,276)	$ (40,155)

	March 31,	
	2018	2017
Amounts recognized in the Consolidated Balance Sheets consist of:		
Noncurrent assets	$ —	$ 46
Accrued expenses	(1,657)	(1,222)
Other liabilities	(44,404)	(42,930)
	$ (46,061)	$ (44,106)

The following table represents pension components (before tax) and related changes (before tax) recognized in AOCI for the Company's pension plans for the years ended March 31, 2018, 2017 and 2016:

	Fiscal year ended March 31,		
	2018	2017	2016
Amounts recorded in AOCI before taxes:			
Prior service cost	$ (385)	$ (377)	$ (445)
Net loss	(27,762)	(28,475)	(26,628)
Net amount recognized	$ (28,147)	$ (28,852)	$ (27,073)

	Fiscal year ended March 31,		
	2018	2017	2016
Changes in plan assets and benefit obligations:			
New prior service cost	$ —	$ —	$ —
Net loss (gain) arising during the year	(1,953)	5,485	(988)
Effect of exchange rates on amounts included in AOCI	3,019	(2,275)	142
Amounts recognized as a component of net periodic benefit costs:			
Amortization of prior service cost	(46)	(42)	(382)
Amortization or settlement recognition of net loss	(1,725)	(1,389)	(1,661)
Total recognized in other comprehensive (income) loss	$ (705)	$ 1,779	$ (2,889)

The amounts included in AOCI as of March 31, 2018 that are expected to be recognized as components of net periodic pension cost (before tax) during the next twelve months are as follows:

Prior service cost	$ (48)
Net loss	(1,483)
Net amount expected to be recognized	$ (1,531)

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

	United States Plans		International Plans	
	March 31,		March 31,	
	2018	2017	2018	2017
All defined benefit plans:				
Accumulated benefit obligation	$ 16,713	$ 16,682	$ 77,724	$ 70,801
Unfunded defined benefit plans:				
Projected benefit obligation	$ —	$ —	$ 33,124	$ 28,623
Accumulated benefit obligation	—	—	31,270	27,220
Defined benefit plans with a projected benefit obligation in excess of the fair value of plan assets:				
Projected benefit obligation	$ 16,713	$ 16,682	$ 82,033	$ 73,920
Fair value of plan assets	13,928	12,731	38,757	33,719
Defined benefit plans with an accumulated benefit obligation in excess of the fair value of plan assets:				
Projected benefit obligation	$ 16,713	$ 16,682	$ 81,253	$ 73,920
Accumulated benefit obligation	16,713	16,682	77,021	70,281
Fair value of plan assets	13,928	12,731	37,986	33,719

Assumptions

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

	United States Plans			International Plans		
	Fiscal year ended March 31,			Fiscal year ended March 31,		
	2018	2017	2016	2018	2017	2016
Discount rate	4.1%	3.9%	3.8%	1.5-3.5%	1.8-3.7%	1.25-3.4%
Expected return on plan assets	6.8	7.0	7.0	3.6-6.3	3.3-6.5	3.2-6.5
Rate of compensation increase	N/A	N/A	N/A	1.5-4.0	1.5-4.0	1.5-3.75

N/A = not applicable

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

	United States Plans		International Plans	
	March 31,		March 31,	
	2018	2017	2018	2017
Discount rate	3.9%	4.1%	1.4-3.3%	1.5-3.5%
Rate of compensation increase	N/A	N/A	1.8-4.0	1.5-4.0

N/A = not applicable

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

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

Pension Plan Investment Strategy

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

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

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

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

The following table represents the Company's pension plan investments measured at fair value as of March 31, 2018 and 2017 and the basis for that measurement:

	March 31, 2018							
	United States Plans				International Plans			
	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset category:								
Cash and cash equivalents	$ 891	$ 891	$ —	$ —	$ 49	$ 49	$ —	$ —
Equity securities								
US[(a)]	9,864	9,864	—	—	—	—	—	—
International[(b)]	—	—	—	—	25,768	—	25,768	—
Fixed income[(c)]	3,173	3,173	—	—	12,940	—	12,940	—
Total	$ 13,928	$ 13,928	$ —	$ —	$ 38,757	$ 49	$ 38,708	$ —

	March 31, 2017							
	United States Plans				International Plans			
	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurement	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset category:								
Cash and cash equivalents	$ 305	$ 305	$ —	$ —	$ 88	$ 88	$ —	$ —
Equity securities								
US[(a)]	8,363	8,363	—	—	—	—	—	—
International[(b)]	1,050	1,050	—	—	22,727	—	22,727	—
Fixed income[(c)]	3,013	3,013	—	—	11,508	—	11,508	—
Total	$ 12,731	$ 12,731	$ —	$ —	$ 34,323	$ 88	$ 34,235	$ —

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

(a) US equities include companies that are well diversified by industry sector and equity style (i.e., growth and value strategies). Active and passive management strategies are employed. Investments are primarily in large capitalization stocks and, to a lesser extent, mid- and small-cap stocks.
(b) International equities are invested in companies that are traded on exchanges outside the U.S. and are well diversified by industry sector, country and equity style. Active and passive strategies are employed. The vast majority of the investments are made in companies in developed markets with a small percentage in emerging markets.
(c) Fixed income consists primarily of investment grade bonds from diversified industries.

The Company expects to make cash contributions of approximately $2,590 to its pension plans in fiscal 2018.

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

2019	$ 3,035
2020	2,881
2021	3,430
2022	3,515
2023	3,952
Years 2024-2028	23,066

Defined Contribution Plan

The Company maintains defined contribution plans primarily in the U.S. and U.K. Eligible employees can contribute a portion of their pre-tax and/or after-tax income in accordance with plan guidelines and the Company will make contributions based on the employees' eligible pay and /or will match a percentage of the employee contributions up to certain limits. Matching contributions charged to expense for the fiscal years ended March 31, 2018, 2017 and 2016 were $8,931, $7,447 and $6,730, respectively.

15. Stockholders' Equity and Noncontrolling Interests

Preferred Stock and Common Stock

The Company's certificate of incorporation authorizes the issuance of up to 1,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"). At March 31, 2018 and 2017, no shares of Preferred Stock were issued or outstanding. The Board of Directors of the Company has the authority to specify the terms of any Preferred Stock at the time of issuance.

