

# EnerSys (ENS)

## 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended July 1, 2012

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-32253

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**EnerSys**

(Exact name of registrant as specified in its charter)

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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

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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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

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

Common Stock outstanding at August 3, 2012: 48,020,321 shares

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

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

	July 1, 2012	March 31, 2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 180,711	\$ 160,490
Accounts receivable, net of allowance for doubtful accounts (July 1, 2012 - \$9,297; March 31, 2012 - \$10,022)	478,483	466,769
Inventories, net	350,046	361,774
Deferred taxes	32,539	30,247
Prepaid and other current assets	46,367	52,393
Total current assets	1,088,146	1,071,673
Property, plant, and equipment, net	346,643	353,215
Goodwill	344,771	352,737
Other intangible assets, net	105,714	107,082
Other assets	38,819	40,248
Total assets	<u>\$1,924,093</u>	<u>\$1,924,955</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term debt	\$ 11,099	\$ 16,042
Current portion of long-term debt and capital lease obligations	2,789	2,949
Accounts payable	231,049	249,996
Accrued expenses	181,862	191,314
Total current liabilities	426,799	460,301
Long-term debt and capital lease obligations	258,637	237,110
Deferred taxes	82,887	84,479
Other liabilities	92,185	92,468
Total liabilities	860,508	874,358
Commitments and contingencies	—	—
Redeemable noncontrolling interests	9,142	9,782
Equity:		
Common Stock, \$0.01 par value per share, 135,000,000 shares authorized; 52,464,406 shares issued and 48,017,521 outstanding at July 1, 2012; 52,247,014 shares issued and 47,800,129 shares outstanding at March 31, 2012	524	522
Additional paid-in capital	479,583	474,924
Treasury stock, at cost, 4,446,885 shares held as of July 1, 2012 and March 31, 2012	(78,183)	(78,183)
Retained earnings	606,643	560,839
Accumulated other comprehensive income	37,511	74,093
Total EnerSys stockholders' equity	1,046,078	1,032,195
Noncontrolling interests	8,365	8,620
Total equity	<u>1,054,443</u>	<u>1,040,815</u>
Total liabilities and equity	<u>\$1,924,093</u>	<u>\$1,924,955</u>

See accompanying notes.

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

	Quarter Ended	
	July 1, 2012	July 3, 2011
Net sales	\$ 593,910	\$ 569,229
Cost of goods sold	445,604	447,258
Gross profit	148,306	121,971
Operating expenses	77,681	72,846
Restructuring charges	370	410
Operating earnings	70,255	48,715
Interest expense	4,732	3,414
Other (income) expense, net	1,250	1,227
Earnings before income taxes	64,273	44,074
Income tax expense	18,709	10,578
Net earnings	45,564	33,496
Net losses attributable to noncontrolling interests	(240)	—
Net earnings attributable to EnerSys stockholders	45,804	33,496
Net earnings per common share attributable to EnerSys stockholders:		
Basic	\$ 0.96	\$ 0.67
Diluted	\$ 0.95	\$ 0.66
Weighted-average shares of common stock outstanding:		
Basic	47,901,203	50,052,627
Diluted	48,426,991	50,668,276

See accompanying notes.

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

	<u>Quarter ended</u>	
	<u>July 1, 2012</u>	<u>July 3, 2011</u>
Net earnings	\$ 45,564	\$ 33,496
Other comprehensive income:		
Net unrealized gain (loss) on derivative instruments, net of tax	(5,346)	2,746
Pension funded status adjustment, net of tax	215	(27)
Foreign currency translation adjustments	<u>(31,975)</u>	<u>14,977</u>
Total comprehensive income	8,458	51,192
Comprehensive loss attributable to noncontrolling interests	(764)	—
Comprehensive income attributable to EnerSys stockholders	<u>\$ 9,222</u>	<u>\$ 51,192</u>

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

	<u>Quarter Ended</u>	
	<u>July 1,</u> <u>2012</u>	<u>July 3,</u> <u>2011</u>
<b>Cash flows from operating activities</b>		
Net earnings	\$ 45,564	\$ 33,496
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	12,450	12,122
Derivatives not designated in hedging relationships:		
Net losses	129	—
Cash settlements	(730)	—
Provision for doubtful accounts	(131)	598
Deferred income taxes	(707)	46
Non-cash interest expense	2,139	1,878
Stock-based compensation	3,373	2,718
(Gain) loss on disposal of property, plant, and equipment	(108)	52
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(22,841)	983
Inventory	(190)	(15,748)
Prepaid expenses and other current assets	3,141	(2,667)
Other assets	(1,394)	1,201
Accounts payable	(12,471)	(11,021)
Accrued expenses	(8,619)	(6,701)
Other liabilities	4,610	45
Net cash provided by operating activities	<u>24,215</u>	<u>17,002</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(16,060)	(11,674)
Proceeds from disposal of property, plant, and equipment	<u>14</u>	<u>44</u>
Net cash used in investing activities	(16,046)	(11,630)
<b>Cash flows from financing activities</b>		
Net (decrease) increase in short-term debt	(4,095)	9,382
Proceeds from revolving credit borrowings	122,650	—
Repayment of revolving credit borrowings	(107,150)	—
Proceeds from long-term debt – other	5,959	—
Capital lease obligations and other	(195)	(1,103)
Net effect from exercising of stock options and vesting of equity awards	(870)	(763)
Excess tax benefits from exercises of stock options and vesting of equity awards	2,159	2,921
Purchase of treasury stock	<u>—</u>	<u>(9,753)</u>
Net cash provided by financing activities	18,458	684
Effect of exchange rate changes on cash and cash equivalents	<u>(6,406)</u>	<u>1,652</u>
Net increase in cash and cash equivalents	20,221	7,708
Cash and cash equivalents at beginning of period	<u>160,490</u>	<u>108,869</u>
Cash and cash equivalents at end of period	<u>\$ 180,711</u>	<u>\$ 116,577</u>

See accompanying notes.

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

**1. Basis of Presentation**

The accompanying interim unaudited consolidated condensed financial statements of EnerSys (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes required for complete financial statements. In the opinion of management, the unaudited consolidated condensed financial statements include all normal recurring adjustments considered necessary for the fair presentation of the financial position, results of operations, and cash flows for the interim periods presented. The financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2012 Annual Report on Form 10-K (SEC File No. 001-32253), which was filed on May 25, 2012.

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 2013 end on July 1, 2012, September 30, 2012, December 30, 2012, and March 31, 2013, respectively. The four quarters in fiscal 2012 ended on July 3, 2011, October 2, 2011, January 1, 2012, and March 31, 2012, respectively.

The consolidated condensed financial statements include the accounts of the Company and its wholly-owned subsidiaries and any partially-owned subsidiaries that the Company has the ability to control. All intercompany transactions and balances have been eliminated in consolidation.

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

Certain amounts in the prior year's financial statements have been reclassified to conform to the current-year presentation.

*Recently Adopted Accounting Pronouncements*

In the first quarter of fiscal 2013, the Company conformed its presentation of results of operations, in accordance with new guidance on the presentation of comprehensive income (loss). The guidance requires total comprehensive income (loss) for interim periods to be presented in single continuous statement or in two separate, but consecutive, statements. The new guidance does not change where the components of comprehensive income (loss) are recognized.

**2. Inventories**

Inventories, net consist of:

	July 1, 2012	March 31, 2012
Raw materials	\$ 93,669	\$ 100,538
Work-in-process	111,348	111,629
Finished goods	145,029	149,607
Total	<u>\$ 350,046</u>	<u>\$ 361,774</u>

Inventory reserves for obsolescence and other estimated losses were \$15,983 and \$14,831 at July 1, 2012 and March 31, 2012, respectively, and have been included in the net amounts shown above.



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### 3. Fair Value of Financial Instruments

Fair value is defined as 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. The Company uses the following valuation techniques to measure fair value for its financial assets and financial liabilities:

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

The following tables represent the financial assets and (liabilities), measured at fair value on a recurring basis as of July 1, 2012 and March 31, 2012 and the basis for that measurement:

	<b>Total Fair Value Measurement July 1, 2012</b>	<b>Quoted Price in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Interest rate swap agreements	\$ (3,076)	\$ —	\$ (3,076)	\$ —
Lead forward contracts	(4,308)	—	(4,308)	—
Foreign currency forward contracts	202	—	202	—
Total derivatives	<u>\$ (7,182)</u>	<u>\$ —</u>	<u>\$ (7,182)</u>	<u>\$ —</u>

	<b>Total Fair Value Measurement March 31, 2012</b>	<b>Quoted Price in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Interest rate swap agreements	\$ (3,872)	\$ —	\$ (3,872)	\$ —
Lead forward contracts	(851)	—	(851)	—
Foreign currency forward contracts	782	—	782	—
Total derivatives	<u>\$ (3,941)</u>	<u>\$ —</u>	<u>\$ (3,941)</u>	<u>\$ —</u>

The fair value of interest rate swap agreements are based on observable prices as quoted for receiving the variable three month LIBOR and paying fixed interest rates and, therefore, were classified as Level 2.

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

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

The fair value of the Company's 2011 Credit Facility, the China Term Loan, the India Term Loan and short-term debt approximate their carrying value, as they are variable rate debt and the current terms are comparable to market terms as of the balance sheet dates and are classified as Level 2.

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The Company's \$172,500 senior unsecured 3.375% convertible notes ("Convertible Notes"), with a face value of \$172,500, were issued when the Company's stock price was trading at \$30.19 per share. On July 1, 2012, the Company's stock price closed at \$35.07 per share. The Convertible Notes have a conversion option at \$40.60 per share. The fair value of these notes represent the trading values based upon quoted market prices and are classified as Level 2. The Convertible Notes were trading at 112% of face value on July 1, 2012, and 116% of face value on March 31, 2012.

The carrying amounts and estimated fair values of the Company's derivatives and Convertible Notes at July 1, 2012 and March 31, 2012 were as follows:

	July 1, 2012		March 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets:</b>				
Derivatives <sup>(1)</sup>	\$ 202	\$ 202	\$ 782	\$ 782
<b>Financial liabilities:</b>				
Convertible Notes	\$ 149,968 <sup>(2)</sup>	\$ 193,200 <sup>(3)</sup>	\$ 148,272 <sup>(2)</sup>	\$ 200,100 <sup>(3)</sup>
Derivatives <sup>(1)</sup>	7,384	7,384	4,723	4,723

(1) Represents interest rate swap agreements, lead and foreign currency hedges (see Note 4 for asset and liability positions of the interest rate swap agreements, lead and foreign currency hedges at July 1, 2012 and March 31, 2012).

(2) The carrying amounts of the Convertible Notes at July 1, 2012 and March 31, 2012 represent the \$172,500 principal value, less the unamortized debt discount (see Note 9).

(3) The fair value amounts of the Convertible Notes at July 1, 2012 and March 31, 2012 represent the trading values of the Convertible Notes with a principal value of \$172,500.

#### 4. Derivative Financial Instruments

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

##### *Derivatives in Cash Flow Hedging Relationships*

###### *Lead Hedge Forward Contracts*

The Company enters into lead hedge forward contracts to fix the price for a portion of lead purchases. Management considers the lead hedge forward contracts to be effective against changes in the cash flows of the underlying lead purchases based on the criteria under FASB guidance. The vast majority of such contracts are for a period not extending beyond one year and the notional amounts at July 1, 2012 and March 31, 2012 were 60.5 million and 60.0 million pounds, respectively.

###### *Foreign Currency Forward Contracts*

The Company purchases lead and other commodities in certain countries where the foreign currency exposure is different from the functional currency of that country. The Company uses foreign currency forward contracts to hedge a portion of the Company's foreign currency exposures for lead and other commodity purchases 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 July 1, 2012 and March 31, 2012, the Company had entered into a total of \$53,318 and \$42,121, respectively, of such contracts.

In the coming twelve months, the Company anticipates that \$6,495 of 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 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 income statement 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.

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**Derivatives not Designated in Hedging Relationships**

*Interest Rate Swap Agreements*

As of July 1, 2012 and March 31, 2012, the Company maintained interest rate swap agreements that converted \$85,000 of variable-rate debt to a fixed-rate basis, utilizing the three-month LIBOR, as a floating rate reference. These agreements expire between February 2013 and May 2013. Changes in the fair value of these agreements of \$15 and \$710 in expense during the first quarter of fiscal 2013 and 2012, respectively, have been recorded in the consolidated condensed statements of income in other (income) expense, net.

*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. These are not designated as hedging instruments. As of July 1, 2012 and March 31, 2012, the notional amount of these contracts was \$30,582 and \$11,410, respectively. Net changes in the fair value of these contracts of \$114 in expense during the first quarter of fiscal 2013 have been recorded in the consolidated condensed statements of income in other (income) expense, net.

Presented below in tabular form is information on the location and amounts of derivative fair values in the consolidated condensed balance sheets and derivative gains and losses in the consolidated condensed statements of income:

**Fair Value of Derivative Instruments  
July 1, 2012 and March 31, 2012**

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	July 1, 2012	March 31, 2012	July 1, 2012	March 31, 2012
Prepaid and other current assets				
Foreign currency forward contracts	\$ 284	\$ 670	\$ —	\$ 112
Other assets				
Lead hedge forward contracts	—	30	—	—
<b>Total assets</b>	<b>\$ 284</b>	<b>\$ 700</b>	<b>\$ —</b>	<b>\$ 112</b>
Accrued expenses				
Interest rate swap agreements	\$ —	\$ —	\$ 3,076	\$ 3,628
Lead hedge forward contracts	4,137	881	—	—
Foreign currency forward contracts	—	—	82	—
Other liabilities				
Lead hedge forward contracts	171	—	—	—
Interest rate swap agreements	—	—	—	244
<b>Total liabilities</b>	<b>\$ 4,308</b>	<b>\$ 881</b>	<b>\$ 3,158</b>	<b>\$ 3,872</b>

**The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income  
For the quarter ended July 1, 2012**

	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)
<b>Derivatives Designated as Cash Flow Hedges</b>			
Lead hedge contracts	\$ (6,413)	Cost of goods sold	\$ 1,498
Foreign currency forward contracts	707	Cost of goods sold	1,278
<b>Total</b>	<b>\$ (5,706)</b>		<b>\$ 2,776</b>

	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss)
<b>Derivatives Not Designated as Hedging Instruments</b>		
Interest rate swap contracts	Other (income) expense, net	\$ (15)
Foreign currency forward contracts	Other (income) expense, net	(114)
<b>Total</b>		<b>\$ (129)</b>

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**The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income  
For the quarter ended July 3, 2011**

<u>Derivatives in a Cash Flow Hedging Relationship</u>	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead hedge contracts	\$ (1,422)	Cost of goods sold	\$ (895)
Foreign currency forward contracts	156	Cost of goods sold	(1,935)
<b>Total</b>	<b>\$ (1,266)</b>		<b>\$ (2,830)</b>

<u>Derivatives Not Designated as Hedging Instruments</u>	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss)
Interest rate swap contracts	Other (income) expense, net	\$ (710)
<b>Total</b>		<b>\$ (710)</b>

**5. Income Taxes**

The Company's income tax provisions for all periods consist of federal, state and foreign income taxes. The tax provisions for the first quarters of fiscal 2013 and 2012 were based on the estimated effective tax rates applicable for the full years ending March 31, 2013 and March 31, 2012, respectively, after giving effect to items specifically related to the interim periods.

The effective income tax rates for the first quarters of fiscal 2013 and 2012 were 29.1% and 24.0%, respectively. The rate increase in the first quarter of fiscal 2013 as compared to the prior year quarter is primarily due to changes in the mix of earnings among tax jurisdictions, the expiration of certain U.S. corporate tax exemptions and the decrease in favorable discrete items compared to prior year quarter.

