Precision Castparts Corp.

2014

Annual Report to Shareholders

Notice of Annual Meeting of Shareholders and Proxy Statement

Company Profile

Precision Castparts Corp. (PCC, or the Company), a worldwide manufacturer of complex metal components and products, provides high-quality investment castings, forgings, fasteners/fastener systems and aerostructures for critical aerospace and power generation applications. The Company also provides:

- Seamless interconnect pipe for use in coal-fired power plants and industrial gas turbine installations;
- Downhole casings, clad seamless pipe, tube, fittings, plate, sheet, and bar in a variety of nickel, titanium and steel alloys for severe service oil and gas environments, extending from the bottom of the well through the distribution of refined products;
- High-performance, nickel-, titanium- and cobalt-based alloys engineered for optimum heat resistance, high-temperature corrosion resistance, toughness and strength, available in a full range of mill forms, including billet, ingot, tubing, sheet, strip, foil, plate, bar, rod, extruded shapes, rod-in-coil, wire and welding consumables;
- Specialty alloys for the investment casting and forging industries;
- Revert metal processing solutions for a wide range of industries;
- Heat treating and destructive testing services for the investment casting and forging industries;
- Investment castings and forgings for general industrial, automotive, armament, medical and other applications;
- Fasteners for automotive and general industrial markets;
- Low-pressure, gravity-independent, sewage -collection systems for residential installation;
- Utility systems for the protection and performance optimization of electric power generation equipment;
- Refiner plates, screen cylinders and other products for the pulp and paper industry; and
- Metalworking tools for the fastener market and other applications.

PCC is distinguished by preeminent leadership in the markets it serves, the high degree of proprietary technology and technical expertise inherent in its product lines, outstanding management of complex manufacturing processes, and close attention to the creation of shareholder value. The Company continues to invest in the growth of its core and supplemental businesses by expanding market share and creating new market opportunities, while seeking appropriate acquisitions through which this growth may be enhanced.

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

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended March 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period From ____________ to __________

Commission File Number 1-10348

PRECISION CASTPARTS CORP.
(Exact name of registrant as specified in its charter)

Oregon	**93-0460598**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4650 S.W. Macadam Ave., Suite 400 Portland, OR	**97239-4262**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (503) 946-4800
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, without par value	**New York Stock Exchange**
Series A Preferred Stock Purchase Rights	**New York Stock Exchange**

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

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

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

The aggregate market value of common equity held by non-affiliates of the Registrant as of September 29, 2013, was $33,107,558,623.

As of the close of business on May 15, 2014, the Registrant had 144,763,013 shares of Common Stock, without par value, outstanding.

Portions of the Registrant's Proxy Statement to be filed in connection with the 2014 Annual Meeting of Shareholders are incorporated by reference in Part III.

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PART I

ITEM 1. BUSINESS

Precision Castparts Corp. (“PCC”, “the Company”, or “we”), a worldwide manufacturer of complex metal components and products, provides high-quality investment castings, forgings, fasteners/fastener systems and aerostructures for critical aerospace and power applications. We also provide seamless pipe for coal-fired, industrial gas turbine ("IGT") and nuclear power plants; downhole casing, clad pipe, fittings and various mill forms in a variety of nickel and steel alloys for severe-service oil and gas environments; investment castings and forgings for general industrial, armament, medical and other applications; nickel and titanium alloys in all standard mill forms from large ingots and billets to plate, foil, sheet, strip, tubing, bar, rod, extruded shapes, rod-in-coil, wire and welding consumables, as well as cobalt alloys, for the aerospace, chemical processing, oil and gas, pollution control and other industries; revert management solutions; fasteners for automotive and general industrial markets; specialty alloys for the investment casting and forging industries; heat treating and destructive testing services for the investment cast products and forging industries; refiner plates, screen cylinders and other products for the pulp and paper industry; grinder pumps and affiliated components for low-pressure sewer systems; critical auxiliary equipment and gas monitoring systems for the power generation industry; and metalworking tools for the fastener market and other applications.