The following summarizes the change in the number of shares of common stock outstanding during fiscal years ended March 31, 2016, 2017 and 2018, respectively:

Shares outstanding as of March 31, 2015	44,068,588
Purchase of treasury stock	(3,216,654)
Shares issued from treasury stock to settle conversion premium on Convertible Notes	1,889,431
Shares issued under equity-based compensation plans, net of equity awards surrendered for option price and taxes	448,137
Shares outstanding as of March 31, 2016	43,189,502
Shares issued under equity-based compensation plans, net of equity awards surrendered for option price and taxes	258,034
Shares outstanding as of March 31, 2017	43,447,536
Purchase of treasury stock	(1,756,831)
Shares issued under equity-based compensation plans, net of equity awards surrendered for option price and taxes	224,295
Shares outstanding as of March 31, 2018	41,915,000

Treasury Stock

In fiscal 2018, the Company purchased 1,756,831 shares of its common stock for $121,191. Of the shares purchased, 1,495,714 were acquired through an accelerated share repurchase program ("ASR") for a total cash investment of $100,000 at an average price of $66.86. There were no repurchases of common stock during fiscal 2017. In fiscal 2016, the Company purchased 3,216,654 shares of its common stock for $178,244. Of the shares purchased in fiscal 2016, 2,961,444 were acquired through an ASR for a total cash investment of $166,392 at an average price of $56.19. At March 31, 2018 and 2017, the Company held 12,680,105 and 10,923,274 shares as treasury stock, respectively.

Treasury Stock Reissuance

In fiscal 2016, the Company settled the conversion premium on the Convertible Notes by issuing 1,889,431 shares from its treasury stock. The reissuance was recorded on a last-in, first-out method, and the difference between the repurchase cost and the fair value at reissuance was recorded as an adjustment to stockholders' equity.

Accumulated Other Comprehensive Income ("AOCI")

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

	Beginning Balance	Before Reclassifications	Amount Reclassified from AOCI	Ending Balance
March 31, 2018				
Pension funded status adjustment	$ (25,555)	$ 1,692	$ 1,360	$ (22,503)
Net unrealized gain (loss) on derivative instruments	1,975	(2,868)	(2,532)	(3,425)
Foreign currency translation adjustment	(129,244)	113,455	—	(15,789)
Accumulated other comprehensive loss	$(152,824)	$ 112,279	$ (1,172)	$ (41,717)
March 31, 2017				
Pension funded status adjustment	$ (21,861)	$ (4,659)	$ 965	$ (25,555)
Net unrealized gain (loss) on derivative instruments	388	5,523	(3,936)	1,975
Foreign currency translation adjustment	(75,876)	(53,368)	—	(129,244)
Accumulated other comprehensive loss	$ (97,349)	$ (52,504)	$ (2,971)	$(152,824)
March 31, 2016				
Pension funded status adjustment	$ (23,719)	$ 298	$ 1,560	$ (21,861)
Net unrealized gain (loss) on derivative instruments	(95)	(4,027)	4,510	388
Foreign currency translation adjustment	(85,161)	9,285	—	(75,876)
Accumulated other comprehensive (loss) income	$(108,975)	$ 5,556	$ 6,070	$ (97,349)

The following table presents reclassifications from AOCI during the twelve months ended March 31, 2018:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in Cash Flow Hedging Relationships:		
Net unrealized gain on derivative instruments	$ (3,142)	Cost of goods sold
Tax expense	610	
Net unrealized gain on derivative instruments, net of tax	$ (2,532)	
Defined benefit pension costs:		
Prior service costs and deferrals	$ 1,771	Net periodic benefit cost, included in cost of goods sold and operating expenses—See Note 14
Tax benefit	(411)	
Net periodic benefit cost, net of tax	$ 1,360	

The following table presents reclassifications from AOCI during the twelve months ended March 31, 2017:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in Cash Flow Hedging Relationships:		
Net unrealized gain on derivative instruments	$ (6,236)	Cost of goods sold
Tax expense	2,300	
Net unrealized gain on derivative instruments, net of tax	$ (3,936)	
Defined benefit pension costs:		
Prior service costs and deferrals	$ 1,431	Net periodic benefit cost, included in cost of goods sold and operating expenses—See Note 14
Tax benefit	(466)	
Net periodic benefit cost, net of tax	$ 965	

The following table presents reclassifications from AOCI during the twelve months ended March 31, 2016:

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	$ 7,144	Cost of goods sold
Tax benefit	(2,634)	
Net unrealized loss on derivative instruments, net of tax	$ 4,510	
Defined benefit pension costs:		
Prior service costs and deferrals	$ 2,043	Net periodic benefit cost, included in cost of goods sold and operating expenses—See Note 14
Tax benefit	(483)	
Net periodic benefit cost, net of tax	$ 1,560	

Redeemable Noncontrolling Interests

The following demonstrates the change in redeemable noncontrolling interests during the fiscal years ended March 31, 2016, 2017 and 2018, respectively:

Balance as of March 31, 2015	$ 6,956
Net losses attributable to redeemable noncontrolling interests	(4,272)
Redemption value adjustment	4,272
Other	109
Foreign currency translation adjustment	(1,068)
Balance as of March 31, 2016	$ 5,997
Net losses attributable to redeemable noncontrolling interests	(2,021)
Deconsolidation of joint venture	(4,035)
Foreign currency translation adjustment	59
Balance as of March 31, 2017	$ —

In fiscal 2017, the Company deconsolidated its joint venture in South Africa and the impact of this deconsolidation was reflected in the Consolidated Statements of Income. As a result, the Company has no redeemable noncontrolling interest on its Consolidated Balance Sheet as of March 31, 2018 and 2017.

16. Stock-Based Compensation

As of March 31, 2018, the Company maintains the 2017 Equity Incentive Plan ("2017 EIP"). The 2017 EIP reserved 4,173,554 shares of common stock for the grant of various classes of nonqualified stock options, restricted stock units, market share units and other forms of equity-based compensation. Shares subject to any awards that expire without being exercised or that are forfeited or settled in cash shall again be available for future grants of awards under the 2017 EIP. Shares subject to stock option or stock appreciation right awards, that have been retained by the Company in payment or satisfaction of the exercise price and any applicable tax withholding obligation of such awards, shall not be available for future grant under the 2017 EIP.

As of March 31, 2018, 3,916,468 shares are available for future grants. The Company's management equity incentive plans are intended to provide an incentive to employees and non-employee directors of the Company to remain in the service of the Company and to increase their interest in the success of the Company in order to promote the long-term interests of the Company. The plans seek to promote the highest level of performance by providing an economic interest in the long-term performance of the Company. The Company settles employee share-based compensation awards with newly issued shares.

Stock Options

During fiscal 2018, the Company granted to management and other key employees 169,703 non-qualified options that vest ratably over 3 years from the date of grant. Options granted prior to fiscal 2018, as well as the options granted in fiscal 2018 expire 10 years from the date of grant.

The Company recognized stock-based compensation expense relating to stock options of $2,741, with a related tax benefit of $700 for fiscal 2018, stock-based compensation expense of $1,705 with a related tax benefit of $457 for fiscal 2017 and stock-based compensation of $1,419 with a related tax benefit of $477 for fiscal 2016.