**6. Warranties**

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

	Quarter ended	
	July 1, 2012	July 3, 2011
Balance at beginning of period	\$ 42,067	\$ 36,006
Current period provisions	5,596	6,185
Costs incurred	(4,495)	(4,441)
Foreign exchange and other	(680)	435
<b>Balance at end of period</b>	<b>\$ 42,488</b>	<b>\$ 38,185</b>

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## **7. Commitments, Contingencies and Litigation**

### **Litigation and Other Legal Matters**

The Company is involved in litigation incidental to the conduct of its business, the results of which, in the opinion of management, are not likely to be material to the Company's financial condition, results of operations, or cash flows. See Note 19 to the Consolidated Financial Statements included in the Company's 2012 Annual Report on Form 10-K. There have been no significant changes since March 31, 2012.

### **Environmental Issues**

As a result of its operations, the Company is subject to various federal, state, and local, as well as international environmental laws and regulations and is exposed to the costs and risks of handling, processing, storing, transporting, and disposing of hazardous substances, especially lead and acid. The Company's operations are also subject to federal, state, local and international occupational safety and health regulations, including laws and regulations relating to exposure to lead in the workplace. See Note 19 to the Consolidated Financial Statements included in the Company's 2012 Annual Report on Form 10-K for a full description of environmental issues. There have been no significant changes since March 31, 2012.

### **Lead Contracts**

To stabilize its costs, the Company has entered into contracts with financial institutions to fix the price of lead. The vast majority of such contracts are for a period not extending beyond one year. Under these contracts, at July 1, 2012 and March 31, 2012, the Company has hedged the price to purchase 60.5 million and 60.0 million pounds of lead, respectively, for a total purchase price of \$55,397 and \$56,610, respectively.

### **Foreign Currency Forward Contracts**

The Company quantifies and monitors its global foreign currency exposures. On a selective basis, the Company will enter into foreign currency forward and option contracts to reduce the volatility from currency movements that affect the Company. The maturity period for substantially all these contracts is less than one year. The Company's largest exposure is from the purchase and conversion of U.S. dollar based lead costs into local currencies in Europe. Additionally, the Company has currency exposures from intercompany and third party trade transactions. To hedge these exposures, the Company has entered into a total of \$83,900 and \$53,531, respectively, of foreign currency forward contracts with financial institutions as of July 1, 2012 and March 31, 2012.

### **Interest Rate Swap Agreements**

The Company is exposed to changes in variable U.S. interest rates on borrowings under its credit agreements. On a selective basis, from time to time, the Company enters into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on its outstanding variable rate debt. At July 1, 2012 and March 31, 2012, such agreements which expire between February 2013 and May 2013, converted \$85,000 of variable-rate debt to a fixed-rate basis, utilizing the three-month LIBOR, as a floating rate reference. Fluctuations in LIBOR and fixed rates affect both the Company's net financial investment position and the amount of cash to be paid or received under these agreements.

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[Table of Contents](#)**8. Restructuring Plans**

During fiscal 2011, the Company announced a restructuring of its European operations, which will result in the reduction of approximately 60 employees upon completion across its operations. The Company estimates that the total charges for these actions will amount to approximately \$5,200, primarily from cash expenses for employee severance-related payments and site closure costs. Based on commitments incurred to date, the Company recorded restructuring charges of \$5,178 in fiscal 2011 through 2012, with no additional charges in the first quarter of fiscal 2013. The Company incurred \$4,579 of costs against the accrual during fiscal 2011 through 2012, with an additional \$121 of costs incurred during the first quarter of fiscal 2013. As of July 1, 2012, the reserve balance associated with these actions is \$408. The Company does not expect to be committed to significant additional restructuring charges in fiscal 2013 related to these actions.

During fiscal 2012, the Company announced restructuring plans related to its operations in Europe, primarily consisting of the transfer of manufacturing of select products between certain of its manufacturing operations and restructuring of its selling, general and administrative operations, which is expected to result in the reduction of approximately 80 employees upon completion. The Company estimates that the total charges for these actions will amount to approximately \$4,200, primarily from cash expenses for employee severance-related payments. The Company recorded restructuring charges of \$3,070 in fiscal 2012 with an additional \$370 of costs incurred during the first quarter of fiscal 2013. The Company incurred \$2,433 of costs against the accrual during fiscal 2012, with an additional \$389 of costs incurred during the first quarter of fiscal 2013. As of July 1, 2012, the reserve balance associated with these actions is \$603. The Company expects to be committed to an additional \$760 of restructuring charges in fiscal 2013 related to these actions.

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

	<b>Employee Severance</b>
Balance at March 31, 2012	\$ 1,186
Accrued	370
Costs incurred	(510)
Foreign currency impact and other	(35)
Balance at July 1, 2012	<u>\$ 1,011</u>

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[Table of Contents](#)**9. Debt**

The following summarizes the Company's long-term debt including capital lease obligations:

	July 1, 2012	March 31, 2012
3.375% Convertible Notes, net of discount, due 2038	\$ 149,968	\$ 148,272
2011 Credit Facility due 2016	94,900	79,400
China Term Loan due 2017	11,172	6,034
India Term Loan due 2017	4,642	5,383
Capital lease obligations and other	744	970
	261,426	240,059
Less current portion	2,789	2,949
Total long-term debt and capital lease obligations	<u>\$ 258,637</u>	<u>\$ 237,110</u>

The Convertible Notes are represented by a liability component which is reported herein as long-term debt, net of discount and an equity component representing the convertible feature, which is included in additional paid-in-capital in EnerSys stockholders' equity.

The following represents the principal amount of the liability component, the unamortized discount, and the net carrying amount of our Convertible Notes as of July 1, 2012 and March 31, 2012, respectively:

	July 1, 2012	March 31, 2012
Principal	\$ 172,500	\$ 172,500
Unamortized discount	(22,532)	(24,228)
Net carrying amount	<u>\$ 149,968</u>	<u>\$ 148,272</u>
Carrying amount of equity component	<u>\$ 29,850</u>	<u>\$ 29,850</u>

As of July 1, 2012, the remaining discount will be amortized over a period of 35 months. The conversion price of the \$172,500 in aggregate principal amount of the Convertible Notes is \$40.60 per share and the number of shares on which the aggregate consideration to be delivered upon conversion is 4,248,761.

The effective interest rate on the liability component of the Convertible Notes was 8.50%. The amount of interest cost recognized for the amortization of the discount on the liability component of the Convertible Notes was \$1,696 and \$1,558, respectively, during the quarters ended July 1, 2012 and July 3, 2011.

**Available Lines of Credit**

As of July 1, 2012 and March 31, 2012, the Company had available and undrawn, under all its lines of credit, \$357,554 and \$377,230, respectively. Included in the July 1, 2012 and March 31, 2012 amounts are \$97,375 and \$95,340, respectively, of uncommitted lines of credit.

As of July 1, 2012 and March 31, 2012, the Company had \$9,100 and \$9,108, respectively, of standby letters of credit. As of July 1, 2012 and March 31, 2012, the Company had no bank guarantees.



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[Table of Contents](#)**10. Retirement Plans**

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

	United States Plans		International Plans	
	Quarter Ended		Quarter Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Service cost	\$ 81	\$ 70	\$ 177	\$ 181
Interest cost	164	166	594	653
Expected return on plan assets	(189)	(176)	(464)	(458)
Amortization and deferral	100	58	52	7
Net periodic benefit cost	<u>\$ 156</u>	<u>\$ 118</u>	<u>\$ 359</u>	<u>\$ 383</u>

**11. Stock-Based Compensation**

As of July 1, 2012, the Company maintains the EnerSys 2010 Equity Incentive Plan ("2010 EIP"). The 2010 EIP reserved 3,177,477 shares of common stock for the grant of various types of equity awards including nonqualified stock options, restricted stock, restricted stock units, market share units and other forms of equity-based compensation.

The Company recognized equity-based compensation expense associated with its equity incentive plans of \$3,373, with a related tax benefit of \$978, for the first quarter of fiscal 2013, and \$2,718 with a related tax benefit of \$653, for the first quarter of fiscal 2012.

In the first quarter of fiscal 2013, the Company granted to management and other key employees 202,452 restricted stock units which vest 25% each year over four years from the date of grant, and 292,125 market share units which vest three years from the date of grant. In the first quarter of fiscal 2012, the Company granted to management and other key employees 96,840 restricted stock units and 224,397 market share units with similar vesting as in fiscal 2013 grants.

Common stock activity for the first quarter of fiscal 2013 included the exercise of 49,980 options and the vesting of 226,593 restricted stock units and for the comparable period in fiscal 2012 included the exercise of 79,800 options and the vesting of 243,676 restricted stock units. Net cash paid, reflecting the cost of equity awards surrendered for option price and withholding taxes were \$870 and \$763, respectively, for the first quarter of fiscal 2013 and 2012.

As of July 1, 2012 there were 581,183 non-qualified stock options, 592,349 restricted stock units and 638,688 market share units outstanding. At March 31, 2012, there were 633,663 non-qualified stock options, 617,240 restricted stock units and 346,563 market share units outstanding.

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[Table of Contents](#)**12. Stockholders' Equity***Common Stock*

The following demonstrates the change in the number of shares of Common Stock outstanding during the first quarter ended July 1, 2012:

Shares outstanding as of March 31, 2012	47,800,129
Shares issued as part of equity-based compensation plans, net of equity awards surrendered for option price and taxes	<u>217,392</u>
Shares outstanding as of July 1, 2012	<u>48,017,521</u>

*Treasury Stock*

There were no stock repurchases during the first quarter of fiscal 2013. During the first quarter of fiscal 2012, the Company purchased 294,200 shares of its common stock for \$9,753 from institutional shareholders. At July 1, 2012 and March 31, 2012, the Company held 4,446,885 shares as treasury stock.

*Accumulated Other Comprehensive Income*

The components of accumulated other comprehensive income are as follows:

	March 31, 2012	Before-Tax Amount	Tax Benefit (Expense)	Net-of-Tax Amount	July 1, 2012
Pension funded status adjustment	\$ (8,982)	\$ 215	\$ —	\$ 215	\$ (8,767)
Unrealized gain (loss) on derivative instruments	1,175	(8,482)	3,136	(5,346)	(4,171)
Foreign currency translation adjustment	<u>81,900</u>	<u>(31,451)</u>	<u>—</u>	<u>(31,451)</u>	<u>50,449</u>
Accumulated other comprehensive income	<u>\$ 74,093</u>	<u>\$ (39,718)</u>	<u>\$ 3,136</u>	<u>\$ (36,582)</u>	<u>\$ 37,511</u>

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[Table of Contents](#)**13. Earnings Per Share**

The following table sets forth the reconciliation from basic to diluted average common shares and the calculations of net earnings per common share:

	Quarter ended	
	July 1, 2012	July 3, 2011
Net earnings attributable to EnerSys stockholders	\$ 45,804	\$ 33,496
Average common shares:		
Basic (weighted average outstanding shares)	47,901,203	50,052,627
Dilutive potential common shares from exercise and lapse of equity awards, net of shares assumed reacquired	525,788	615,649
Diluted (weighted average outstanding shares)	48,426,991	50,668,276
Basic earnings per common share attributable to EnerSys stockholders	\$ 0.96	\$ 0.67
Diluted earnings per common share attributable to EnerSys stockholders	\$ 0.95	\$ 0.66
Anti-dilutive equity awards not included in weighted average common shares – diluted	107,217	317,435

The aggregate number of common shares that the Company could be obligated to issue upon conversion of its Convertible Notes that the Company sold in May 2008 is 4,248,761. It is the Company's current intent to settle the principal amount of any conversions in cash, and any additional conversion consideration in cash, shares of the Company's common stock or a combination of cash and shares. No contingent shares were included in diluted shares outstanding during the first quarters of fiscal 2013 and 2012, as the specified conversion price exceeded the average market price of the Company's common stock, and the inclusion of contingent shares would have been anti-dilutive.

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[Table of Contents](#)**14. Business Segments**

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

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

The following table provides selected financial data for the Company's reportable business segments and product lines:

	Quarter ended	
	July 1, 2012	July 3, 2011
<b>Net sales by segment to unaffiliated customers</b>		
Europe	\$ 237,051	\$ 252,992
Americas	288,924	259,228
Asia	67,935	57,009
Total net sales	<u>\$ 593,910</u>	<u>\$ 569,229</u>
<b>Net sales by product line</b>		
Reserve power	\$ 289,294	\$ 265,936
Motive power	304,616	303,293
Total net sales	<u>\$ 593,910</u>	<u>\$ 569,229</u>
<b>Intersegment sales</b>		
Europe	\$ 22,162	\$ 16,132
Americas	10,554	10,146
Asia	6,359	3,054
Total intersegment sales <sup>(1)</sup>	<u>\$ 39,075</u>	<u>\$ 29,332</u>
<b>Operating earnings by segment</b>		
Europe	\$ 17,220	\$ 14,137
Americas	44,514	31,618
Asia	8,891	3,370
Restructuring charges (Europe)	(370)	(410)
Total operating earnings <sup>(2)</sup>	<u>\$ 70,255</u>	<u>\$ 48,715</u>

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

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

**15. Subsequent Events**

The Company evaluated all subsequent events through the date that the Consolidated Condensed Financial Statements were issued. No material subsequent events have occurred since July 1, 2012 that required recognition or disclosure in the Consolidated Condensed Financial Statements.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**FORWARD-LOOKING STATEMENTS**

The Private Securities Litigation Reform Act of 1995 (the "Reform Act") provides a safe harbor for forward-looking statements made by or on behalf of EnerSys. EnerSys and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and its reports to stockholders. Generally, the inclusion of the words "believe," "expect," "intend," "estimate," "anticipate," "will," 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 views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements.

Forward-looking statements involve risks, uncertainties and assumptions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Actual results may differ materially from those expressed in these forward-looking statements due to a number of uncertainties and risks, including the risks described in the Company's 2012 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 Quarterly Report on Form 10-Q, even if subsequently made available on our website or otherwise, and we undertake no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

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

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

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- 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;
- 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 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; and
- terrorist acts or acts of war, could cause damage or disruption to our operations, our suppliers, channels to market or customers, or could cause costs to increase, or create political or economic instability; and
- the operation, capacity and security of our information systems and infrastructure.

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

In the following discussion and analysis of results of operations and financial condition, certain financial measures may be considered "non-GAAP financial measures" under Securities and Exchange Commission rules. These rules require supplemental explanation and reconciliation, which is provided in this Quarterly Report on Form 10-Q. EnerSys' management uses the non-GAAP measures "primary working capital", "primary working capital percentage" (see definitions in "Liquidity and Capital Resources" below) and capital expenditures in its evaluation of business segment cash flow and financial position performance. These disclosures have limitations as an analytical tool, should not be viewed as a substitute for cash flow determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Management believes that this non-GAAP supplemental information is helpful in understanding the Company's ongoing operating results.

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### Overview

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

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

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

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

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

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

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

- Reserve power products are used for backup power for the continuous operation of critical applications in telecommunications systems, uninterruptible power systems, or "UPS" applications for computer and computer-controlled systems, and other specialty power applications, including security systems, premium starting, lighting and ignition applications, in switchgear, electrical control systems used in electric utilities and energy pipelines, in commercial aircraft, satellites, military aircraft, submarines, ships, tactical vehicles and portable energy packs.
- Motive power products are used to provide power for manufacturing, warehousing and other material handling equipment, primarily electric industrial forklift trucks, mining equipment, and for diesel locomotive starting and other rail equipment.