Products and Markets

We manufacture complex metal components and products in three principal business segments: Investment Cast Products, Forged Products and Airframe Products. Each of these three business segments is described below.

Investment Cast Products

Our Investment Cast Products segment manufactures investment castings for aircraft engines, IGT engines, airframes, medical implants, armament, unmanned aerial vehicles and other industrial applications. The segment also provides alloys to PCC’s investment casting operations, as well as to other investment casting companies. The Investment Cast Products segment accounted for approximately 26 percent of our sales in fiscal 2014.

We are the market leader in manufacturing large, complex, structural investment castings, and we are the leading manufacturer of airfoil investment castings used in jet aircraft engines. We manufacture investment castings for every jet aircraft engine program in production or under development by our key customers. We are also the market leader in manufacturing structural and airfoil investment castings for IGT and aeroderivative engines used for electric power generation and other applications, and we have expanded into the structural airframe and armament markets. In addition, we make investment castings for use in the medical implant, satellite launch vehicle and general industrial markets.

Investment casting technology involves a multi-step process that uses ceramic molds in the manufacture of metal components with more complex shapes, closer tolerances and finer surface finishes than parts manufactured using other casting methods. The investment casting process begins with the creation of a wax pattern of the part to be cast, along with wax gates and risers to create pathways through which molten metal can flow throughout the ceramic mold. A ceramic shell is then formed around the wax pattern, followed by melting and draining the wax from the shell. Finally, molten metal is poured into the shell, which is removed after the metal cools, and the part undergoes final processing and inspection.

Because of the complexity of the manufacturing process and the application of proprietary technologies, we are currently one of the few manufacturers that can consistently produce the largest, complex, structural investment castings in quantities sufficient to meet our customers’ quality and delivery requirements. Our emphasis on low-cost, high-quality products and timely delivery has enabled us to become the leading supplier of structural and airfoil castings for jet aircraft and IGT engines and to expand into the structural airframe and armament markets.

Large jet aircraft engines are manufactured by a limited number of suppliers, including General Electric (“GE”), Pratt & Whitney (a division of United Technologies Co.), Rolls-Royce and several joint venture partners. With this highly concentrated and sophisticated customer base, we believe solid customer service and strong, long-term customer relationships will continue to be important to achieving our goals. We have been supplying castings for jet engines to GE, Pratt & Whitney, and Rolls-Royce for several decades. As we have been able to cast larger and more complex parts, manufacturers of large jet aircraft engines have increased their use of our structural castings.

Aerospace Structural Castings

Our structural castings business manufactures the largest-diameter, nickel-based super-alloy, titanium and stainless steel investment castings in the world, as well as a variety of medium and small structural castings in these same alloys and in aluminum. The nickel, titanium and steel castings are stationary components that form portions of the fan, compressor, combustor and turbine sections of a jet aircraft engine, where strength and structural integrity are critical. Aluminum structural castings are used in such applications as doors and thrust reversers. Structural investment castings are sold primarily as original equipment to jet aircraft engine manufacturers.

We believe that trends in the design of aircraft jet engines will continue to increase our revenue per engine. As the design of new generation aircraft engines has emphasized increased thrust, higher fuel efficiency and reduction of noise and exhaust emissions, engine operating temperatures and pressures have increased. These conditions require the use of engine parts made of alloys that are able to withstand extreme operating conditions and provide an optimum strength-to-weight ratio. Many of these alloys are particularly suited for use in the investment castings we manufacture. In addition, titanium, a metal with a lower melting temperature than stainless steel or super-alloys, is used for structural castings in all but the hottest parts of the engine because of its high mechanical properties and considerable weight savings. Titanium is a challenging metal to cast because of its reaction with other elements. However, we have developed the advanced technology and manufacturing processes to cast large, complex investment castings in a variety of titanium alloys. Many new generation engines, which are expected to be built through the next decade and beyond, make significantly greater use of our products than did previous engine designs.