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

	2018	2017	2016
Risk-free interest rate	2.08%	1.41%	1.79%
Dividend yield	0.84%	1.22%	1.02%
Expected life (years)	6	6	6
Volatility	29.18%	30.4%	32.75%

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

	Number of Options	Weighted-Average Remaining Contract Term (Years)	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Options outstanding as of March 31, 2015	102,817	7.0	$ 55.86	$ 1,291
Granted	127,966		68.40	—
Exercised	(11,986)		14.64	639
Expired	(8,500)		13.76	437
Options outstanding as of March 31, 2016	210,297	8.5	$ 67.54	$ 218
Granted	242,068		57.60	—
Exercised	(263)		18.25	12
Expired	(434)		18.25	15
Options outstanding as of March 31, 2017	451,668	8.4	$ 62.29	$ 7,520
Granted	169,703		83.14	—
Exercised	(62,197)		63.44	1,132
Forfeited	(11,495)		70.22	75
Expired	(2,089)		18.25	137
Options outstanding as of March 31, 2018	545,590	8.0	$ 68.65	$ 2,679
Options exercisable as of March 31, 2018	183,347	7.2	$ 65.11	$ 806
Options vested and expected to vest, as of March 31, 2018	537,237	8.0	$ 68.56	$ 2,644

The following table summarizes information regarding stock options outstanding as of March 31, 2018:

Range of Exercise Prices	Number of Options	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price
$55.00-$60.00	218,405	8.1	$ 57.60
$65.01-$70.00	163,160	6.8	$ 68.86
$80.01-$83.14	164,025	9.1	$ 83.14
	545,590	8.0	$ 68.65

Restricted Stock Units and Market Share Units

In fiscal 2018, the Company granted to non-employee directors 33,408 deferred restricted stock units at the fair value of $46.24 per restricted stock unit at the date of grant. In fiscal 2017, such grants amounted to 25,708 restricted stock units at the fair value of $69.97 per restricted stock unit at the date of grant and in fiscal 2016, such grants amounted to 28,970 restricted stock units at the fair value of $55.32 per restricted stock unit at the date of grant. The awards vest immediately upon the date of grant and are settled in shares of common stock six months after termination of service as a director.

In fiscal 2018, the Company also granted to non-employee directors, 1,345 restricted stock units and in fiscal 2017 and 2016, granted 1,239 and 565 restricted stock units, respectively, at fair values of $73.39, $65.88 and $62.62, for fiscal 2018, 2017 and 2016, respectively, under the deferred compensation plan.

In fiscal 2018, the Company granted to management and other key employees 161,229 restricted stock units at the fair value of $83.14 per restricted stock unit and 60,187 performance market share units at a weighted average fair value of $105.74 per unit at the date of grant.

In fiscal 2017, the Company granted to management and other key employees 237,358 restricted stock units at the fair value of $57.60 per restricted stock unit and 83,720 performance market share units at a weighted average fair value of $70.79 per market share unit at the date of grant.

In fiscal 2016, the Company granted to management and other key employees 120,287 restricted stock units at a fair value of $68.40 per restricted stock unit and 212,635 market share units at a weighted average fair value of $59.94 per market share unit at the date of grant.

For purposes of determining the fair value of performance market share units granted in fiscal 2018 and fiscal 2017, and market share units in fiscal 2016, the Company used a Monte Carlo Simulation with the following assumptions:

	2018	2017	2016
Risk-free interest rate	1.57%	0.94%	1.00%
Dividend yield	—%	—%	—%
Expected life (years)	3	3	3
Volatility	27.49%	31.74%	25.52%

A summary of the changes in restricted stock units, performance market share units and market share units awarded to employees and directors that were outstanding under the Company's equity compensation plans during fiscal 2018 is presented below:

	Restricted Stock Units (RSU)		Performance Market Share Units and Market Share Units (MSU)	
	Number of RSU	Weighted-Average Grant Date Fair Value	Number of MSU	Weighted-Average Grant Date Fair Value
Non-vested awards as of March 31, 2017	600,275	$ 51.96	449,141	$ 65.41
Granted	195,982	74.78	60,187	105.74
Stock dividend	6,203	56.99	3,451	70.19
Performance factor	—	—	13	83.92
Vested	(151,458)	60.36	(142,426)	70.21
Canceled	(17,251)	68.77	(20,430)	69.10
Non-vested awards as of March 31, 2018	633,751	$ 56.60	349,936	$ 70.22

The Company recognized stock-based compensation expense relating to restricted stock units and market share units of $16,712, with a related tax benefit of $3,325 for fiscal 2018, $17,480, with a related tax benefit of $4,210 for fiscal 2017 and $18,184, with a related tax benefit of $4,446 for fiscal 2016.

All Award Plans

As of March 31, 2018, unrecognized compensation expense associated with the non-vested equity awards outstanding was $35,772 and is expected to be recognized over a weighted-average period of 22 months.

17. Earnings Per Share

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

	Fiscal year ended March 31,		
	2018	2017	2016
Net earnings attributable to EnerSys stockholders	$ 119,594	$ 160,214	$ 136,150
Weighted-average number of common shares outstanding:			
Basic	42,612,036	43,389,333	44,276,713
Dilutive effect of:			
Common shares from exercise and lapse of equity awards, net of shares assumed reacquired	507,820	623,210	644,036
Convertible Notes	—	—	553,381
Diluted weighted-average number of common shares outstanding	43,119,856	44,012,543	45,474,130
Basic earnings per common share attributable to EnerSys stockholders	$ 2.81	$ 3.69	$ 3.08
Diluted earnings per common share attributable to EnerSys stockholders	$ 2.77	$ 3.64	$ 2.99
Anti-dilutive equity awards not included in diluted weighted-average common shares	59,482	1,295	—

In fiscal 2016, the Company paid $172,388, in aggregate, towards the principal balance of the Convertible Notes, including accreted interest, cash equivalent of fractional shares issued towards conversion premium and settled the conversion premium by issuing, in the aggregate, 1,889,431 shares of its common stock, which were included in the diluted weighted average shares outstanding for the period prior to the extinguishment.

18. Commitments, Contingencies and Litigation

Litigation and Other Legal Matters

In the ordinary course of business, the Company and its subsidiaries are routinely defendants in or parties to pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of environmental, anticompetition, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Company and its subsidiaries. In the ordinary course of business, the Company and its subsidiaries are also subject to regulatory and governmental examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. In connection with formal and informal inquiries by federal, state, local and foreign agencies, the Company and its subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their activities.

European Competition Investigations

Certain of the Company's European subsidiaries had received subpoenas and requests for documents and, in some cases, interviews from, and have had on-site inspections conducted by the competition authorities of Belgium, Germany and the Netherlands relating to conduct and anticompetitive practices of certain industrial battery participants.