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***Economic Climate***

Recent indicators continue to suggest a mixed trend in economic activity among our different geographical regions. The Americas region continued its economic recovery which has been in place since fiscal 2010. Asia's economic expansion continues but at a slower rate. The ongoing financial crisis in Europe is a factor in slowing overall economic growth in this region and leading to declining economic growth in many of the Western European countries. Overall, on a consolidated basis, we have experienced neutral trends in our sequential quarterly revenue and order rate.

***Volatility of Commodities and Foreign Currencies***

Our most significant commodity and foreign currency exposures are related to lead and the euro. Historically, volatility of commodity costs and foreign currency exchange rates have caused large swings in our production costs. As the global economic climate changes, we anticipate that our commodity costs may continue to fluctuate significantly as they have in the past several years. The decrease in our cost of lead due to a decrease in average lead prices was approximately \$21 million in the current quarter of fiscal 2013, compared to the first quarter of fiscal 2012.

***Customer Pricing***

Our selling prices fluctuated during the last several years to offset the volatile cost of commodities. Beginning in the third quarter of fiscal 2009, as a result of reductions in the cost of lead, our average selling prices began to decline on a sequential quarterly basis. As the cycle of lead costs turned upward in early fiscal 2010, we began to increase average selling prices to help offset the higher costs. During the current quarter of fiscal 2013, our selling prices declined slightly to reflect declining lead costs, which reduced cost of sales by approximately \$21 million compared to the prior year quarter. Approximately 35% of our revenue is currently subject to agreements that adjust pricing to a market-based index for lead.

***Liquidity and Capital Resources***

Our capital structure and liquidity remain strong. As of July 1, 2012, we had approximately \$181 million of cash and cash equivalents, approximately \$261 million of undrawn, committed credit lines, and approximately \$97 million of available and uncommitted credit lines. A substantial majority of the Company's cash and investments are held by foreign subsidiaries and are considered to be indefinitely reinvested and expected to be utilized to fund local operating activities, capital expenditure requirements and acquisitions. The company believes that it has sufficient sources of domestic liquidity.

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**Results of Operations**

**Net Sales**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
<i>Current quarter by segment</i>						
Europe	\$ 237.1	39.9%	\$ 253.0	44.4%	\$ (15.9)	(6.3)%
Americas	288.9	48.7	259.2	45.6	29.7	11.5
Asia	67.9	11.4	57.0	10.0	10.9	19.2
Total net sales	\$ 593.9	100.0%	\$ 569.2	100.0%	\$ 24.7	4.3%

Net sales increased \$24.7 million or 4.3% in the first quarter of fiscal 2013 from the comparable period in fiscal 2012. This increase for the quarter was the result of a 7% increase in organic volume, a 3% increase from acquisitions, and a 6% decrease due to foreign currency translation impact.

*Segment sales*

The Americas segment experienced improved year over year economic and market conditions which led to organic volume improvements in the first quarter of fiscal 2013 compared to the prior year quarter. Our Europe segment experienced sales growth from organic volume and acquisitions, offset by pricing and foreign currency translation impact in the first quarter of fiscal 2013, compared to the comparable period of fiscal 2012, while our Asia segment improved with double digit growth primarily from organic volume.

Our Europe segment's net sales decreased \$15.9 million or 6.3% in the first quarter of fiscal 2013, as compared to the first quarter of fiscal 2012, primarily due to a 12% decrease related to weaker foreign currencies and 2% decrease due to pricing. Higher organic volume and acquisitions contributed an increase of approximately 4% each.

Our Americas segment's revenue increased \$29.7 million or 11.5% in the first quarter of fiscal 2013, as compared to the first quarter of fiscal 2012, primarily due to higher organic volume, which contributed approximately 8% of the increased revenue. Acquisitions and pricing contributed approximately 3% and 1%, respectively, to the improvement offset by negative currency translation impact of approximately 1%.

Our Asia segment's revenue increased \$10.9 million or 19.2% in the first quarter of fiscal 2013, as compared to the first quarter of fiscal 2012, primarily due to higher organic volume and acquisitions, which contributed approximately 16% and 6%, respectively. Currency translation impact and pricing partially offset this increase by approximately 2% and 1%, respectively.

*Product line sales*

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Reserve power	\$ 289.3	48.7%	\$ 265.9	46.7%	\$ 23.4	8.8%
Motive power	304.6	51.3	303.3	53.3	1.3	0.4
Total net sales	\$ 593.9	100.0%	\$ 569.2	100.0%	\$ 24.7	4.3%

Sales of our reserve power products in the first quarter of fiscal 2013 increased \$23.4 million or 8.8% compared to the first quarter of fiscal 2012. In the first quarter of fiscal 2013, organic volume and acquisitions contributed approximately 11% and 4%, respectively, partially offset by negative currency translation impact of approximately 6%.

Sales of our motive power products in the first quarter of fiscal 2013 increased \$1.3 million or 0.4% compared to the first quarter of fiscal 2012. The first quarter increase was primarily due to higher organic volume of approximately 4% and acquisitions of approximately 3% offset by negative currency translation impact of approximately 6%.

[Table of Contents](#)**Gross Profit**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Gross Profit	\$ 148.3	25.0%	\$ 122.0	21.4%	\$ 26.3	21.6%

Gross profit increased \$26.3 million or 21.6% in the first quarter of fiscal 2013 when compared to the first quarter of fiscal 2012.

Gross profit, as a percentage of net sales increased 360 basis points in the first quarter of fiscal 2013, when compared to the first quarter of fiscal 2012. This increase is primarily attributed to increased volume, lower commodity costs and on-going cost reduction programs.

We estimate that the cost of lead alone, our most significant raw material, decreased our cost of sales by approximately \$21 million in the first quarter of fiscal 2013 compared to the first quarter of fiscal 2012 while selling prices reduced sales by \$1.0 million.

Our gross profit initiatives will continue to emphasize cost reduction activities to improve gross profit and continue to focus on improving product mix to higher margin products.

**Operating Items**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Operating expenses	\$ 77.7	13.1%	\$ 72.9	12.8%	\$ 4.8	6.6%
Restructuring charges	\$ 0.4	0.1%	\$ 0.4	0.1%	\$ —	— %

Operating expenses as a percentage of net sales increased 30 basis points in the first quarter of fiscal 2013 compared to the first quarter of fiscal 2012.

Operating expenses, excluding the effect of foreign currency translation, increased 12.9% or \$9.3 million in the first quarter of fiscal 2013 compared to the first quarter of fiscal 2012, due primarily to higher sales volume and the higher operating costs of recent acquisitions. Selling expenses, our main component of operating expenses, were 60.7% of total operating expenses in the first quarter of fiscal 2013 compared to 59.9% of total operating expenses in the first quarter of fiscal 2012.

**Restructuring charges**

Included in each of our first quarters of fiscal 2013 and fiscal 2012 operating results are \$0.4 million of restructuring charges, primarily for staff reductions in Europe.

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**Operating Earnings**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales (1)	In Millions	Percentage of Total Net Sales (1)	In	
					Millions	%
<i>Current quarter by segment</i>						
Europe	\$ 17.2	7.3%	\$ 14.1	5.6%	\$ 3.1	21.8%
Americas	44.5	15.4	31.6	12.2	12.9	40.8
Asia	8.9	13.1	3.4	5.9	5.5	163.8
Subtotal	70.6	11.9	49.1	8.6	21.5	43.8
Restructuring charges-Europe	(0.4)	(0.2)	(0.4)	(0.2)	—	—
Total operating earnings	\$ 70.2	11.8%	\$ 48.7	8.6%	\$ 21.5	44.2%

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

Operating earnings increased \$21.5 million or 44.2% in the first quarter of fiscal 2013 in comparison to the first quarter of fiscal 2012. Operating earnings as a percentage of net sales, as shown in the table above, increased 320 basis points in the first quarter of fiscal 2013 when compared to the first quarter of fiscal 2012.

We experienced an increase in operating earnings in our Europe segment in the first quarter of fiscal 2013 in comparison to the comparable quarter in the prior year, with the operating margin increasing 170 basis points to 7.3%. This increase in operating margin is attributable to an increase in organic volume and lower commodity costs, along with the benefits of the restructuring programs on both production and operating expenses.

Our Americas segment had an increase in operating earnings in the first quarter of fiscal 2013 in comparison to the first quarter of fiscal 2012, with the operating margin increasing 320 basis points to 15.4%. The operating margin increase is primarily attributable to higher organic volume and lower commodity costs.

Operating earnings increased 163.8% in our Asia segment in the first quarter of fiscal 2013 in comparison to the first quarter of fiscal 2012, with the operating margin increasing 720 basis points to 13.1%. The improvement in the first quarter of fiscal 2013 in comparison to the prior year quarter is primarily due to improved volume and a better mix of higher margin products in the region.

**Interest Expense**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In	
					Millions	%
Interest expense	\$ 4.7	0.8%	\$ 3.4	0.6%	\$ 1.3	38.6%

Interest expense of \$4.7 million in the first quarter of fiscal 2013 (net of interest income of \$0.2 million) was \$1.3 million higher than the interest expense of \$3.4 million in the first quarter of fiscal 2012 (net of interest income of \$0.3 million).

The increase in interest expense in the first quarter of fiscal 2013 compared to the first quarter of fiscal 2012 is attributable to higher interest expense in Asia and South America.

Included in interest expense are non-cash charges for deferred financing fees of \$0.3 million in both the first quarters of fiscal 2013 and 2012.

Included in interest expense for the first quarter of fiscal 2013 and 2012 is non-cash, accreted interest on the Convertible Notes of \$1.7 million and \$1.6 million, respectively. (See Note 9 to the Consolidated Condensed Financial Statements).

Our average debt outstanding (reflecting the reduction of the Convertible Notes discount) was \$266.0 million in the first quarter of fiscal 2013, compared to \$258.5 million in the first quarter of fiscal 2012. The average Convertible Notes discount excluded from our average debt outstanding was \$23.4 million in the first quarter of fiscal 2013 and \$29.9 million in the first quarter of fiscal 2012.

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**Other (Income) Expense, Net**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In	Percentage	In	Percentage	In	
	Millions	of Total Net Sales	Millions	of Total Net Sales	Millions	%
Other (income) expense, net	\$ 1.2	0.2%	\$ 1.2	0.2%	\$ —	— %

Other (income) expense, net for the first quarter of fiscal 2013 was \$1.2 million compared to \$1.2 million in the first quarter of fiscal 2012. Foreign currency losses in the first quarter of fiscal 2013 were \$0.7 million compared to \$0.1 million foreign currency gains in the prior year quarter. Unrealized losses on interest rate swaps in the first quarter of fiscal 2012 were \$0.7 million and were negligible in the first quarter of fiscal 2013.

**Earnings Before Income Taxes**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In	Percentage	In	Percentage	In	
	Millions	of Total Net Sales	Millions	of Total Net Sales	Millions	%
Earnings before income taxes	\$ 64.3	10.8%	\$ 44.1	7.8%	\$ 20.2	45.8%

As a result of the above, earnings before income taxes in the first quarter of fiscal 2013 increased \$20.2 million or 45.8% compared to the first quarter of fiscal 2012. Earnings before income taxes as a percentage of net sales were 10.8% in the first quarter of fiscal 2013 compared to 7.8% in the first quarter of fiscal 2012.

**Income Tax Expense**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In	Percentage	In	Percentage	In	
	Millions	of Total Net Sales	Millions	of Total Net Sales	Millions	%
Income tax expense	\$ 18.7	3.1%	\$ 10.6	1.9%	\$ 8.1	76.9%
Effective tax rate	29.1%		24.0%		5.1%	

The Company's income tax provisions for both periods consist of federal, state and foreign income taxes. The tax provisions for the first quarters of fiscal 2013 and fiscal 2012 were based on the estimated effective tax rates applicable for the full years ending March 31, 2013 and March 31, 2012, respectively, after giving effect to items specifically related to the interim periods.

The effective income tax rates for the first quarters of fiscal 2013 and fiscal 2012 were 29.1% and 24.0%, respectively. The rate increase in the first quarter of fiscal 2013 as compared to the prior year quarter is primarily due to changes in the mix of earnings among tax jurisdictions, the expiration of certain U.S. corporate tax exemptions and the decrease in favorable discrete items compared to prior year quarter.

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**Net Earnings Attributable to EnerSys Stockholders**

	Quarter ended July 1, 2012		Quarter ended July 3, 2011		Increase (Decrease)	
	In	Percentage	In	Percentage	In	
	Millions	of Total Net Sales	Millions	of Total Net Sales	Millions	%
Net earnings attributable to EnerSys stockholders	\$ 45.8	7.7%	\$ 33.5	5.9%	\$ 12.3	36.7%

As a result of the above, net earnings in the first quarter of fiscal 2013 were \$45.8 million or 7.7% of net sales, compared to net earnings in the first quarter of fiscal 2012 of \$33.5 million or 5.9% of net sales.

Net earnings per common share in the first quarter of fiscal 2013 were \$0.96 per basic share and \$0.95 per diluted share, compared to \$0.67 per basic share and \$0.66 per diluted share in the first quarter of fiscal 2012 which reflects a \$0.04 benefit from lower average shares outstanding from the \$9.8 million stock repurchases net of shares issued under equity awards during fiscal 2012.

**Critical Accounting Policies and Estimates**

There have been no material changes to our critical accounting policies from those discussed under the caption "Critical Accounting Policies and Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2012 Annual Report on Form 10-K.

**Liquidity and Capital Resources**

Operating activities provided cash of \$24.2 million in the first quarter of fiscal 2013 compared to \$17.0 million in the first quarter of fiscal 2012. In the first quarter of fiscal 2013, net earnings of \$45.6 million and depreciation and amortization of \$12.5 million were offset by cash used for the increase in primary working capital of \$35.5 million, net of currency translation changes. In the first quarter of fiscal 2012, net earnings of \$33.5 million and depreciation and amortization of \$12.1 million were offset by cash used for the increase in primary working capital of \$25.8 million, net of currency translation changes.

Primary working capital for this purpose is trade accounts receivable, plus inventories, minus trade accounts payable. The resulting net amount is divided by the trailing three month net sales (annualized) to derive a primary working capital percentage. Primary working capital was \$597.5 million (yielding a primary working capital percentage of 25.2%) at July 1, 2012, \$578.6 million (yielding a primary working capital percentage of 24.4%) at March 31, 2012 and \$585.2 million at July 3, 2011 (yielding a primary working capital percentage of 25.7%). The primary working capital percentage of 25.2% at July 1, 2012 is 0.8 percentage points higher than that for March 31, 2012, and 0.5 percentage points lower than that for the prior year quarter.

Primary working capital increased during the first quarter of fiscal 2013, largely due to an increase in accounts receivable and decrease in accounts payable.

Primary working capital and primary working capital percentages at July 1, 2012, March 31, 2012 and July 3, 2011 are computed as follows:

(In Millions)						
Balance At	Trade Receivables	Inventory	Accounts Payable	Total	Quarter Revenue Annualized	Primary Working Capital %
July 1, 2012	\$ 478.5	\$ 350.0	\$ (231.0)	\$ 597.5	\$ 2,375.6	25.2%
March 31, 2012	466.8	361.8	(250.0)	578.6	2,371.0	24.4
July 3, 2011	468.5	359.2	(242.5)	585.2	2,276.9	25.7

Investing activities used cash of \$16.0 million in the first quarter of fiscal 2013, compared to cash used of \$11.6 million in the comparable period in fiscal 2012, comprised of capital expenditures.