The Company settled the Belgian regulatory proceeding in February 2016 by acknowledging certain anticompetitive practices and conduct and agreeing to pay a fine of $1,962, which was paid in March 2016. As of March 31, 2018 and March 31, 2017, the Company had a reserve balance of $2,326 and $1,830, respectively, relating to certain ancillary matters associated with the Belgian regulatory proceeding. The change in the reserve balance between March 31, 2018 and March 31, 2017 was due to foreign currency translation impact.

In June 2017, the Company settled a portion of its previously disclosed proceeding involving the German competition authority relating to conduct involving the Company's motive power battery business and agreed to pay a fine of $14,811, which was paid in July 2017. As of March 31, 2018 and March 31, 2017, the Company had a reserve balance of $0 and $13,463, respectively, relating to this matter. Also in June 2017, the German competition authority issued a fining decision related to the Company's reserve power battery business, which constitutes the remaining portion of the previously disclosed German proceeding. The Company is appealing this decision, including payment of the proposed fine of $12,322, and believes that the reserve power matter does not, based on current facts and circumstances known to management, require an accrual. The Company is not required to escrow any portion of this fine during the appeal process.

In July 2017, the Company settled the Dutch regulatory proceeding and agreed to pay a fine of $11,229, which was paid in August 2017. As of March 31, 2018 and March 31, 2017, the Company had a reserve balance of $0 and $10,258, respectively, relating to the Dutch regulatory proceeding.

As of March 31, 2018 and March 31, 2017, the Company had a total reserve balance of $2,326 and $25,551, respectively, in connection with these investigations and other related legal matters, included in accrued expenses on the Consolidated Balance Sheets. The foregoing estimate of losses is based upon currently available information for these proceedings. However, the precise scope, timing and time period at issue, as well as the final outcome of the investigations or customer claims, remain uncertain. Accordingly, the Company's estimate may change from time to time, and actual losses could vary.

Environmental Issues

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

The Company is responsible for certain cleanup obligations at the former Yuasa battery facility in Sumter, South Carolina that predates its ownership of this facility. This manufacturing facility was closed in 2001 and the Company established a reserve for this facility which was $1,109 and $1,123 as of March 31, 2018 and 2017, respectively. Based on current information, the Company's management believes this reserve is adequate to satisfy the Company's environmental liabilities at this facility. This facility is separate from the Company's current metal fabrication facility in Sumter.

Collective Bargaining

At March 31, 2018, the Company had approximately 9,600 employees. Of these employees, approximately 27% were covered by collective bargaining agreements. Employees covered by collective bargaining agreements that did not exceed twelve months were approximately 6% of the total workforce. The average term of these agreements is 2 years, with the longest term being 3 years. The Company considers its employee relations to be good and did not experience any significant labor unrest or disruption of production during fiscal 2018.

Lead and Foreign Currency Forward Contracts

To stabilize its lead costs and reduce volatility from currency movements, the Company enters into contracts with financial institutions. The vast majority of such contracts are for a period not extending beyond one year. Please refer to Note 12—Derivative Financial Instruments for more details.

Other

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

19. Restructuring and Other Exit Charges

Restructuring Plans

During fiscal 2013, the Company announced a restructuring related to improving the efficiency of its manufacturing operations in EMEA. This program was completed during the third quarter of fiscal 2016. Total charges for this program were $6,895, primarily for cash expenses of $5,496 for employee severance-related payments of approximately 140 employees and non-cash expenses of $1,399 associated with the write-off of certain fixed assets and inventory. The Company incurred $5,207 of costs against the accrual through fiscal 2015, and incurred $271 in costs against the accrual during fiscal 2016.

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 consisted of the transfer of motive power and a portion of reserve power battery manufacturing to the Company's facilities in Western Europe. This program was completed during the fourth quarter of fiscal 2016. Total charges for this program were $22,930 primarily for cash expenses of $11,996 for employee severance-related payments of approximately 500 employees and other charges and non-cash expenses of $10,934 associated with the write-off of certain fixed assets and inventory. The Company recorded restructuring charges of $22,115 through fiscal 2015, consisting of non-cash charges of $10,934 and cash charges of $11,181 and recorded an additional $1,229 in cash charges and a favorable accrual adjustment of $414 during fiscal 2016. The Company incurred $9,737 of costs against the accrual through fiscal 2015, and incurred $2,068 in costs against the accrual during fiscal 2016.

During the third quarter of fiscal 2015, the Company announced a restructuring related to its manufacturing facility located in Jiangdu, the People's Republic of China ("PRC"), pursuant to which the Company completed the transfer of the manufacturing at that location to its other facilities in PRC, as part of the closure of the Jiangdu facility in the first quarter of fiscal 2016. This program was completed during the fourth quarter of fiscal 2016. Total charges for this program were $5,291 primarily for cash expenses of $4,893 for employee severance-related payments of approximately 300 employees and other charges and non-cash expenses of $398. The Company recorded cash restructuring charges of $3,870 during fiscal 2015 and recorded an additional $1,023 in cash charges and $398 in non-cash charges during fiscal 2016. The Company incurred $1,874 of costs against the accrual through fiscal 2015, and incurred $2,970 in costs against the accrual during fiscal 2016.

During fiscal 2015, the Company announced a restructuring primarily related to a portion of its sales and engineering organizations in Europe to improve efficiencies. This program was completed during the fourth quarter of fiscal 2016. Total charges for this program were $804 for cash expenses for employee severance-related payments of approximately 15 employees. The Company recorded cash restructuring charges of $450 during fiscal 2015 and recorded an additional $354 during fiscal 2016. The Company incurred $193 of costs against the accrual through fiscal 2015, and incurred $698 in costs against the accrual during fiscal 2016.

During the first quarter of fiscal 2016, the Company completed a restructuring related to a reduction of two executives associated with one of Americas' recent acquisitions to improve efficiencies. The Company recorded total severance-related charges of $570, all of which was paid during the first quarter of fiscal 2016, primarily per the terms of a pre-existing employee agreement.

During fiscal 2016, the Company announced restructurings to improve efficiencies primarily related to its motive power assembly and distribution center in Italy and its sales and administration organizations in EMEA. In addition, the Company announced a further restructuring related to its manufacturing operations in Europe. The program was completed during the third quarter of fiscal 2018. Total charges for this program were $6,568, primarily for cash expenses of $6,161 for employee severance payments of approximately 130 employees and other charges of $407. In fiscal 2016, 2017 and 2018, the Company recorded restructuring charges of $5,232, $1,251 and $85, respectively. In fiscal 2016, 2017 and 2018 the Company incurred costs against the accrual of $2,993, $3,037 and $499, respectively.