Financing activities provided cash of \$18.5 million in the first quarter of fiscal 2013, primarily reflecting borrowings and repayments of \$122.7 million and \$107.2 million, respectively, on our revolver. Borrowings on long term debt of \$6.0 million were offset by repayments on short term debt of \$4.1 million in Asia. Exercise of stock options and the related tax benefits contributed \$1.3 million. In the first quarter of fiscal 2012, financing activities provided cash of \$0.7 million, primarily reflecting borrowings on short-term debt of \$9.4 million and the exercise of stock options and the related tax benefits that contributed \$2.2 million, offset by the repurchase of common stock of \$9.8 million and capital lease payments of \$1.1 million.

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As a result of the above, total cash and cash equivalents increased by \$20.2 million to \$180.7 million in the first quarter of fiscal 2013 compared to an increase of \$7.7 million to \$116.6 million in the comparable period of fiscal 2012.

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

We are in compliance with all covenants and conditions under our credit agreements. Since we believe that we will continue to comply with these covenants and conditions, we believe that we have the financial resources and the capital available to fund the foreseeable organic growth in our business and to remain active in pursuing further acquisition opportunities. See Note 8 to the Consolidated Financial Statements included in our 2012 Annual Report on Form 10-K for a detailed description of debt.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### ***Market Risks***

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

#### ***Counterparty Risks***

We have entered into interest rate swap agreements to manage risk on a portion of our long-term floating-rate debt. We have entered into lead forward purchase contracts to manage risk on the cost of lead. We have entered into foreign exchange forward contracts and purchased option contracts to manage risk on foreign currency exposures. The Company's agreements are with creditworthy financial institutions. Those contracts that result in a liability position at July 1, 2012 are \$7.8 million (pre-tax), therefore there is no risk of nonperformance by the counterparties. Those contracts that result in an asset position at July 1, 2012 are \$0.6 million (pre-tax) and the impact on the Company due to nonperformance by the counterparties is not material.

#### ***Interest Rate Risks***

We are exposed to changes in variable U.S. interest rates on borrowings under our credit agreements. On a selective basis, from time to time, we enter into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. Changes in the fair value of these contracts for the quarters ended July 1, 2012 and July 3, 2011 have been recorded in the income statement in other (income) expense, net.

At July 1, 2012 and March 31, 2012, the aggregate notional amount of interest rate swap agreements is \$85.0 million. These agreements expire between February – May 2013.

Under the interest rate swaps, the Company receives three-month LIBOR and pays a fixed interest rate which averaged 4.28% and 4.46% on July 1, 2012 and July 3, 2011, respectively.

A 100 basis point increase in interest rates would increase annual interest expense by approximately \$0.9 million on the variable rate portions of our debt.

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[Table of Contents](#)**Commodity Cost Risks – Lead Contracts**

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

<b>Date</b>	<b>\$'s Under Contract (in millions)</b>	<b># Pounds Purchased (in millions)</b>	<b>Average Cost/Pound</b>	<b>Approximate % of Lead Requirements <sup>(1)</sup></b>
July 1, 2012	\$ 55.4	60.5	\$ 0.92	12%
March 31, 2012	56.6	60.0	0.94	12
July 3, 2011	32.8	31.0	1.06	7

<sup>(1)</sup> Based on approximate annual lead requirements for the periods then ended.

For the remaining three quarters of this fiscal year, we believe approximately 31% of the cost of our lead requirement is known. This takes into account the hedge contracts in place at July 1, 2012, lead purchased by July 1, 2012 that will be reflected in future costs under our FIFO accounting treatment, and the benefit from our lead tolling program.

We estimate that a 10% increase in our cost of lead would increase our cost of goods sold by approximately \$14 million in the first quarter of fiscal 2013.

**Foreign Currency Exchange Rate Risks**

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

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



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To hedge these exposures, we have entered into forward contracts with financial institutions to fix the value at which we will buy or sell certain currencies. The vast majority of such contracts is for a period not extending beyond one year. Forward contracts outstanding as of July 1, 2012 and March 31, 2012 were \$83.9 million and \$53.5 million, respectively. The details of contracts outstanding as of July 1, 2012 were as follows:

<b>Transactions Hedged</b>	<b>July 1, 2012</b>		
	<b>\$US Equivalent (in millions)</b>	<b>Average Rate Hedged</b>	<b>Approximate % of Annual Requirements<sup>(1)</sup></b>
Sell Euros for U.S. dollars	\$ 20.0	\$/€ 1.27	10%
Sell Euros for Polish zloty	17.6	PLN/€ 4.28	22
Sell Euros for British pounds	22.4	£/€ 0.82	35
Sell Japanese yen for U.S. dollars	17.0	¥/\$ 80.71	54
Sell Australian dollars for U.S. dollars	2.2	\$/AUD 1.01	23
Sell U.S. dollars for Mexican pesos	2.5	MXN/\$ 13.38	50
Other	<u>2.2</u>		
Total	<u>\$ 83.9</u>		

<sup>(1)</sup> Based on the fiscal year currency requirements.

Foreign exchange translation adjustments are recorded in the consolidated condensed statements of comprehensive income.

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

#### **ITEM 4. CONTROLS AND PROCEDURES**

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

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

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**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

From time to time, we are involved in litigation incidental to the conduct of our business. We do not expect that any of this litigation, individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flow.

**Item 1A. Risk Factors**

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended March 31, 2012, which could materially affect our business, financial condition or future results.

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

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

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

**Purchases of Equity Securities**

<b>Period</b>	<b>(a) Total number of shares (or units) purchased</b>	<b>(b) Average price paid per share (or unit)</b>	<b>(c) Total number of shares (or units) purchased as part of publicly announced plans or programs</b>	<b>(d) Maximum number (or approximate dollar value) of shares (or units) that may be purchased under the plans or programs<sup>(1)</sup></b>
April 1 – April 29, 2012	—	\$ —	—	\$ 254,895
April 30 – May 27, 2012	66,535	30.81	—	56,328,047 <sup>(2)</sup>
May 28 – July 1, 2012	—	—	—	57,156,645
<b>Total</b>	<b>66,535</b>	<b>\$ 30.81</b>	<b>—</b>	

- (1) On May 26, 2011, the Company's Board of Directors authorized the Company to repurchase up to the number of shares exercised through previous stock option awards and common stock issued under the 2010 Equity Incentive Plan. As of April 29, 2012, May 27, 2012 and July 1, 2012, this repurchase limit amounted to a total 7,757 shares, 192,576 shares, and 217,792 shares, respectively, that may be repurchased under this program. For purposes of presenting the approximate dollar value of shares that may be purchased under this program, we multiplied the remaining balance under this program by \$32.86 per share, which is the average closing price of the Company's common stock during the period.
- (2) On May 24, 2012, the Company's Board of Directors authorized the Company to repurchase up to \$50 million of its common stock.

**Item 4. Mine Safety Disclosures**

Not applicable.

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**ITEM 6. EXHIBITS**

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	Fifth Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to EnerSys' Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
3.2	Bylaws (filed herewith).
10.1	Form of Restricted Stock Unit Agreement – Employees – 2010 Equity Incentive Plan (filed herewith).
10.2	Form of Market Share Restricted Stock Unit Agreement – Employees – 2010 Equity Incentive Plan (filed herewith).
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**SIGNATURES**

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

ENERSYS (Registrant)

By /s/ Michael J. Schmidlein

Michael J. Schmidlein

Senior Vice President Finance & Chief Financial Officer

Date: August 8, 2012

EnerSys

EXHIBIT INDEX

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**AMENDED AND RESTATED  
BYLAWS**

**OF**

**ENERSYS**

**ARTICLE I**

**OFFICES**

SECTION 1. *Registered Office.* The address of the registered office of EnerSys (the "Corporation") in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

SECTION 2. *Other Offices.* The Corporation may also have an office or offices at any other place or places within or without the State of Delaware.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

SECTION 1. *Annual Meetings.* The annual meeting of the stockholders for the election of directors, and for the transaction of such other business as may properly come before the meeting, shall be held at such place, either within or without the State of Delaware, on such date and at such hour as shall be fixed by resolution of the Board of Directors of the Corporation (the "Board") and designated in the notice or waiver of notice thereof.

SECTION 2. *Special Meetings.* A special meeting of the stockholders for any purpose or purposes may be called only by the Board or the Chairman of the Board of the Corporation, to be held at such place, within or without the State of Delaware, on such date and at such hour as shall be designated in the notice or waiver of notice thereof.

SECTION 3. *Notice of Meetings.* Written notice of all meetings of stockholders stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in accordance with Article VIII. Unless otherwise required by applicable law, such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

SECTION 4. *Fixing Date for Determination of Stockholders of Record.* In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than 60, nor less than 10, days before the date of such meeting. If no record date is fixed by the Board, then the record date shall be as provided by applicable law. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 5. *Organization.* Meetings of stockholders shall be presided over by such person as the Board may designate, or, in the absence of such a person, the Chairman of the Board. Such person shall be chairman of the meeting and shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as is determined by him to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

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SECTION 6. *Adjournments.* When a meeting is adjourned to another date, hour or place, notice need not be given of the adjourned meeting if the date, hour and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting. At the adjourned meeting, any business may be transacted that might have been transacted at the original meeting.

When any meeting is convened the presiding officer, if directed by the Board, may adjourn the meeting if (a) no quorum is present for the transaction of business, or (b) the Board determines that adjournment is necessary or appropriate to enable the stockholders (i) to consider fully information that the Board determines has not been made sufficiently or timely available to stockholders or (ii) otherwise to exercise effectively their voting rights.

SECTION 7. *Quorum.* Except as otherwise provided by law or the Certificate of Incorporation, whenever a class of stock of the Corporation is entitled to vote as a separate class, or whenever classes of stock of the Corporation are entitled to vote together as a single class, on any matter brought before any meeting of the stockholders, whether annual or special, holders of shares entitled to cast a majority of the votes entitled to be cast by all the holders of the shares of stock of such class voting as a separate class, or classes voting together as a single class, as the case may be, outstanding and entitled to vote thereat, present in person or by proxy, shall constitute a quorum at any such meeting of the stockholders. If, however, such quorum shall not be present or represented at any such meeting of the stockholders, the stockholders entitled to vote thereat may adjourn the meeting from time to time in accordance with Section 6 of this Article II until a quorum shall be present or represented. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity.

SECTION 8. *Voting.* Except as provided in Section 4 of Article III, directors shall be elected by a plurality of the votes of the shares present in person or by proxy at a meeting and entitled to vote on the election of directors. Except as otherwise provided by law or the Certificate of Incorporation or these Bylaws, when a quorum is present with respect to any matter brought before any meeting of the stockholders, the vote of the holders of shares entitled to cast a majority of the votes entitled to be cast by all the holders of shares present in person or by proxy and entitled to vote on such matter shall decide any such matter (other than the election of directors). Except as otherwise provided by law or the Certificate of Incorporation or these Bylaws, each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder.

SECTION 9. *Proxies.* Each stockholder entitled to vote at a meeting of stockholders may authorize another Person or Persons to act for such stockholder by proxy. Such proxy shall be filed with the Secretary before such meeting of stockholders, at such time as the Board may require. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

SECTION 10. *Notice of Stockholder Business; Nominations.*

(a) *Annual Meeting of Stockholders.*

(i) Nominations of persons for election to the Board at an annual meeting and the proposal of any other business to be considered by the stockholders at an annual meeting shall be made solely (A) as specified in the Corporation's notice of such meeting (or any supplement thereto), (B) otherwise by or at the direction of the Board (or any duly authorized committee thereof), or (C) by any stockholder of the Corporation that was a stockholder of record at the time of giving the notice provided for in this Section 10, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 10.

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(ii) For nominations for director or any other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of subparagraph (a)(i) of this Section 10, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, and such proposed business, other than nominations of persons for election to the Board, must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth day, nor earlier than the close of business on the one hundred twentieth day, prior to the anniversary of the next preceding annual meeting; provided, however, that (A) in the event that the date of the annual meeting is more than 30 days before or after such anniversary date, or (B) in the case of the annual meeting of stockholders held during the 2005 fiscal year of the Corporation, to be timely notice by the stockholder must be so delivered not later than the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of a meeting commence a new time period (or extend any time period) of the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposes to nominate for election, or re-election, as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at such meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (1) the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner, (2) the class and number of shares of capital stock of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner, (3) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (4) a description of all arrangements or understandings between such stockholder and beneficial owner, if any, and any other Person or Persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, and (5) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of its intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(iii) Anything in the second sentence of subparagraph (a)(ii) of this Section 10 to the contrary notwithstanding, in the event that the number of directors to be elected to the Board is increased and there is no public announcement by the Corporation naming all the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting.



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Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting solely (i) by or at the direction of the Board of Directors or (ii) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation that was a stockholder of record at the time of giving the notice provided for in this Section 10, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 10. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be), for election to such positions as specified in the Corporation's notice of meeting, if the stockholder's notice required by subparagraph (a)(ii) of this Section 10 shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the one hundred twentieth day prior to such special meeting and not later than the close of business on the later of the ninetieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) of the giving of a stockholder's notice as described above.

(c) *General.*

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 10 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 10. Except as otherwise provided by law or these Bylaws, the chairman of the meeting shall have the power and duty to finally determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 10 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(ii) For purposes of this Section 10, the term "Public Announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 10, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 10. Nothing in this Section 10 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

### ARTICLE III

#### BOARD OF DIRECTORS

SECTION 1. *General Powers.* The business and affairs of the Corporation shall be managed by the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation directed or required to be exercised or done by the stockholders. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director.

SECTION 2. *Number and Term of Office.* Subject to the rights, if any, of holders of preferred stock of the Corporation, the Board shall consist of not less than three nor more than eleven members, the exact number of which shall be fixed from time to time by the Board. The Board shall designate the directors to serve as initial Class I, Class II and Class III directors upon the effectiveness of the related provisions of the Fifth Restated Certificate of Incorporation. None of the directors need be stockholders of the Corporation. Except as provided in Section 3 of this Article, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present, provided that if, as of a date that is fourteen (14) days in advance of the date the Corporation files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission, the number of nominees exceeds

the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this section, a majority of the votes cast means that the number of shares voted for a director must exceed the number of votes cast against that director. The Corporate Governance and Nominating Committee will establish procedures under which a director nominee shall tender his or her contingent resignation to the Nominating and Corporate Governance Committee in advance of an Annual Meeting. If the Director Nominee fails to receive a majority number of votes for re-election in an uncontested election at an Annual Meeting, the Nominating and Corporate Governance Committee will make a recommendation to the Board whether to accept or reject the resignation or whether other action shall be taken. The Board will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The resignation becomes effective only if the director fails to receive a majority number of votes for re-election in an uncontested election at an Annual Meeting and the Board accepts the resignation.

**SECTION 3. *Resignation; Vacancies; Removal.*** Any director may resign at any time by giving written notice to the Board, the Chairman of the Board or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt by the Corporation thereof; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

Vacancies occurring in the Board for any reason and newly created directorships may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy shall hold office for a term that shall coincide with the term of the class to which such director shall have been elected.

Any director may be removed as provided in the DGCL, the Certificate of Incorporation or the 2004 Securityholder Agreement.

**SECTION 4. *Meetings.*** (a) *Annual Meetings.* As soon as practicable after each annual election of directors, the Board shall meet for the purpose of organization and the transaction of other business, unless it shall have transacted all such business by written consent pursuant to Section 5 of this Article III.

(b) *Other Meetings.* Other meetings of the Board shall be held at such times as the Board or the Chairman of the Board shall from time to time determine.

(c) *Notice of Meetings.* The Secretary shall give notice to each director of each special meeting at least one business day prior thereto, which notice shall state the time, place and purpose of such meeting. Notice of each such meeting shall be given to each director prior to such meeting.

(d) *Place of Meetings.* The Board may hold its meetings at such place or places, within or without the State of Delaware, as the Board or the Chairman of the Board may from time to time determine, or as shall be designated in the respective notices or waivers of notice thereof.

(e) *Quorum and Manner of Acting.* A majority of the total number of directors (but not less than one) shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board, except as otherwise expressly required by law or these Bylaws. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present.

(f) *Organization.* At each meeting of the Board, one of the following shall act as chairman of the meeting and preside, in the following order of precedence:

- (i) the Chairman of the Board;
- (ii) the Vice Chairman of the Board; or
- (iii) any director chosen by a majority of the directors present.

The Secretary or, in the case of his absence, any person (who shall be an Assistant Secretary, if an Assistant Secretary is present) whom the chairman shall appoint shall act as secretary of such meeting and keep the minutes thereof.

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SECTION 5. *Directors' Consent in Lieu of Meeting.* Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings (including a true and correct copy of all documents referred to therein) are filed with the minutes of the proceedings of the Board or committee.

SECTION 6. *Action by Means of Telephone or Similar Communications Equipment.* Any one or more members of the Board, or of any committee thereof, may participate in a meeting of the Board or any such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

SECTION 7. *Committees.* The Board may, by resolution passed by a majority of the Board, designate one or more committees, each committee to consist of one or more directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee or such other resolution as shall have been adopted by the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board when required.

SECTION 8. *Compensation of Directors.* Directors, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board.

SECTION 9. *Reliance Upon Books and Records.* A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

## ARTICLE IV

### OFFICERS

SECTION 1. *Executive Officers.* The executive officers of the Corporation shall be a Chairman of the Board, a Vice Chairman of the Board, a Chief Executive Officer, a Chief Financial Officer, a Treasurer and a Secretary and may include one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. Any two or more offices may be held by the same person.

SECTION 2. *Authority and Duties.* All officers, as between themselves and the Corporation, shall have such authority and perform such duties in the management of the Corporation as may be provided in these Bylaws or, to the extent not so provided, by resolution of the Board.

SECTION 3. *Term of Office, Resignation and Removal.* (a) All officers shall be elected or appointed by the Board and shall hold office for such term as may be determined by the Board. Each officer shall hold office until his successor has been elected or appointed and qualified or his earlier death or resignation or removal in the manner hereinafter provided. The Board may require any officer to give security for the faithful performance of his duties.

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(b) Any officer may resign at any time by giving written notice to the Board or to the Chairman of the Board or the Secretary of the Corporation, and such resignation shall take effect at the time specified therein or, if the time when it shall become effective is not specified therein, at the time it is accepted by action of the Board. Except as aforesaid, acceptance of such resignation shall not be necessary to make it effective.

(c) All officers shall be subject to removal, with or without cause, at any time by the Board. The Board may, from time to time, delegate the powers and duties of any officer to any other officer or agent of the Corporation.

SECTION 4. *Vacancies.* Any vacancy occurring in any office of the Corporation, for any reason, shall be filled by action of the Board. Any officer appointed or elected by the Board to fill any vacancy shall serve only until such time as the unexpired term of his predecessor expires unless reelected or reappointed by the Board.

SECTION 5. *Chairman of the Board.* The Chairman of the Board shall have the power to call special meetings of the stockholders, to call special meetings of the Board and to preside at all meetings of the stockholders and all meetings of the Board.

SECTION 6. *Vice Chairman of the Board.* The Vice Chairman of the Board shall perform such duties as the Board or the Chairman of the Board shall prescribe, and in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board.

SECTION 7. *Chief Executive Officer.* The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have general and active management and control of the business and affairs of the Corporation subject to the control of the Board, and shall see that all orders and resolutions of the Board are carried into effect.

SECTION 8. *Chief Financial Officer.* The Chief Financial Officer shall be the chief financial officer of the Corporation and shall perform such duties as the Board shall prescribe.

SECTION 9. *Vice Presidents.* Vice Presidents, if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Chief Executive Officer and perform such other duties as the Board or the Chief Executive Officer shall prescribe, and in the absence or disability of the Chief Executive Officer, perform the duties and exercise the powers of the Chief Executive Officer.

SECTION 10. *Treasurer.* The Treasurer, if any, shall have the care and custody of all the funds of the Corporation and shall deposit the same in such banks or other depositories as the Board, or any officer or officers, or any officer and agent jointly, duly authorized by the Board, shall, from time to time, direct or approve. He shall disburse the funds of the Corporation under the direction of the Board or the Chief Executive Officer. He shall keep a full and accurate account of all moneys received and paid on account of the Corporation and shall render a statement of his accounts whenever the Board shall require. He shall perform all other necessary acts and duties in connection with the administration of the financial affairs of the Corporation and shall generally perform all the duties usually appertaining to the office of treasurer of a corporation.

SECTION 11. *Assistant Treasurers.* Assistant Treasurers, if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Treasurer and perform such other duties as the Board or the Treasurer shall prescribe, and, in the absence or disability of the Treasurer, shall perform the duties and exercise the powers of the Treasurer.

SECTION 12. *Secretary.* The Secretary shall, to the extent requested by the Board, attend all meetings of the Board and all meetings of the stockholders and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for any standing committees when required. He shall give or cause to be given notice of all meetings of the stockholders and of the Board, and shall perform such other duties as may be prescribed by the Board or the Chief Executive Officer, under whose supervision he shall act. He shall keep in safe custody the seal of the Corporation and affix the same to any duly authorized instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary, or an Assistant Treasurer. He shall keep in safe custody the certificate books and stockholder records and such other books and records as the Board may direct and shall perform all other duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or the Board.

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SECTION 13. *Assistant Secretaries.* Assistant Secretaries, if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Secretary and perform such other duties as the Board or the Secretary shall prescribe, and, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary.

## ARTICLE V

### INDEMNIFICATION

SECTION 1. *Indemnification.* (a) The Corporation shall, to the fullest extent permitted by the DGCL, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall, to the fullest extent permitted by the DGCL, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) The Corporation may (and shall, with respect to any director, officer or employee who is a beneficiary of any directors and officers insurance or indemnity policy maintained from time to time by the Corporation or any of its subsidiaries), to the fullest extent permitted by the DGCL, advance to any person who is or was a director, officer, employee or agent of the Corporation (or to the legal representative thereof) any and all expenses (including, without limitation, attorneys' fees and disbursements and court costs) reasonably incurred by such person in respect of any proceeding to which such person (or a person of whom such person is a legal representative) is made a party or threatened to be made a party by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, trustee, partner, member, employee, other fiduciary or agent of another corporation or a partnership, joint venture, limited liability company, trust or other enterprise, including service with respect to employee benefit plans or public service or charitable organizations; *provided, however,* that, to the extent the DGCL requires, the payment of such expenses in advance of the final disposition of the proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to be indemnified against such expense under this Article V or otherwise. The Corporation by provision in these Bylaws or by agreement may accord any such person the right to, or regulate the manner of providing to any such person, such advancement of expenses to the fullest extent permitted by the DGCL.

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(d) The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any other bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

(e) The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of the DGCL.

(f) For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents so that any person who is or was a director, officer, employee or agent of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(g) For purposes of this Article V, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves service by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation", as referred to in this Article V.

(h) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

## ARTICLE VI

### CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

SECTION 1. *Execution of Documents.* The Board (or any duly authorized committee thereof to the extent permitted by law) shall designate the officers, employees and agents of the Corporation who shall have power to execute and deliver deeds, contracts, mortgages, bonds, debentures, checks, drafts and other orders for the payment of money and other documents for and in the name of the Corporation, and each such officer, employee and agent, without further action by the Board, may delegate such power (including authority to redelegate) in writing, to other officers, employees or agents of the Corporation; and, unless so designated or expressly authorized by these Bylaws, no officer or agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

SECTION 2. *Deposits.* All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board, or any officer of the Corporation to whom power in this respect shall have been given by the Board, shall direct.

SECTION 3. *Proxies in Respect of Stock or other Securities of Other Corporations.* The Board shall designate the officers of the Corporation who shall have authority from time to time to appoint an agent or agents of

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the Corporation to exercise in the name and on behalf of the Corporation the powers and rights that the Corporation may have as the holder of stock or other securities in any other corporation, and to vote or consent in respect of such stock or securities. Such designated officers may instruct the person or persons so appointed as to the manner of exercising such powers and rights, and such designated officers may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, powers of attorney or other instruments as they may deem necessary or proper in order that the Corporation may exercise such powers and rights.

## ARTICLE VII

### SHARES AND TRANSFER OF SHARES

SECTION 1. *Certificates for Shares.* Every owner of shares of stock of the Corporation shall be entitled to have a certificate certifying the number and class of shares of stock of the Corporation owned by him, which certificate shall be in such form as may be prescribed by the Board. Certificates shall be issued in consecutive order and shall be numbered in the order of their issue, and shall be signed by or in the name of, the Corporation by the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive or a Vice President and by the Secretary, Treasurer or an Assistant Secretary. Such signatures shall be in such form as may be prescribed by the Board.

SECTION 2. *Stock Ledger.* A stock ledger in one or more counterparts shall be kept, in which shall be recorded the name of each Person owning the shares evidenced by each certificate for stock of the Corporation issued, the number of shares of stock evidenced by each such certificate, the date thereof and, in the case of cancellation, the date of cancellation. Except as otherwise expressly required by law, the person in whose name shares of stock stand on the stock ledger of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

SECTION 3. *Transfer of Stock.* (a) The transfer of shares of stock and the certificates evidencing such shares of stock of the Corporation shall be governed by Article 8 of Subtitle I of Title 6 of the Delaware Code (the Uniform Commercial Code), as amended from time to time.

(b) Registration of transfers of shares of stock of the Corporation shall be made only on the books of the Corporation upon request of the registered holder thereof, or of his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and upon the surrender of the certificate or certificates for such shares of stock properly endorsed or accompanied by a stock power duly executed.

SECTION 4. *Addresses of Stockholders.* Each stockholder shall designate to the Secretary of the Corporation an address at which notices of meetings and all other corporate notices may be given to it, and, if any stockholder shall fail to so designate such an address, corporate notices may be given to it at its post office address, if any, as the same appears on the share record books of the Corporation or at its last known post office address.

SECTION 5. *Lost, Destroyed and Mutilated Certificates.* A holder of any shares of stock of the Corporation shall promptly notify the Corporation of any loss, destruction or mutilation of any certificate or certificates evidencing all or any such shares of stock. The Board may, in its discretion, cause the Corporation to issue a new certificate in place of any certificate theretofore issued by it and alleged to have been mutilated, lost, stolen or destroyed, upon the surrender of the mutilated certificates or, in the case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction, and the Board may, in its discretion, require the owner of the lost or destroyed certificate or its legal representative to give the Corporation a bond sufficient to indemnify the Corporation against any claim made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 6. *Regulations.* The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificates for stock of the Corporation.

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**ARTICLE VIII**  
**MISCELLANEOUS**

SECTION 1. *Notice.* Except as otherwise required by law, all notices required to be given pursuant to these Bylaws shall be in writing and may be effectively given by hand delivery, first class mail (postage prepaid), prepaid overnight courier, facsimile transmission or electronic mail. Any such notice shall be addressed to the Person to whom notice is to be given at such Person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) if by hand delivery, when received by the Person to whom notice is to be given or by any Person accepting such notice on behalf of such Person, (b) if by mail, on the fourth business day after being deposited in first class mail, (c) if by overnight courier, on the first business day after being dispatched, (d) if by facsimile transmission, when directed to a number at which the Person to whom notice is to be given has consented to receive notice by facsimile transmission; or (e) if by electronic mail, when directed to an electronic mail address at which the Person to whom notice is to be given has consented to receive notice by electronic mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of facsimile transmission or electronic mail consented to by the stockholder to whom the notice is to be given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by facsimile transmission or electronic mail two consecutive notices given by the Corporation in accordance with such consent and (b) such inability becomes actually known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other Person responsible for the giving of notice; *provided, however,* the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. An affidavit of the Secretary or an Assistant Secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of facsimile transmission or electronic mail shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

SECTION 2. *Waiver of Notice.* Whenever notice is required to be given under any provision of these Bylaws, a written waiver of notice, signed by the Person entitled to notice, or waiver by facsimile transmission or electronic mail by such Person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Person at a meeting shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

SECTION 3. *Seal.* The Board may provide a corporate seal, which shall be in the form of a circle and shall bear the full name of the Corporation and the words and figures "CORPORATE SEAL 2000 DELAWARE".

SECTION 4. *Fiscal Year.* The fiscal year of the Corporation shall end on March 31 of each year, unless changed by resolution of the Board.

SECTION 5. *Definition.* For purposes of these Bylaws:

"*Person*" means an individual, a partnership, a joint venture, a corporation, an association, a trust, an estate or other entity or organization, including a government or any department or agency thereof.

"*2004 Securityholder Agreement*" means the 2004 Securityholder Agreement dated as of the date thereof, among the Corporation and the other parties signatory thereto.



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**ARTICLE IX**  
**AMENDMENTS**

These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted, either by the Board or by the stockholders of the Corporation upon the affirmative vote of the holders of at least  $66\frac{2}{3}\%$  of the outstanding capital stock entitled to vote thereon.

ENERSYSAWARD AGREEMENT FOR EMPLOYEES – RESTRICTED STOCK UNITSUNDER THE 2010 EQUITY INCENTIVE PLAN

THIS AWARD AGREEMENT FOR EMPLOYEES – RESTRICTED STOCK UNITS (this "Agreement"), dated as of \_\_\_\_\_, is between ENERSYS, a Delaware corporation (the "Company"), and the individual identified on the signature page hereof (the "Participant").

**BACKGROUND**

A. The Participant is currently an employee of the Company or one of its Subsidiaries.

B. The Company desires to (i) provide the Participant with an incentive to remain in the employ of the Company or one of its Subsidiaries, and (ii) increase the Participant's interest in the success of the Company by granting restricted stock units (the "Restricted Stock Units") to the Participant.

C. The grant of the Restricted Stock Units is (i) made pursuant to the EnerSys 2010 Equity Incentive Plan (the "Plan"), (ii) made subject to the terms and conditions of this Agreement, and (iii) not employment compensation nor an employment right and is made in the discretion of the Company's Compensation Committee.

NOW, THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Restricted Stock Units shall be subject to the Plan. The terms of the Plan are incorporated into this Agreement by reference. If there is a conflict or an inconsistency between the Plan and this Agreement, the Plan shall govern. The Participant hereby acknowledges receipt of a copy of the Plan.

2. Grant of Restricted Stock Units.

(a) Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units specified on the signature page of this Agreement. The Company shall credit to a bookkeeping account (the "Account") maintained by the Company, or a third party on behalf of the Company, for the Participant's benefit the Restricted Stock Units, each of which shall be deemed to be the equivalent of one share of the Company's common stock, par value \$.001 per share (each, a "Share").

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(b) If and whenever any cash dividends are declared on the Shares, on the date such dividend is paid, the Company will credit to the Account a number of additional Restricted Stock Units equal to the result of dividing (i) the product of the total number of Restricted Stock Units credited to the Account on the record date for such dividend (other than previously settled or forfeited Restricted Stock Units) times the per Share amount of such dividend, by (ii) the Fair Market Value of one Share on the record date for such dividend. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

(c) If and whenever the Company declares and pays a dividend or distribution on the Shares in the form of additional shares, or there occurs a forward split of Shares, then a number of additional Restricted Units shall be credited to the Account as of the payment date for such dividend or distribution or forward split equal to (i) the total number of Restricted Stock Units credited to the Account on the record date for such dividend or distribution or split (other than previously settled or forfeited Restricted Stock Units), multiplied by (ii) the number of additional Shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding Share. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

3. Terms and Conditions. All of the Restricted Stock Units shall initially be unvested.

(a) Vesting. Twenty-five percent (25%) of the Restricted Stock Units (rounded up to the nearest whole number) shall vest on the first anniversary of the date of this Agreement and on each of the next three (3) successive anniversaries thereof unless previously vested or forfeited in accordance with the Plan or this Agreement (the "Normal Vesting Schedule").