During fiscal 2016, the Company announced a restructuring related to improving the efficiency of its manufacturing operations in the Americas. The program, which was completed during the first quarter of fiscal 2017, consisted of closing its Cleveland, Ohio charger manufacturing facility and the transfer of charger production to other Americas manufacturing facilities. The total charges for all actions associated with this program amounted to $2,379, primarily from cash charges for employee severance-related payments and other charges of $1,043, along with a pension curtailment charge of $313 and non-cash charges related to the accelerated depreciation of fixed assets of $1,023. The program resulted in the reduction of approximately 100 employees at its Cleveland facility. In fiscal 2016, the Company recorded restructuring charges of $1,488 including a pension curtailment charge of $313 and non-cash charges of $305 and recorded an additional $174 in cash charges and $718 in non-cash charges during the first quarter of fiscal 2017. The Company incurred $119 in costs against the accrual in fiscal 2016 and incurred an additional $924 against the accrual during the first quarter of fiscal 2017.

During fiscal 2017, the Company announced restructuring programs to improve efficiencies primarily related to its motive power production in EMEA. The Company estimates that the total charges for these actions will amount to approximately $4,700, primarily from cash charges for employee severance-related payments and other charges. The Company estimates that these actions will result in the reduction of approximately 45 employees upon completion. During fiscal 2017, the Company recorded restructuring charges of $3,104 and an additional $1,610 during fiscal 2018. The Company incurred $749 in costs against the accrual in fiscal 2017 and an additional $2,403 during fiscal 2018. As of March 31, 2018, the reserve balance associated with these actions is $1,790. The Company does not expect to be committed to additional restructuring charges related to this action, which is expected to be completed in fiscal 2019.

During fiscal 2017, the Company announced restructurings primarily to complete the transfer of equipment and clean-up of its manufacturing facility located in Jiangdu, the People's Republic of China, which stopped production during the first quarter of fiscal 2016. This program was completed during the fourth quarter of fiscal 2018. The total cash charges for these actions amounted to $991. During fiscal 2017, the Company recorded restructuring charges of $779 and an additional $212 during fiscal 2018. The Company incurred $648 in costs against the accrual in fiscal 2017 and an additional $341 during fiscal 2018.

During fiscal 2018, the Company announced restructuring programs to improve efficiencies primarily related to supply chain, manufacturing and general operations in EMEA. The Company estimates that the total charges for these actions will amount to approximately $7,400, primarily from cash charges for employee severance-related payments and other charges. The Company estimates that these actions will result in the reduction of approximately 85 employees upon completion. During fiscal 2018, the Company recorded non-cash restructuring charges of $69 and cash charges of $2,260 and incurred $1,350 in costs against the accrual. As of March 31, 2018, the reserve balance associated with these actions is $911. The Company expects to be committed to an additional $5,100 in restructuring charges related to this action, which it expects to complete in fiscal 2020.

During the second quarter of fiscal 2018, the Company completed the sale of its Cleveland, Ohio facility and recorded a non-cash loss on the sale of the building of $210 and other cash charges of $75. The Cleveland facility ceased charger production in fiscal 2017.

During fiscal 2018, the Company announced a restructuring program to improve efficiencies of its general operations in the Americas. The Company estimates that the total charges for these actions will amount to approximately $1,000, from cash charges for employee severance-related payments to approximately 60 salaried employees. During fiscal 2018, the Company recorded restructuring charges of $960 and incurred $755 in costs against the accrual. As of March 31, 2018, the reserve balance associated with this action is $208. The Company expects to complete this action in fiscal 2019.

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

	Employee Severance	Other	Total
Balance at March 31, 2015	$ 2,966	$ 854	$ 3,820
Accrued	8,859	419	9,278
Accrual adjustments	—	(414)	(414)
Costs incurred	(8,817)	(872)	(9,689)
Foreign currency impact and other	(44)	38	(6)
Balance at March 31, 2016	$ 2,964	$ 25	$ 2,989
Accrued	4,566	742	5,308
Costs incurred	(4,754)	(604)	(5,358)
Foreign currency impact and other	(108)	(19)	(127)
Balance at March 31, 2017	$ 2,668	$ 144	$ 2,812
Accrued	4,757	445	5,202
Costs incurred	(4,849)	(574)	(5,423)
Foreign currency impact and other	317	1	318
Balance at March 31, 2018	$ 2,893	$ 16	$ 2,909

Other Exit Charges

During fiscal 2018, the Company wrote off $3,457 of inventories, relating to the closing of its Cleveland, Ohio charger manufacturing facility, which is reported in cost of goods sold.

During fiscal 2017, the Company recorded exit charges of $3,292 related to the South Africa joint venture, consisting of cash charges of $2,575 primarily relating to severance and non-cash charges of $717. Included in the non-cash charges are $2,157 relating to the inventory adjustment which is reported in cost of goods sold, partially offset by a credit of $1,099 relating to a change in estimate of contract losses and a $341 gain on deconsolidation of the joint venture. Weakening of the general economic environment in South Africa, reflecting the limited growth in the mining industry, affected the joint venture's ability to compete effectively in the marketplace and consequently, the Company initiated an exit plan in consultation with its joint venture partner in the second quarter of fiscal 2017. The joint venture is currently under liquidation, which resulted in a loss of control and deconsolidation of the joint venture. The impact of the deconsolidation has been reflected in the Consolidated Statements of Income and was deemed not material.

During fiscal 2016, the Company recorded exit charges of $3,098 related to certain operations in Europe.

20. Warranty

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

	Fiscal year ended March 31,		
	2018	2017	2016
Balance at beginning of year	$ 46,116	$ 48,422	$ 39,810
Current year provisions	21,706	17,852	19,735
Costs incurred	(18,820)	(15,945)	(13,998)
Foreign currency translation adjustment	1,600	(4,213)	2,875
Balance at end of year	$ 50,602	$ 46,116	$ 48,422

21. Other (Income) Expense, Net

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

	Fiscal year ended March 31,		
	2018	2017	2016
Foreign exchange transaction losses (gains)	$ 5,499	$ (662)	$ 5,425
Other	556	1,631	294
Total	$ 6,055	$ 969	$ 5,719

22. Business Segments

Summarized financial information related to the Company's reportable segments at March 31, 2018, 2017 and 2016 and for each of the fiscal years then ended is shown below.