(i) Any Restricted Stock Units that fail to vest because the employment condition set forth in Section 3(c) is not satisfied shall be forfeited, subject to the special provisions set forth in subsections (ii) through (iv) of this Section 3(a).

(ii) If the Participant's employment terminates due to death or Permanent Disability, or in the event of a Change in Control where the holders of the Company's Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, Restricted Stock Units not previously vested shall immediately become vested.

(iii) If-on or within two years after a Change in Control (other than a Change in Control described in Section 3(a)(ii) above), the Participant terminates employment for Good Reason, or is terminated by the Company without Cause, Restricted Stock Units not previously vested shall immediately become vested.

(iv) In the event of the Participant's resignation or termination of employment (other than for Cause) on or after the earlier of (A) the Participant's 60th birthday and having attained ten (10) years of service with the Company or a Subsidiary (including years

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of service granted by the Company as a result of a merger, acquisition, or other transaction) or (B) the Participant's 65th birthday (a "Retirement"), the Compensation Committee may determine, in its sole discretion, whether and the manner in which Restricted Stock Units not previously vested (or any portion thereof) shall be vested and transferred to such Participant. In the absence of Compensation Committee action, upon such Retirement, the Participant shall forfeit any and all Restricted Stock Units which have not vested as of the date of such termination and such units shall revert to the Company without consideration of any kind. To the extent the Participant's Retirement date and vesting date under this Section 3(a)(iv) are in different tax years, any amount payable under this subsection shall constitute the payment of nonqualified deferred compensation, subject to the requirements of Code Section 409A.

(b) Restrictions on Transfer. Until the earlier of the applicable vesting date under the Normal Vesting Schedule, the date of a termination of employment due to death or Permanent Disability, the date of a Change in Control described in Section 3(a)(ii), or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(iii), or as otherwise provided in the Plan, no transfer of the Restricted Stock Units or any of the Participant's rights with respect to the Restricted Stock Units, whether voluntary or involuntary, by operation of law or otherwise, shall be permitted. Unless the Company's Compensation Committee determines otherwise, upon any attempt to transfer any Restricted Stock Units or any rights in respect of the Restricted Stock Units before the earlier of the applicable vesting date under the Normal Vesting Schedule, the date of a termination of employment due to death or Permanent Disability, the date of a Change in Control described in Section 3(a)(ii), or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(iii), such unit, and all of the rights related to such unit, shall be immediately forfeited by the Participant and transferred to, and reacquired by, the Company without consideration of any kind.

(c) Forfeiture. Upon termination of the Participant's employment with the Company or a Subsidiary for any reason other than death, Permanent Disability or one of the reasons set forth in Sections 3(a)(iii) and (iv), the Participant shall forfeit any and all Restricted Stock Units which have not vested as of the date of such termination and such units shall revert to the Company without consideration of any kind.

(d) Settlement. Restricted Stock Units not previously forfeited shall be settled on the earlier of the applicable vesting date under the Normal Vesting Schedule, the date of a termination of employment due to death or Permanent Disability, the date of a Change in Control described in Section 3(a)(ii), or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(iii) by delivery of one share of common stock for each Restricted Stock Unit being settled or, if determined by the Compensation Committee in its sole discretion, by a payment of cash equal to the Fair Market Value of one share of common stock.

4. Noncompetition. The Participant agrees with the Company that, for so long as the Participant is employed by the Company or any of its Subsidiaries and continuing for twelve (12) months (or such longer period as may be provided in an employment or similar agreement between the Participant and the Company or one of its Subsidiaries) following a termination of such employment due to Permanent Disability or under Sections 3(a)(iii) or (iv) of this

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Agreement or that occurs after any of the Restricted Stock Units have vested, the Participant will not, without the prior written consent of the Company, directly or indirectly, and whether as principal or investor or as an employee, officer, director, manager, partner, consultant, agent, or otherwise, alone or in association with any other person, firm, corporation, or other business organization, become involved in a Competing Business Americas, Europe or Asia, or in any geographic area in which the Company or any of its Subsidiaries has engaged during such period in any of the activities that comprise a Competing Business, or in which the Participant has knowledge of the Company's plans to engage in any of the activities that comprise a Competing Business (including, without limitation, any area in which any customer of the Company or any of its Subsidiaries may be located); provided, however, that the provisions of this Section 4 shall apply solely to those activities of a Competing Business, with which the Participant was personally involved or for which the Participant was responsible while employed by the Company or its Subsidiaries during the twelve (12) month period preceding termination of the Participant's employment. This Section 4 will not be violated, however, by Participant's investment of up to \$100,000 in the aggregate in one or several publicly-traded companies that engage in a competing business.

5. Wrongful Solicitation. As a separate and independent covenant, the Participant agrees with the Company that, for so long as the Participant is employed by the Company or any of its Subsidiaries and continuing for twelve (12) months (or such longer period as may be provided in an employment or similar agreement between the Participant and the Company or one of its Subsidiaries) following a termination of such employment due to Permanent Disability or under Sections 3(a)(iii) or (iv) of this Agreement or that occurs after any of the Restricted Stock Units have vested, the Participant will not engage in any Wrongful Solicitation.

6. Confidentiality: Specific Performance.

(a) The Participant agrees with the Company that the Participant will not at any time, except in performance of the Participant's obligations to the Company hereunder or with the prior written consent of the Company, directly or indirectly, reveal to any person, entity, or other organization (other than the Company, or its employees, officers, directors, stockholders, or agents) or use for the Participant's own benefit any information deemed to be confidential by the Company or any of its Affiliates ("Confidential Information") relating to the assets, liabilities, employees, goodwill, business, or affairs of the Company or any of its Affiliates, including, without limitation, any information concerning past, present, or prospective customers, manufacturing processes, marketing, operating, or financial data, or other confidential information used by, or useful to, the Company or any of its Affiliates and known (whether or not known with the knowledge and permission of the Company or any of its Affiliates and whether or not at any time prior to the Date of Grant developed, devised, or otherwise created in whole or in part by the efforts of the Participant) to the Participant by reason of the Participant's employment with, equity holdings in, or other association with the Company or any of its Affiliates. The Participant further agrees that the Participant will retain all copies and extracts of any written Confidential Information acquired or developed by the Participant during any such employment, equity holding, or association in trust for the sole benefit of the Company, its Affiliates, and their successors and assigns. The Participant further agrees that the Participant will not, without the prior written consent of the Company, remove or take from the Company's or any of its Affiliate's premises (or if previously removed or taken, the Participant will promptly

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return) any written Confidential Information or any copies or extracts thereof. Upon the request and at the expense of the Company, the Participant shall promptly make all disclosures, execute all instruments and papers, and perform all acts reasonably necessary to vest and confirm in the Company and its Affiliates, fully and completely, all rights created or contemplated by this Section 6. The term "Confidential Information" shall not include information that is or becomes generally available to the public other than as a result of a disclosure by, or at the direction of, the Participant.

(b) The Participant agrees that upon termination of the Participant's employment with the Company or any Subsidiary for any reason, the Participant will return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way evidencing (in whole or in part) Confidential Information relating to the business of the Company and its Subsidiaries and Affiliates. The Participant further agrees that the Participant will not retain or use for the Participant's account at any time any trade names, trademark, or other proprietary business designation used or owned in connection with the business of the Company or its Subsidiaries or Affiliates.

(c) The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 6, or Section 4 or 5 above, would be inadequate and, in recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy which may then be available.

#### 7. Taxes.

(a) This Section 7(a) applies only to (a) all Participants who are U.S. employees, and (b) to those Participants who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the settlement of the Restricted Stock Units. Such Participant shall pay to the Company or a designated Subsidiary, promptly upon request, and in any event at the time the Participant recognizes taxable income with respect to the Restricted Stock Units, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Restricted Stock Units. The Participant may satisfy the foregoing requirement by making a payment to the Company in cash or, with the approval of the Plan administrator, by delivering already owned unrestricted Shares or by having the Company withhold a number of Shares in which the Participant would otherwise become vested under this Agreement, in each case, having a value equal to the minimum amount of tax required to be withheld. Such Shares shall be valued at their fair market value on the date as of which the amount of tax to be withheld is determined.

(b) The Participant acknowledges that the tax laws and regulations applicable to the Restricted Stock Units and the disposition of the shares following the settlement of Restricted Stock Units are complex and subject to change.

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8. Securities Laws Requirements. The Company shall not be obligated to transfer any shares following the settlement of Restricted Stock Units to the Participant free of a restrictive legend if such transfer, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended (the "Securities Act") (or any other federal or state statutes having similar requirements as may be in effect at that time).

9. No Obligation to Register. The Company shall be under no obligation to register any shares as a result of the settlement of the Restricted Stock Units pursuant to the Securities Act or any other federal or state securities laws.

10. Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act for such period as the Company or its underwriters may request (such period not to exceed 180 days following the date of the applicable offering), the Participant shall not, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any of the Restricted Stock Units granted under this Agreement or any shares resulting the settlement thereof without the prior written consent of the Company or its underwriters.

11. Protections Against Violations of Agreement. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Restricted Stock Units by any holder thereof in violation of the provisions of this Units Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any shares resulting from the settlement of Restricted Stock Units on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

12. Rights as a Stockholder. The Participant shall not possess the right to vote the shares underlying the Restricted Stock Units until the Restricted Stock Units have settled in accordance with the provisions of this Agreement and the Plan.

13. Survival of Terms. This Agreement shall apply to and bind the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. The terms of Sections 4, 5 and 6 shall expressly survive the forfeiture of the Restricted Stock Units and this Agreement.

14. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to the Participant, to the Participant's attention at the mailing address set forth at the foot of this Agreement (or to such other address as the Participant shall have specified to the Company in writing) and, if to the Company, to the Company's office at 2366 Bernville Road, Reading, Pennsylvania 19605, Attention: General Counsel (or to such

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other address as the Company shall have specified to the Participant in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

15. Waiver. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

16. Authority of the Administrator. The Plan Administrator, which is the Company's Compensation Committee, shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

17. Representations. The Participant has reviewed with his own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that he (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

18. Investment Representation. The Participant hereby represents and warrants to the Company that the Participant, by reason of the Participant's business or financial experience (or the business or financial experience of the Participant's professional advisors who are unaffiliated with and who are not compensated by the Company or any affiliate or selling agent of the Company, directly or indirectly), has the capacity to protect the Participant's own interests in connection with the transactions contemplated under this Agreement.

19. Entire Agreement; Governing Law. This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, USA.

20. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.



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21. Amendments; Construction. The Plan administrator may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Participant hereunder without his or her consent. To the extent the terms of Section 4 above conflict with any prior agreement between the parties related to such subject matter, the terms of Section 4 shall supersede such conflicting terms and control. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Restricted Stock Units and shall have no effect on the interpretation hereof.

22. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understand the terms and provision thereof, and accepts the shares of Restricted Stock Units subject to all the terms and conditions of the Plan and this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Agreement.

23. Miscellaneous.

(a) No Rights to Grants or Continued Employment. The Participant acknowledges that the award granted under this Agreement is not employment compensation nor is it an employment right, and is being granted at the sole discretion of the Company's Compensation Committee. The Participant shall not have any claim or right to receive grants of Awards under the Plan. Neither the Plan or this Agreement, nor any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on the Participant any right to be retained as an employee of the Company or any Subsidiary or other Affiliate thereof, or to interfere with or to limit in any way the right of the Company or any Affiliate or Subsidiary thereof to terminate the employment of the Participant at any time.

(b) No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

(c) Assignment. The Company shall have the right to assign any of its rights and to delegate any of its duties under this Agreement to any of its Affiliates.

24. Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall

be subject to satisfaction of the condition precedent that the Participant undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if a Participant is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of the Participant's "separation from service" (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of the Participant's death (the "Delay Period"). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Participant in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE PARTICIPANT UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE DATE OF GRANT SET FORTH BELOW.

BY SIGNING THIS AGREEMENT, THE PARTICIPANT IS HEREBY CONSENTING TO THE PROCESSING AND TRANSFER OF THE PARTICIPANT'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Participant has executed this Agreement, both as of the day and year first above written.

ENERSYS

By: \_\_\_\_\_  
Name: John D. Craig  
Title: Chairman, President & CEO  
PARTICIPANT

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Date of Grant:

Number of Shares of Restricted Stock Units:

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**Appendix A**  
**to**  
**Restricted Stock Unit Agreement - Employees**  
**2010 Equity Incentive Plan**

This Appendix A contains supplemental terms and conditions for awards of Restricted Stock Units ("RSUs") granted in the Date of Grant set forth in the Agreement under the 2010 Equity Incentive Plan (the "Plan") to the Participants who reside outside the United States or who are otherwise subject to the laws of a country other than the United States.

The Participant has also received the Agreement applicable to the Award set forth therein. The Agreement, together with this Appendix A and the Plan are the terms and conditions of the grant of RSUs set forth in the Agreement. To the extent that this Appendix A amends, deletes or supplements any terms of the Agreement, this Appendix A shall control. Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Agreement.

Section I of this Appendix A contains includes special terms and conditions that govern the RSUs outside of the United States. Section II of this Appendix A includes special terms and conditions in the specific countries listed therein.

*Finally, if the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, transferred employment after the Award was granted or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to you in the same manner. In addition, the Company shall, in its sole discretion, determine to what extent the terms and conditions contained herein will apply under these circumstances.*

**Section I. All Countries Outside the United States**

1. **Nature of Grant.** In accepting the Award, the Participant acknowledges that:
  - 1.1 the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
  - 1.2 the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;
  - 1.3 all decisions with respect to future grants, if any, will be at the sole discretion of Company;
  - 1.4 the Participant is voluntarily participating in the Plan;

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- 1.5 the RSUs and the shares of Common Stock subject to the RSUs are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and which is outside the scope of your employment contract, if any;
  - 1.6 the RSUs and the shares of Common Stock subject to the RSUs are not intended to replace any pension rights, if any, or compensation;
  - 1.7 the RSUs and the shares of Common Stock subject to the RSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;
  - 1.8 the grant of the RSUs and your participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any Subsidiary;
  - 1.9 the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;
  - 1.10 if you obtain shares of Common Stock, the value of those shares of Common Stock acquired may increase or decrease in value;
  - 1.11 in consideration of the grant of the RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of your employment with the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and the Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you will be deemed irrevocably to have waived his or her entitlement to pursue such claim;
  - 1.12 in the event of termination of your employment (whether or not in breach of local labor laws), your right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when you are no longer actively employed for purposes of your Award;
  - 1.13 the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of Common Stock;

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- 1.14 you are hereby advised to consult with your personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan;
  - 1.15 unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock of the Company; and
  - 1.16 neither the Company, any Subsidiary nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

## **Section II. Country-Specific Provisions**

### **Canada**

**Securities Law Notification.** The Participant is permitted to sell shares of Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such shares of Common Stock takes place outside of Canada through the facilities of a national securities exchange on which the shares of Common Stock are listed (i.e., The New York Stock Exchange).

**Language Consent.** The parties acknowledge that it is their express wish that the Plan, the Agreement and this Appendix A, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention (« Plan, Agreement and Appendix A » ), ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

**Data Privacy.** You hereby authorize the Company or the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company and any Affiliate of the Company and the administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any affiliate to record such information and to keep such information in your file.