	Fiscal year ended March 31,		
	2018	2017	2016
Net sales by segment to unaffiliated customers			
Americas	$1,429,888	$1,332,353	$1,276,027
EMEA	849,420	763,013	787,402
Asia	302,583	271,783	252,820
Total net sales	$2,581,891	$2,367,149	$2,316,249
Net sales by product line			
Reserve power	$1,247,900	$1,142,327	$1,109,154
Motive power	1,333,991	1,224,822	1,207,095
Total net sales	$2,581,891	$2,367,149	$2,316,249
Intersegment sales			
Americas	$ 29,513	$ 26,039	$ 32,984
EMEA	133,164	93,150	78,812
Asia	23,375	22,584	23,590
Total intersegment sales(1)	$ 186,052	$ 141,773	$ 135,386
Operating earnings			
Americas	$ 189,001	$ 191,500	$ 182,774
EMEA	76,672	76,425	75,666
Asia	12,647	14,994	570
Inventory adjustment relating to exit activities—Americas	(3,457)	—	—
Inventory adjustment relating to exit activities—EMEA	—	(2,157)	—
Restructuring charges—Americas	(1,246)	(892)	(2,058)
Restructuring and other exit charges—EMEA	(4,023)	(5,487)	(9,501)
Restructuring charges—Asia	(212)	(781)	(1,419)
Impairment of goodwill and indefinite-lived intangibles—Americas	—	(9,346)	(32,999)
Impairment of goodwill, indefinite-lived intangibles and fixed assets—EMEA	—	(4,670)	(3,253)
Reversal of legal accrual, net of fees—Americas	—	—	799
Legal proceedings charge—EMEA	—	(23,725)	(4,000)
Gain on sale of facility—Asia	—	—	3,420
Total operating earnings(2)	$ 269,382	$ 235,861	$ 209,999
Property, plant and equipment, net			
Americas	$ 210,998	$ 190,169	$ 177,720
EMEA	118,263	100,042	112,839
Asia	60,999	58,338	66,850
Total	$ 390,260	$ 348,549	$ 357,409
Capital Expenditures			
Americas	$ 46,905	$ 34,809	$ 39,127
EMEA	18,392	13,733	12,625
Asia	4,535	1,530	4,128
Total	$ 69,832	$ 50,072	$ 55,880
Depreciation and Amortization			
Americas	$ 30,421	$ 30,204	$ 31,070
EMEA	16,198	15,693	16,337
Asia	7,698	8,048	8,587
Total	$ 54,317	$ 53,945	$ 55,994

(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, net, to the reportable segments.

The Company markets its products and services in over 100 countries. Sales are attributed to countries based on the location of sales order approval and acceptance. Sales to customers in the United States were 49.2%, 50.0% and 51.0% for fiscal years ended March 31, 2018, 2017 and 2016, respectively. Property, plant and equipment, net, attributable to the United States as of March 31, 2018 and 2017, were $176,144 and $156,828, respectively. No single country, outside the United States, accounted for more than 5% of the consolidated net sales or net property, plant and equipment and, therefore, was deemed not material for separate disclosure.

23. Quarterly Financial Data (Unaudited)

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 2018 ended on July 2, 2017, October 1, 2017, December 31, 2017, and March 31, 2018, respectively. The four quarters in fiscal 2017 ended on July 3, 2016, October 2, 2016, January 1, 2017, and March 31, 2017, respectively.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal Year
Fiscal year ended March 31, 2018					
Net sales	$ 622,625	$ 617,289	$ 658,935	$ 683,042	$ 2,581,891
Gross profit	163,097	159,874	166,965	167,004	656,940
Operating earnings(1)(3)	69,611	63,990	68,440	67,341	269,382
Net earnings (loss)(8)	48,322	43,151	(25,779)	54,139	119,833
Net earnings (loss) attributable to EnerSys stockholders	48,201	43,222	(25,847)	54,018	119,594
Net earnings (loss) per common share attributable to EnerSys stockholders—basic	$ 1.11	$ 1.01	$ (0.61)	$ 1.29	$ 2.81
Net earnings (loss) per common share attributable to EnerSys stockholders—diluted	$ 1.09	$ 1.00	$ (0.61)	$ 1.27	$ 2.77
Fiscal year ended March 31, 2017					
Net sales	$ 600,603	$ 576,048	$ 563,697	$ 626,801	$ 2,367,149
Gross profit	166,334	161,295	155,884	167,112	650,625
Operating earnings(2)(4)(5)(6)(7)	66,032	62,909	55,023	51,897	235,861
Net earnings	44,619	42,793	37,095	33,716	158,223
Net earnings attributable to EnerSys stockholders	44,573	45,636	36,235	33,770	160,214
Net earnings per common share attributable to EnerSys stockholders—basic	$ 1.03	$ 1.05	$ 0.83	$ 0.78	$ 3.69
Net earnings per common share attributable to EnerSys stockholders—diluted	$ 1.02	$ 1.04	$ 0.82	$ 0.76	$ 3.64

(1) Included in Operating earnings were inventory adjustment relating to exit activities of $3,457 in the fourth quarter of fiscal 2018.
(2) Included in Operating earnings were inventory adjustment relating to exit activities of $2,659 and $(502) in the second and third quarters of fiscal 2017, respectively.
(3) Included in Operating earnings were restructuring and other exit charges of $833, $1,776, $1,808 and $1,064 for the first, second, third and fourth quarters of fiscal 2018, respectively.
(4) Included in Operating earnings were restructuring and other exit charges of $1,297, $4,893, $(1,153) and $2,123 for the first, second, third and fourth quarters of fiscal 2017, respectively.
(5) Included in Operating earnings for the fourth quarter of fiscal 2017 was a charge relating to the impairment of goodwill for $12,216.
(6) Included in Operating earnings for the fourth quarter of fiscal 2017 was a charge relating to the impairment of indefinite-lived intangibles for $1,800.
(7) Included in Operating earnings were legal proceedings charge of $17,000 and $6,725 for the third and fourth quarters of fiscal 2017, respectively.
(8) Included in net earnings (loss) was tax expense of $77,347 and $4,106 for the third and fourth quarters of fiscal 2018, respectively, on account of the Tax Act.

24. Subsequent Events

On May 16, 2018, the Company announced the payment of a quarterly cash dividend of $0.175 per share of common stock to be paid on June 29, 2018, to stockholders of record as of June 15, 2018.

SCHEDULE II

EnerSys
Valuation and Qualifying Accounts
(In Thousands)

Allowance for Doubtful Accounts

	Balance at Beginning of Period	Additions Charged to Expense	Write-Offs net of recoveries	Other[1]	Balance at End of Period
Allowance for doubtful accounts:					
Fiscal year ended March 31, 2016	$ 7,562	$ 4,749	$ (649)	$ (269)	$ 11,393
Fiscal year ended March 31, 2017	11,393	1,794	(173)	(352)	12,662
Fiscal year ended March 31, 2018	12,662	822	(1,400)	559	12,643

Tax Valuation Allowance

	Balance at Beginning of Period	Additions Charged to Expense	Valuation Allowance Reversal	Other[1][2]	Balance at End of Period
Deferred tax asset—valuation allowance:					
Fiscal year ended March 31, 2016	$ 20,063	$ 6,670	$ (361)	$ (956)	$ 25,416
Fiscal year ended March 31, 2017	25,416	4,305	(2,255)	(413)	27,053
Fiscal year ended March 31, 2018	27,053	4,853	(14,132)	(2,519)	15,255

(1) Primarily the impact of currency changes.
(2) In fiscal 2018, “Other” also included an offset to adjustments to foreign net operating losses for which a full valuation allowance was recorded.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

ITEM 9A. ***CONTROLS AND PROCEDURES***

(a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's 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, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company's 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 fourth quarter of the fiscal year to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The report called for by Item 308(a) of Regulation S-K is included herein as "Management Report on Internal Control Over Financial Reporting."