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## **China**

**Payment of RSUs.** Notwithstanding any discretion in Section 11 of the Plan or in Section 2 of the Agreement and Appendix A, the grant of RSUs does not provide any right for you to receive shares and the RSUs are payable in cash only.

## **India**

**Payment of RSUs.** Notwithstanding any discretion in Section 11 of the Plan and Section 2 of the Agreement, the grant of RSUs does not provide any right for you to receive shares and the RSUs are payable in cash only.

## **Mexico**

**Nature of Grant.** The following provisions supplement Section I (Nature of Grant) of this Appendix A:

**Acknowledgment of the Grant.** In accepting the Award, you acknowledge that you have received a copy of the Plan and the Agreement, including this Appendix A, and that you have reviewed the Plan and the Agreement, including this Appendix A, in its entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix A. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Section I (Nature of Grant) of this Appendix A, in which the following is clearly described and established:

- (1) Your participation in the Plan does not constitute an acquired right.
- (2) The Plan and your participation in the Plan are offered by the Company on a wholly discretionary basis.
- (3) Your participation in the Plan is voluntary.
- (4) Neither the Company nor any Affiliate is responsible for any decrease in the value of the RSUs granted and/or shares of Common Stock issued under the Plan.

**Labor Law Acknowledgment and Policy Statement.** In accepting the RSUs, you expressly recognize that the Company, with registered offices at 2366 Berville Road, Reading, Pennsylvania 19605, United States of America, is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock does not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV (each, a "Mexican Subsidiary"). Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your employer, a Mexican Subsidiary, and do not form part of the conditions of your employment and/or benefits provided by such Mexican Subsidiary, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

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You further understand that your participation in the Plan is a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation in the Plan at any time, without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or any benefits derived from the Plan; therefore, you grant a full and broad release to the Company, its shareholders, officers, agents, legal representatives, and subsidiaries with respect to any claim that may arise.

**Spanish Translation.**

Reconocimiento de la Subvención. Al aceptar las Unidades de Acciones Restringidas ("RSU" por sus siglas en inglés), Ud. reconoce que ha recibido y revisado una copia del Términos y Condiciones, y reconoce, además, que acepta todas las disposiciones del Términos y Condiciones. Ud. también reconoce que Ud. ha leído y aprobado de forma expresa los términos y condiciones establecidos en la Sección I ("Nature of Grant") en este Appendix A, que claramente dispone lo siguiente:

- (1) Su participación en el Plan no constituye un derecho adquirido;
- (2) El Plan y su participación en el Plan es ofrecido por la Compañía de manera completamente discrecional;
- (3) Su participación en el Plan es voluntaria; y
- (4) Ni la Compañía ni cualquiera subsidiaria es responsable de cualquier disminución del valor de las Unidades de Acciones Restringidas y/o las acciones emitidas bajo el Plan.

Declaración y Reconocimiento de Derecho y Política Laboral. Al aceptar las Unidades de Acciones Restringidas, el Participante reconoce que la Compañía, con domicilio social en 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, EE.UU., es el único responsable de la administración del Plan y su participación en el Plan y cualquier adquisición de las acciones bajo el Plan no constituyen una relación laboral entre Ud. y la Compañía, porque Ud. está participando en el Plan en su totalidad sobre una base comercial y su único empleador es EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV. Basado en lo anterior, Ud. expresamente reconoce que el Plan y los beneficios que pueden derivarse de la participación en el Plan no establecen algún derecho entre Ud. y el Empleador, EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV, y que no forman parte de las condiciones de empleo y/o beneficios provenientes por EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV, y cualquier modificación del Plan o la terminación de su contrato no constituirá un cambio o deterioro de los términos y condiciones de su empleo.

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Además, Ud. comprende que su participación en el Plan es causado por una decisión discrecional y unilateral de la Compañía, por lo que la Compañía se reserva el derecho absoluto de modificar y/o suspender su participación en el Plan en cualquier momento, sin responsabilidad alguna a Ud.

Finalmente, Ud. manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de la Compañía, por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia usted otorga un amplio y total descargo de responsabilidad a la Compañía, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales, y Subsidiarias, con respecto a cualquier demanda que pudiera surgir.



ENERSYSAWARD AGREEMENT FOR EMPLOYEES – MARKET SHARE UNITSUNDER THE 2010 EQUITY INCENTIVE PLAN

THIS AWARD AGREEMENT FOR EMPLOYEES – MARKET SHARE UNITS (this "Agreement"), dated as of \_\_\_\_\_, is between ENERSYS, a Delaware corporation (the "Company"), and the individual identified on the signature page hereof (the "Participant").

**BACKGROUND**

A. The Participant is currently an employee of the Company or one of its Subsidiaries.

B. The Company desires to (i) provide the Participant with an incentive to remain in the employ of the Company or one of its Subsidiaries, and (ii) increase the Participant's interest in the success of the Company by granting market share units, a form of restricted Stock Unit under the Plan (the "Market Share Units"), to the Participant.

C. This grant of Market Share Units is (i) made pursuant to the EnerSys 2010 Equity Incentive Plan (the "Plan"); (ii) made subject to the terms and conditions of this Agreement; and (iii) not employment compensation nor an employment right and is made in the discretion of the Company's Compensation Committee.

NOW, THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Plan. This Agreement and the Market Share Units shall be subject to the Plan. The terms of the Plan are incorporated into this Agreement by reference. If there is a conflict or an inconsistency between the Plan and this Agreement, the Plan shall govern. The Participant hereby acknowledges receipt of a copy of the Plan.

2. Grant of Market Share Units.

(a) Subject to the provisions of this Agreement and pursuant to the provisions of the Plan, the Company hereby grants to the Participant the number of Market Share Units specified on the signature page of this Agreement. The Company shall credit to a bookkeeping account maintained by the Company, or a third party on behalf of the Company, for the Participant's benefit the number of Market Share Units, each of which shall be deemed to be the equivalent of one share of the Company's Common Stock.

(b) If the Company declares and pays a dividend or distribution on Common Stock in the form of cash, then a number of additional Market Share Units shall be credited to

the Participant as of the payment date for such dividend or distribution equal to the result of dividing (i) the product of the total number of Market Share Units as of the record date for such dividend or distribution (other than previously settled or forfeited Market Share Units) times the per share amount of such dividend or distribution, by (ii) the Fair Market Value of one share of Common Stock as of the record date for such dividend or distribution. Any Market Share Units payable under this subsection shall: (i) be or become vested to the same extent as the underlying Market Share Unit, (ii) be settled on the settlement date under Section 3(d) for the underlying Market Share Unit, and (iii) be subject to the Payout Factor that applies to the underlying Market Share Unit.

(c) If the Company declares and pays a dividend or distribution on Common Stock in the form of additional shares, or there occurs a forward split of Common Stock, then a number of additional Market Share Units shall be credited to the Participant as of the payment date for such dividend or distribution or forward split equal to (i) the number of Market Share Units credited to the Participant as of the record date for such dividend or distribution or split (other than previously settled or forfeited Market Share Units), multiplied by (ii) the number of additional shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding share of Common Stock. Any Market Share Units payable under this subsection shall: (i) be or become vested to the same extent as the underlying Market Share Unit, (ii) be settled on the settlement date under Section 3(d) for the underlying Market Share Unit, and (iii) be subject to the Payout Factor that applies to the underlying Market Share Unit.

3. Terms and Conditions. All of the Market Share Units shall initially be unvested.

(a) Vesting. Except as otherwise provided in this Section 3, the Market Share Units shall be subject to the restrictions and conditions set forth herein. Vesting of the Market Share Units is conditioned upon the Participant remaining continuously employed by the Company or a Subsidiary following the Date of Grant until the third anniversary of the Date of Grant (the "Vesting Date"), subject to the provisions of this Section 3.

(i) The Market Share Units shall vest to the extent provided in the following schedule (the "Normal Vesting Schedule"):

(A) <u>Vesting Date</u>	(B) <u>Payout Factor</u>	(C) <u>Number of Market Share Units Vested</u>
Third anniversary of Date of Grant	Share Price on Vesting Date divided by Share Price on Date of Grant	(x) Number of Market Share Units specified on the signature page of this Agreement plus any additional Market Share Units credited under Sections 2(b) and (c) multiplied by (y) the Payout Factor in Column B

(ii) For purposes of the table set forth above—

(1) "Share Price" shall equal the average of the closing share prices of the Company's Common Stock during the ninety (90) calendar days immediately preceding the Vesting Date or Date of Grant, as applicable. If there were no trades on the Vesting Date or Date of Grant, the closing prices during the ninety (90) day calendar days immediately preceding the most recent date on which there were trades shall be used.

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(2) "Payout Factor" shall be rounded to the nearest hundredth (two places after the decimal), except that if the "Payout Factor" equals more than 2.00, the Payout Factor used in Column C shall be 2.00.

(iii) Any Market Share Units that fail to vest because the employment condition is not satisfied shall be forfeited, subject to the special provisions set forth in subsections (iv) through (vii) of this Section 3.

(iv) In the event of a Change in Control prior to the Vesting Date where the holders of the Company's Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the Market Share Units shall immediately become vested. Any Market Share Unit that vests as a result of a Change in Control under this subsection shall vest based on the Payout Factor determined by substituting the date of such Change in Control for the Vesting Date.

(v) If the Participant's employment terminates due to death or Permanent Disability, or if, on or within two years after a Change in Control (other than a Change in Control described in Section 3(a)(iv) above), the Participant terminates employment for Good Reason, or is terminated by the Company without Cause, Market Share Units not previously vested shall immediately become vested based on the Payout Factor determined by substituting the date of such termination of employment for the Vesting Date.

(vi) In the event of the Participant's resignation or termination of employment (other than for Cause) on or after the earlier of (A) the Participant's 60th birthday and having attained ten (10) years of service with the Company or a Subsidiary (including years of service granted by the Company as a result of a merger, acquisition, or other transaction) or (B) the Participant's 65th birthday (a "Retirement"), the Compensation Committee may determine, in its sole discretion, whether and the manner in which Market Share Units not previously vested (or any portion thereof) shall be vested and transferred to such Participant. In the absence of Compensation Committee action, upon such Retirement, the Participant shall forfeit any and all Market Share Units which have not vested as of the date of such termination and such units shall revert to the Company without consideration of any kind. To the extent the Participant's Retirement date and vesting date under this Section 3(a)(vi) are in different tax years, any amount payable under this subsection shall constitute the payment of nonqualified deferred compensation, subject to the requirements of Code Section 409A.

(b) Restrictions on Transfer. Until the earlier of the Vesting Date, the date of a Change in Control described in Section 3(a)(iv), the date of a termination of employment due to death or Permanent Disability, or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(v), or as otherwise provided in the Plan, no transfer of the Market Share Units or any of the Participant's rights with respect to the Market Share Units, whether voluntary or involuntary, by operation of law or otherwise, shall be permitted. Unless the Company's Compensation Committee determines otherwise, upon any attempt to transfer any Market Share Units or any rights in respect of the Market Share Units

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before the earlier of the Vesting Date, the date of a Change in Control described in Section 3(a)(iv), the date of a termination of employment due to death or Permanent Disability, or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(v), such unit, and all of the rights related to such unit, shall be immediately forfeited by the Participant and transferred to, and reacquired by, the Company without consideration of any kind.

(c) Forfeiture. Upon termination of the Participant's employment with the Company or a Subsidiary for any reason other than one of the reasons set forth in subsections (v) and (vi) of Section 3(a), the Participant shall forfeit any and all Market Share Units which have not vested as of the date of such termination and such units shall revert to the Company without consideration of any kind.

(d) Settlement. Market Share Units not previously forfeited shall be settled on the earlier of the Vesting Date, the date of a Change in Control described in Section 3(a)(iv), the date of a termination of employment due to death or Permanent Disability, or the date of a termination of employment on or within two years after a Change in Control described in Section 3(a)(v) by delivery of one share of common stock for each Market Share Unit being settled or, if determined by the Compensation Committee in its sole discretion, by a payment of cash equal to the Fair Market Value of one share of common stock.

4. Noncompetition. The Participant agrees with the Company that, for so long as the Participant is employed by the Company or any of its Subsidiaries and continuing for twelve (12) months (or such longer period as may be provided in an employment or similar agreement between the Participant and the Company or one of its Subsidiaries) following a termination of such employment under Sections 3(a)(v) or (vi) of this Agreement or that occurs after any of the Market Share Units have vested, the Participant will not, without the prior written consent of the Company, directly or indirectly, and whether as principal or investor or as an employee, officer, director, manager, partner, consultant, agent, or otherwise, alone or in association with any other person, firm, corporation, or other business organization, become involved in a Competing Business in the Americas, Europe or Asia, or any geographic area in which the Company or any of its Subsidiaries has engaged during such period in any of the activities that comprise a Competing Business, or in which the Participant has knowledge of the Company's plans to engage in any of the activities that comprise a Competing Business (including, without limitation, any area in which any customer of the Company or any of its Subsidiaries may be located); provided, however, that the provisions of this Section 4 shall apply solely to those activities of a Competing Business, with which the Participant was personally involved or for which the Participant was responsible while employed by the Company or its Subsidiaries during the twelve (12) month period preceding termination of the Participant's employment. This Section 4 will not be violated, however, by Participant's investment of up to \$100,000 in the aggregate in one or several publicly-traded companies that engage in a competing business.

5. Wrongful Solicitation. As a separate and independent covenant, the Participant agrees with the Company that, for so long as the Participant is employed by the Company or any of its Subsidiaries and continuing for twelve (12) months (or such longer period as may be provided in an employment or similar agreement between the Participant and the Company or one of its Subsidiaries) following a termination of such employment under Sections 3(a)(v) or (vi) of this Agreement or that occurs after any of the Market Share Units have vested, the Participant will not engage in any Wrongful Solicitation.

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6. Confidentiality; Specific Performance.

(a) The Participant agrees with the Company that the Participant will not at any time, except in performance of the Participant's obligations to the Company hereunder or with the prior written consent of the Company, directly or indirectly, reveal to any person, entity, or other organization (other than the Company, or its employees, officers, directors, stockholders, or agents) or use for the Participant's own benefit any information deemed to be confidential by the Company or any of its Affiliates ("Confidential Information") relating to the assets, liabilities, employees, goodwill, business, or affairs of the Company or any of its Affiliates, including, without limitation, any information concerning past, present, or prospective customers, manufacturing processes, marketing, operating, or financial data, or other confidential information used by, or useful to, the Company or any of its Affiliates and known (whether or not known with the knowledge and permission of the Company or any of its Affiliates and whether or not at any time prior to the Date of Grant developed, devised, or otherwise created in whole or in part by the efforts of the Participant) to the Participant by reason of the Participant's employment with, equity holdings in, or other association with the Company or any of its Affiliates. The Participant further agrees that the Participant will retain all copies and extracts of any written Confidential Information acquired or developed by the Participant during any such employment, equity holding, or association in trust for the sole benefit of the Company, its Affiliates, and their successors and assigns. The Participant further agrees that the Participant will not, without the prior written consent of the Company, remove or take from the Company's or any of its Affiliate's premises (or if previously removed or taken, the Participant will promptly return) any written Confidential Information or any copies or extracts thereof. Upon the request and at the expense of the Company, the Participant shall promptly make all disclosures, execute all instruments and papers, and perform all acts reasonably necessary to vest and confirm in the Company and its Affiliates, fully and completely, all rights created or contemplated by this Section 6. The term "Confidential Information" shall not include information that is or becomes generally available to the public other than as a result of a disclosure by, or at the direction of, the Participant.