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. With the participation of the Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of March 31, 2018.

The attestation report called for by Item 308(b) of Registration S-K is included herein as "Report of Independent Registered Public Accounting Firm," which appears in Item 8 in this Annual Report on Form 10-K.

/s/ David M. Shaffer	/s/ Michael J. Schmidtlein
David M. Shaffer **Chief Executive Officer**	**Michael J. Schmidtlein** **Chief Financial Officer**

ITEM 9B. ***OTHER INFORMATION***

Not applicable.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by this item is incorporated by reference from the sections entitled "Board of Directors," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Corporate Governance—Independence of Directors," "Corporate Governance—Process for Selection of Director Nominee Candidates," "Audit Committee Report," and "Certain Relationships and Related Transactions—Employment of Related Parties" of the Company's definitive proxy statement for its 2018 Annual Meeting of Stockholders (the "Proxy Statement") to be filed no later than 120 days after the fiscal year end.

We have adopted a Code of Business Conduct and Ethics that applies to all of our officers, directors and employees (including our Chief Executive Officer, Chief Financial Officer, and Corporate Controller) and have posted the Code on our website at www.enersys.com, and a copy is available in print to any stockholder who requires a copy. If we waive any provision of the Code applicable to any director, our Chief Executive Officer, Chief Financial Officer, and Corporate Controller, such waiver will be promptly disclosed to the Company's stockholders through the Company's website.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by this item is incorporated by reference from the sections entitled "Corporate Governance—Compensation Committee" and "Executive Compensation" of the Proxy Statement") to be filed no later than 120 days after the fiscal year end.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT RELATED STOCKHOLDER MATTERS*

The information required by this item is incorporated by reference from the section entitled "Security Ownership of Certain Beneficial Owners and Management" of the Proxy Statement to be filed no later than 120 days after the fiscal year end.

	Equity Compensation Plan Information		
Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders	1,877,814 (1)	$ 68.56 (2)	3,916,468
Equity compensation plans not approved by security holders	—	—	—
Total	1,877,814	$ 68.56	3,916,468

(1) Assumes a 200% payout of market share units and performance market share units.

(2) Awards of restricted stock units, market share units, performance market share units and deferred stock units and stock units held in both the EnerSys Voluntary Deferred Compensation Plan for Non-Employee Directors and the EnerSys Voluntary Deferred Compensation Plan for Executives were not included in calculating the weighted-average exercise price as they will be settled in shares of common stock for no consideration.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

The information required by this item is incorporated by reference from the sections entitled "Corporate Governance," and "Certain Relationships and Related Transactions" of the Proxy Statement to be filed no later than 120 days after the fiscal year end.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required by this item is incorporated by reference from the section entitled "Audit Committee Report" of the Proxy Statement to be filed no later than 120 days after the fiscal year end.

PART IV

ITEM 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

(a) The following documents are filed as part of this Report:

(1) Consolidated Financial Statements

See Index to Consolidated Financial Statements.

(2) Financial Statement Schedule

The following consolidated financial statement schedule should be read in conjunction with the consolidated financial statements (see Item 8. "Financial Statements and Supplementary Data:"): Schedule II—Valuation and Qualifying Accounts.

All other schedules are omitted because they are not applicable or the required information is contained in the consolidated financial statements or notes thereto.

(b) The following documents are filed herewith as exhibits:

Exhibit Number	Description of Exhibit
3.1	Fifth Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 001-32253) filed on February 6, 2013).
3.2	Third Amended and Restated Bylaws (incorporated by reference to Exhibits 3.1 to EnerSys' Current Report on Form 8-K (File No. 001-32253) filed on August 3, 2016).
4.1	Indenture, dated as of April 23, 2015, among EnerSys, the Guarantors party thereto and MUFG Union Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to EnerSys' Current Report on Form 8-K (File No. 00-32253) filed on April 23, 2015).
4.2	First Supplemental Indenture, dated as of April 23, 2015, among EnerSys, the Guarantors party thereto and MUFG Union Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to EnerSys' Current Report on Form 8-K (File No. 00-32253) filed on April 23, 2015).
4.3	Form of 5.00% Senior Note due 2023 (incorporated by reference to Exhibit 4.3 to EnerSys' Current Report on Form 8-K (File No. 00-32253) filed on April 23, 2015).
10.1	Credit Agreement, dated as of August 4, 2017, among EnerSys, certain other borrowers and guarantors identified therein, Bank of America, N.A., as administrative agent, swing line lender and Letters of Credit issuer, and other lenders party thereto (incorporated herein by reference to Exhibit 10.4 of EnerSys' Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 001-32253) filed with the SEC on August 9, 2017).
10.2	Stock Subscription Agreement, dated March 22, 2002, among EnerSys Holdings Inc., Morgan Stanley Dean Witter Capital Partners IV, L.P., Morgan Stanley Dean Witter Capital Investors IV, L.P., MSDW IV 892 Investors, L.P., Morgan Stanley Global Emerging Markets Private Investment Fund, L.P. and Morgan Stanley Global Emerging Markets Private Investors, L.P. (incorporated by reference to Exhibit 10.27 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.3	Employment Offer Letter, dated October 20, 2014, of EnerSys Delaware Inc. to David M. Shaffer (incorporated by reference to Exhibit 10.5 to EnerSys' Quarterly Report on Form 10-Q for the period ended September 28, 2014 (File No. 001-32253) filed on November 5, 2014).
10.4	EnerSys 2013 Management Incentive Plan (incorporated by reference to Appendix A to EnerSys' Definitive Proxy Statement on Schedule 14A (File No. 001-32253) filed on June 27, 2013).
10.5	Second Amended and Restated EnerSys 2010 Equity Incentive Plan (incorporated by reference to Appendix A to EnerSys' Definitive Proxy Statement on Schedule 14A (File No. 001-32253) filed on June 23, 2016).
10.6	EnerSys Voluntary Deferred Compensation Plan for Executives as amended August 5, 2010, and May 26, 2011 (incorporated by reference to Exhibit 10.23 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).