(b) The Participant agrees that upon termination of the Participant's employment with the Company or any Subsidiary for any reason, the Participant will return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way evidencing (in whole or in part) Confidential Information relating to the business of the Company and its Subsidiaries and Affiliates. The Participant further agrees that the Participant will not retain or use for the Participant's account at any time any trade names, trademark, or other proprietary business designation used or owned in connection with the business of the Company or its Subsidiaries or Affiliates.

(c) The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 6, or Section 4 or 5 above, would be inadequate and, in recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy which may then be available.

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7. Taxes.

(a) This Section 7(a) applies only to (a) all Participants who are U.S. employees, and (b) to those Participants who are employed by a Subsidiary of the Company that is obligated under applicable local law to withhold taxes with respect to the settlement of the Market Share Units. Such Participant shall pay to the Company or a designated Subsidiary, promptly upon request, and in any event at the time the Participant recognizes taxable income with respect to the Market Share Units, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to the Market Share Units. The Participant may satisfy the foregoing requirement by making a payment to the Company in cash or, with the approval of the Plan administrator, by delivering already owned unrestricted shares of Common Stock or by having the Company withhold a number of shares of Common Stock in which the Participant would otherwise become vested under this Agreement, in each case, having a value equal to the minimum amount of tax required to be withheld. Such shares shall be valued at their fair market value on the date as of which the amount of tax to be withheld is determined.

(b) The Participant acknowledges that the tax laws and regulations applicable to the Market Share Units and the disposition of the shares following the settlement of Market Share Units are complex and subject to change.

8. Securities Laws Requirements. The Company shall not be obligated to transfer any shares following the settlement of Market Share Units to the Participant free of a restrictive legend if such transfer, in the opinion of counsel for the Company, would violate the Securities Act of 1933, as amended (the "Securities Act") (or any other federal or state statutes having similar requirements as may be in effect at that time).

9. No Obligation to Register. The Company shall be under no obligation to register any shares as a result of the settlement of the Market Share Units pursuant to the Securities Act or any other federal or state securities laws.

10. Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act for such period as the Company or its underwriters may request (such period not to exceed 180 days following the date of the applicable offering), the Participant shall not, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any of the Market Share Units granted under this Agreement or any shares resulting the settlement thereof without the prior written consent of the Company or its underwriters.

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11. Protections Against Violations of Agreement. No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the Market Share Units by any holder thereof in violation of the provisions of this Units Agreement or the Certificate of Incorporation or the Bylaws of the Company, will be valid, and the Company will not transfer any shares resulting from the settlement of Market Share Units on its books nor will any of such shares be entitled to vote, nor will any dividends be paid thereon, unless and until there has been full compliance with such provisions to the satisfaction of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce such provisions.

12. Rights as a Stockholder. The Participant shall not possess the right to vote the shares underlying the Market Share Units until the Market Share Units have settled in accordance with the provisions of this Agreement and the Plan.

13. Survival of Terms. This Agreement shall apply to and bind the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors. The terms of Sections 4, 5 and 6 shall expressly survive the forfeiture of the Market Share Units and this Agreement.

14. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or sent by certified or registered mail, return receipt requested, postage prepaid, addressed, if to the Participant, to the Participant's attention at the mailing address set forth at the foot of this Agreement (or to such other address as the Participant shall have specified to the Company in writing) and, if to the Company, to the Company's office at 2366 Bernville Road, Reading, Pennsylvania 19605, Attention: General Counsel (or to such other address as the Company shall have specified to the Participant in writing). All such notices shall be conclusively deemed to be received and shall be effective, if sent by hand delivery, upon receipt, or if sent by registered or certified mail, on the fifth day after the day on which such notice is mailed.

15. Waiver. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

16. Authority of the Administrator. The Plan Administrator, which is the Company's Compensation Committee, shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

17. Representations. The Participant has reviewed with his own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that he (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

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18. Investment Representation. The Participant hereby represents and warrants to the Company that the Participant, by reason of the Participant's business or financial experience (or the business or financial experience of the Participant's professional advisors who are unaffiliated with and who are not compensated by the Company or any affiliate or selling agent of the Company, directly or indirectly), has the capacity to protect the Participant's own interests in connection with the transactions contemplated under this Agreement.

19. Entire Agreement; Governing Law. This Agreement and the Plan and the other related agreements expressly referred to herein set forth the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, USA.

20. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Agreement. Moreover, if one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

21. Amendments; Construction. The Plan administrator may amend the terms of this Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Participant hereunder without his or her consent. To the extent the terms of Section 4 above conflict with any prior agreement between the parties related to such subject matter, the terms of Section 4 shall supersede such conflicting terms and control. Headings to Sections of this Agreement are intended for convenience of reference only, are not part of this Market Share Units and shall have no affect on the interpretation hereof.

22. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understand the terms and provision thereof, and accepts the shares of Market Share Units subject to all the terms and conditions of the Plan and this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Agreement.



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23. Miscellaneous.

(a) No Rights to Grants or Continued Employment. The Participant acknowledges that the award granted under this Agreement is not employment compensation nor is it an employment right, and is being granted at the sole discretion of the Company's Compensation Committee. The Participant shall not have any claim or right to receive grants of Awards under the Plan. Neither the Plan or this Agreement, nor any action taken or omitted to be taken hereunder or thereunder, shall be deemed to create or confer on the Participant any right to be retained as an employee of the Company or any Subsidiary or other Affiliate thereof, or to interfere with or to limit in any way the right of the Company or any Affiliate or Subsidiary thereof to terminate the employment of the Participant at any time.

(b) No Restriction on Right of Company to Effect Corporate Changes. Neither the Plan nor this Agreement shall affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred, or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the assets or business of the Company, or any other corporate act or proceeding, whether of a similar character or otherwise.

(c) Assignment. The Company shall have the right to assign any of its rights and to delegate any of its duties under this Agreement to any of its Affiliates.

24. Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall be subject to satisfaction of the condition precedent that the Participant undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if a Participant is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of the Participant's "separation from service" (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of the Participant's death (the "Delay Period"). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Participant in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

THIS AGREEMENT SHALL BE NULL AND VOID AND UNENFORCEABLE BY THE PARTICIPANT UNLESS SIGNED AND DELIVERED TO THE COMPANY NOT LATER THAN THIRTY (30) DAYS SUBSEQUENT TO THE DATE OF GRANT SET FORTH BELOW.

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BY SIGNING THIS AGREEMENT, THE PARTICIPANT IS HEREBY CONSENTING TO THE PROCESSING AND TRANSFER OF THE PARTICIPANT'S PERSONAL DATA BY THE COMPANY TO THE EXTENT NECESSARY TO ADMINISTER AND PROCESS THE AWARDS GRANTED UNDER THIS AGREEMENT.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Participant has executed this Agreement, both as of the day and year first above written.

ENERSYS

By: \_\_\_\_\_  
Name: John D. Craig  
Title: Chairman, President & CEO

PARTICIPANT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Date of Grant:

Number of Shares of Market Share Units:

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## Appendix A

to

### Award Agreement for Employees – Market Share Units 2010 Equity Incentive Plan

This Appendix A contains supplemental terms and conditions for awards of Market Share Units ("MSUs") granted in the Date of Grant set forth in the Agreement under the 2010 Equity Incentive Plan (the "Plan") to the Participants who reside outside the United States or who are otherwise subject to the laws of a country other than the United States.

The Participant has also received the Agreement applicable to the Award set forth therein. The Agreement, together with this Appendix A and the Plan are the terms and conditions of the grant of MSUs set forth in the Agreement. To the extent that this Appendix A amends, deletes or supplements any terms of the Agreement, this Appendix A shall control. Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Agreement.

Section I of this Appendix A contains includes special terms and conditions that govern the MSUs outside of the United States. Section II of this Appendix A includes special terms and conditions in the specific countries listed therein.

*Finally, if the Participant is a citizen or resident of a country other than the one in which the Participant is currently working, transferred employment after the Award was granted or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to you in the same manner. In addition, the Company shall, in its sole discretion, determine to what extent the terms and conditions contained herein will apply under these circumstances.*

#### Section I. All Countries Outside the United States

1. **Nature of Grant.** In accepting the Award, the Participant acknowledges that:
  - 1.1 the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
  - 1.2 the grant of the MSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of MSUs, or benefits in lieu of MSUs, even if MSUs have been granted repeatedly in the past;
  - 1.3 all decisions with respect to future grants, if any, will be at the sole discretion of Company;
  - 1.4 the Participant is voluntarily participating in the Plan;

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- 1.5 the MSUs and the shares of Common Stock subject to the MSUs are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and which is outside the scope of your employment contract, if any;
  - 1.6 the MSUs and the shares of Common Stock subject to the MSUs are not intended to replace any pension rights, if any, or compensation;
  - 1.7 the MSUs and the shares of Common Stock subject to the MSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;
  - 1.8 the grant of the MSUs and your participation in the Plan will not be interpreted to form an employment contract or relationship with the Company or any Subsidiary;
  - 1.9 the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;
  - 1.10 if you obtain shares of Common Stock, the value of those shares of Common Stock acquired may increase or decrease in value;
  - 1.11 in consideration of the grant of the MSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the MSUs resulting from termination of your employment with the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release the Company and the Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you will be deemed irrevocably to have waived his or her entitlement to pursue such claim;
  - 1.12 in the event of termination of your employment (whether or not in breach of local labor laws), your right to vest in the MSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when you are no longer actively employed for purposes of your Award;
  - 1.13 the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of Common Stock;

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- 1.14 you are hereby advised to consult with your personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan;
  - 1.15 unless otherwise provided in the Plan or by the Company in its discretion, the MSUs and the benefits evidenced by this Agreement do not create any entitlement to have the MSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock of the Company; and
  - 1.16 neither the Company, any Subsidiary nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the MSUs or of any amounts due to the Participant pursuant to the settlement of the MSUs or the subsequent sale of any shares of Common Stock acquired upon settlement.

## **Section II. Country-Specific Provisions**

### **Canada**

**Securities Law Notification.** The Participant is permitted to sell shares of Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such shares of Common Stock takes place outside of Canada through the facilities of a national securities exchange on which the shares of Common Stock are listed (i.e., The New York Stock Exchange).

**Language Consent.** The parties acknowledge that it is their express wish that the Plan, the Agreement and this Appendix A, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention (« Plan, Agreement and Appendix A » ), ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

**Data Privacy.** You hereby authorize the Company or the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company and any Affiliate of the Company and the administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any affiliate to record such information and to keep such information in your file.

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## **China**

**Payment of MSUs.** Notwithstanding any discretion in Section 11 of the Plan or in Section 2 of the Agreement and Appendix A, the grant of MSUs does not provide any right for you to receive shares and the MSUs are payable in cash only.

## **India**

**Payment of MSUs.** Notwithstanding any discretion in Section 11 of the Plan and Section 2 of the Agreement, the grant of MSUs does not provide any right for you to receive shares and the MSUs are payable in cash only.

## **Mexico**

**Nature of Grant.** The following provisions supplement Section I (Nature of Grant) of this Appendix A:

**Acknowledgment of the Grant.** In accepting the Award, you acknowledge that you have received a copy of the Plan and the Agreement, including this Appendix A, and that you have reviewed the Plan and the Agreement, including this Appendix A, in its entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix A. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Section I (Nature of Grant) of this Appendix A, in which the following is clearly described and established:

- (1) Your participation in the Plan does not constitute an acquired right.
- (2) The Plan and your participation in the Plan are offered by the Company on a wholly discretionary basis.
- (3) Your participation in the Plan is voluntary.
- (4) Neither the Company nor any Affiliate is responsible for any decrease in the value of the MSUs granted and/or shares of Common Stock issued under the Plan.

**Labor Law Acknowledgment and Policy Statement.** In accepting the MSUs, you expressly recognize that the Company, with registered offices at 2366 Berville Road, Reading, Pennsylvania 19605, United States of America, is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock does not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV (each, a "Mexican Subsidiary"). Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your employer, a Mexican Subsidiary, and do not form part of the conditions of your employment and/or benefits provided by such Mexican Subsidiary, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

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You further understand that your participation in the Plan is a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue your participation in the Plan at any time, without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or any benefits derived from the Plan; therefore, you grant a full and broad release to the Company, its shareholders, officers, agents, legal representatives, and subsidiaries with respect to any claim that may arise.

**Spanish Translation.**

Reconocimiento de la Subvención. Al aceptar la cuota de mercado de unidades ("MSU" por sus siglas en inglés), Ud. reconoce que ha recibido y revisado una copia del Términos y Condiciones, y reconoce, además, que acepta todas las disposiciones del Términos y Condiciones. Ud. también reconoce que Ud. ha leído y aprobado de forma expresa los términos y condiciones establecidos en la Sección I ("Nature of Grant") en este Appendix A, que claramente dispone lo siguiente:

- (1) Su participación en el Plan no constituye un derecho adquirido;
- (2) El Plan y su participación en el Plan es ofrecido por la Compañía de manera completamente discrecional;
- (3) Su participación en el Plan es voluntaria; y
- (4) Ni la Compañía ni cualquiera subsidiaria es responsable de cualquier disminución del valor de las Unidades de Acciones Restringidas y/o las acciones emitidas bajo el Plan.

Declaración y Reconocimiento de Derecho y Política Laboral. Al aceptar las Unidades de Acciones Restringidas, el Participante reconoce que la Compañía, con domicilio social en 2366 Bernville Road, Reading, Pennsylvania 19605, United States of America, EE.UU., es el único responsable de la administración del Plan y su participación en el Plan y cualquier adquisición de las acciones bajo el Plan no constituyen una relación laboral entre Ud. y la Compañía, porque Ud. está participando en el Plan en su totalidad sobre una base comercial y su único empleador es EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV. Basado en lo anterior, Ud. expresamente reconoce que el Plan y los beneficios que pueden derivarse de la participación en el Plan no establecen algún derecho entre Ud. y el Empleador, EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV, y que no forman parte de las condiciones de empleo y/o beneficios provenientes por EnerSys de Mexico, S.A. de CV, Powersonic, S.A. de CV or Yecoltd, S. de R.L. de CV, y cualquier modificación del Plan o la terminación de su contrato no constituirá un cambio o deterioro de los términos y condiciones de su empleo.

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Además, Ud. comprende que su participación en el Plan es causado por una decisión discrecional y unilateral de la Compañía, por lo que la Compañía se reserva el derecho absoluto de modificar y/o suspender su participación en el Plan en cualquier momento, sin responsabilidad alguna a Ud.

Finalmente, Ud. manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de la Compañía, por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia usted otorga un amplio y total descargo de responsabilidad a la Compañía, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales, y Subsidiarias, con respecto a cualquier demanda que pudiera surgir.



**Certification of Principal Executive Officer  
Pursuant To Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act Of 1934**

I, John D. Craig, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnerSys;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

ENERSYS

By /s/ John D. Craig

John D. Craig  
Chairman, President and Chief Executive Officer

Date: August 8, 2012

**Certification of Principal Financial Officer**  
**Pursuant To Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act Of 1934**

I, Michael J. Schmidlein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnerSys;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

ENERSYS

By /s/ Michael J. Schmidlein

Michael J. Schmidlein  
Senior Vice President Finance & Chief Financial Officer

Date: August 8, 2012

**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**

I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of EnerSys on Form 10-Q for the quarterly period ended July 1, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of EnerSys.

ENERSYS

By /s/ John D. Craig

John D. Craig  
Chairman, President and Chief Executive Officer

By /s/ Michael J. Schmidlein

Michael J. Schmidlein  
Senior Vice President Finance & Chief Financial Officer

Date: August 8, 2012