Exhibit Number	Description of Exhibit
10.7	Form of Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
10.8	Form of Market Share Restricted Stock Unit Agreement - Employees (incorporated by reference to Exhibit 10.31 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on June 1, 2010).
10.9	Form of Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.31 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.10	Form of Market Share Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.32 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.11	Form of Restricted Stock Unit Agreement - Employees and Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.33 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.12	Form of Deferred Stock Unit Agreement - Non-Employee Directors - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.35 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 31, 2011).
10.13	Form of Severance Agreement, (incorporated by reference to Exhibit 10.37 to EnerSys' Annual Report on Form 10-K (File No. 001-32253) filed on May 28, 2013).
10.14	Form of Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.39 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2013 (File No. 001-32253) filed on May 28, 2013).
10.15	Form of Market Share Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.40 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2013 (File No. 001-32253) filed on May 28, 2013).
10.16	Form of Stock Option Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.32 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2014 (File No. 001-32253) filed on May 28, 2014).
10.17	Form of Stock Option Agreement - Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.33 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2014 (File No. 001-32253) filed on May 28, 2014).
10.18	Form of Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.34 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2014 (File No. 001-32253) filed on May 28, 2014).
10.19	Form of Market Share Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.35 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2014 (File No. 001-32253) filed on May 28, 2014).
10.20	Form of Market Share Unit Agreement - Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.36 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2014 (File No. 001-32253) filed on May 28, 2014).
10.20	Form of Indemnification Agreement - Directors and Officers (incorporated by reference to Exhibit 10.37 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2016 (File No. 001-32253) filed on May 28, 2014).
10.21	Form of Indemnification Agreement - Directors and Officers (incorporated by reference to Exhibit 10.26 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2017 (File No. 001-32253) filed on May 30, 2017).
10.22	Form of Stock Option Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.42 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).
10.23	Form of Stock Option Agreement - Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).

Exhibit Number	Description of Exhibit
10.24	Form of Stock Option Agreement - Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.44 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).
10.25	Form of Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.45 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).
10.26	Form of Market Share Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.46 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).
10.27	Form of Market Share Unit Agreement - Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.47 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).
10.28	Form of Market Share Unit Agreement - Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.48 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2015 (File No. 001-32253) filed on May 27, 2015).
10.29	Form of Market Share Unit Agreement - Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to EnerSys' Quarterly Report on Form 10-Q for the period ended September 27, 2015 (File No. 001-32253) filed on November 2, 2015).
10.30	Form of Stock Option Agreement - Senior Executives - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to EnerSys' Quarterly Report on Form 10-Q for the period ended September 27, 2015 (File No. 001-32253) filed on November 2, 2015).
10.31	Form of Stock Option Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.46 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2016 (File No. 001-32253) filed on May 31, 2016).
10.32	Form of Restricted Stock Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.47 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2016 (File No. 001-32253) filed on May 31, 2016).
10.33	Form of Performance Share Unit Agreement - Employees - 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.48 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2016 (File No. 001-32253) filed on May 31, 2016).
10.34	Employment Agreement, dated December 21, 2015, between EH Europe GmbH and Holger P. Aschke (incorporated by reference to Exhibit 10.49 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2016 (File No. 001-32253) filed on May 31, 2016).
10.35	Employment Agreement, dated April 1, 2016, between EnerSys Reserve Power Pte Ltd. and Myles Jones (incorporated by reference to Exhibit 10.41 to EnerSys' Annual Report on Form 10-K for the year ended March 31, 2017 (File No. 001-32253) filed on May 30, 2017).
10.36	Form of letter agreement, dated June 7, 2017, between EnerSys and David M. Shaffer (incorporated herein by reference to Exhibit 10.1 of EnerSys' Current Report on Form 8-K (File No. 001-32253) filed with the SEC on June 12, 2017).
10.37	Form of letter agreement, dated June 7, 2017, between EnerSys and an executive officer (incorporated herein by reference to Exhibit 10.1 of EnerSys' Current Report on Form 8-K (File No. 001-32253) filed with the SEC on June 12, 2017).
10.38	Form of Deferred Stock Unit Agreement - Non-Employee Directors - 2017 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.5 of EnerSys' Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 001-32253) filed with the SEC on August 9, 2017).
10.39	EnerSys 2017 Equity Incentive Plan (incorporated by reference to Appendix A to EnerSys' Definitive Proxy Statement on Schedule 14A (File No. 001-32253) filed on June 19, 2017).
11.1	Statement regarding Computation of Per Share Earnings.*

Exhibit Number	Description of Exhibit
12.1	Computation of Ratio of Earnings to Fixed Charges (filed herewith).
21.1	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of Ernst & Young LLP (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of the Chief 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 - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Document
101.LAB	XBRL Taxonomy Extension Label Document
101.PRE	XBRL Taxonomy Extension Presentation Document

* Information required to be presented in Exhibit 11 is provided in Note 17 of Notes to Consolidated Financial Statements under Part II, Item 8 of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENERSYS

By /s/ DAVID M. SHAFFER

May 30, 2018

David M. Shaffer
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose name appears below hereby appoints David M. Shaffer and Michael J. Schmidtlein and each of them, as his true and lawful agent, with full power of substitution and resubstitution, for him and in his, place or stead, in any and all capacities, to execute any and all amendments to the within annual report, and to file the same, together with all exhibits thereto, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this annual report has been signed below by the following persons in the capacities and on the dates indicated:

Name	Title	Date
/s/ DAVID M. SHAFFER **David M. Shaffer**	Chief Executive Officer	May 30, 2018
/s/ MICHAEL J. SCHMIDTLEIN **Michael J. Schmidtlein**	Chief Financial Officer	May 30, 2018
/s/ KERRY M. KANE **Kerry M. Kane**	Vice President and Corporate Controller (Principal Accounting Officer)	May 30, 2018
/s/ HWAN-YOON F. CHUNG **Hwan-yoon F. Chung**	Director	May 30, 2018
/s/ NELDA J. CONNORS **Nelda J. Connors**	Director	May 30, 2018
/s/ HOWARD I. HOFFEN **Howard I. Hoffen**	Director	May 30, 2018
/s/ ARTHUR T. KATSAROS **Arthur T. Katsaros**	Director	May 30, 2018
/s/ JOHN F. LEHMAN **John F. Lehman**	Director	May 30, 2018
/s/ GENERAL ROBERT MAGNUS, USMC (RETIRED) **General Robert Magnus, USMC (Retired)**	Director	May 30, 2018
/s/ DENNIS S. MARLO **Dennis S. Marlo**	Director	May 30, 2018
/s/ PAUL J. TUFANO **Paul J. Tufano**	Director	May 30, 2018
/s/ RONALD P. VARGO **Ronald P. Vargo**	Director	May 30, 2018

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