We have also expanded into the structural airframes market through the production of components manufactured primarily from titanium and aluminum alloys. Aircraft manufacturers have shown substantial interest in using investment castings for airframe applications such as titanium aileron and flap hinges, pylons (engine mounts), heat shields, wing spars and wing ribs, as well as aluminum alloy nacelle segments (thrust reversers), cascades, aircraft access doors, electronic boxes and pump housings for hydraulic and fuel systems.

Aerospace Airfoil Castings

We manufacture precision cast airfoils, such as the stationary vanes and rotating blades used in the turbine section of jet aircraft engines. This part of the engine is considered the “hot section,” where temperatures may exceed 2,400 degrees Fahrenheit. These conditions require use of special nickel-based super-alloys and state-of-the-art casting techniques to manufacture airfoil castings with internal cooling passages that enable the airfoils to operate in an environment with temperatures higher than the melting point of the metal of which they are made.

We use various casting technologies to manufacture turbine airfoils. A conventional casting process enables us to produce equiaxed airfoil castings, in which the metal grains are oriented randomly throughout the casting. A more advanced process enables us to produce directionally solidified (“DS”) airfoil castings, in which the metal grains are aligned longitudinally. This alignment decreases the internal stress on the weakest portion of a metal part where the various grains adjoin, thereby providing increased strength and improved efficiencies in engine performance over equiaxed parts. An even more advanced process enables us to produce single crystal (“SX”) airfoil castings, which consist of one large, super-alloy crystal without grain boundaries. SX castings provide greater strength and performance characteristics than either equiaxed or DS castings, as well as longer engine life. In addition, we have developed a process to manufacture titanium aluminide blades, the first use of lightweight titanium in the hot section of an aircraft engine. These airfoils are incorporated into the GEnX engine for the Boeing 787.

As engines continue to target increased fuel efficiency and lower emissions, the turbine sections of these engines must burn hotter. As a result, the major aircraft engine manufacturers have increasingly been designing their engines with a greater number of DS and SX blades. The DS and SX cast airfoils we produce, with their complex cooling passages, have been instrumental in enabling these engines to operate at higher temperatures. SX cast airfoils are used in both new and redesigned engines where performance requirements are higher.

The demand for aerospace airfoil castings is determined primarily by the number and type of engines required for new jet aircraft; the intervals between hot section maintenance, which are driven by engine cycles (takeoffs and landings); and the inventory levels of replacement parts maintained by the principal jet aircraft engine manufacturers, repair centers and airlines. A jet engine’s airfoil components have shorter useful lives than structural investment castings and are replaced periodically during engine maintenance. As a result, our sales of aerospace airfoil castings are less affected by the cyclical patterns of the aerospace industry than are our sales of structural investment castings. The timing for replacement of aerospace airfoil castings principally depends on engine cycles and the expected life of the airfoil casting. We believe that approximately 30 percent of our sales of airfoil castings used in aircraft turbine engines are replacement parts.

IGT Castings

We are the leading supplier of investment castings used in IGT engines. IGTs have been a preferred power source for several decades, and original equipment manufacturers ("OEM") expect that trend to continue due to the availability of natural gas, overall efficiency of operation and relative speed/ease of installation. Most sales growth is anticipated in turbines of

180MW and above, which have higher PCC dollar content. In addition to IGT components, we manufacture structural and airfoil castings for aeroderivative gas turbine engines, which are also used for power generation, as well as for other commercial and military land- and marine-based applications.

IGT manufacturers have significantly improved the efficiency and reduced the emissions profiles of industrial gas turbines, principally by incorporating advanced components in new engines as well as in refurbished and upgraded turbines in the field. We have leveraged our DS and SX airfoil casting knowledge from the aerospace market into the IGT market to produce blades and vanes that are better able to withstand the extreme heat and stresses of new higher-temperature gas turbines. IGT engines are built with investment castings that are similar, but much larger, than the blades and vanes we manufacture for the aerospace market. Because of their size, IGT airfoils are usually more difficult to cast than smaller aerospace airfoils with the same properties.

Since industrial gas turbines are primarily used in electrical power generation, castings sales for new IGT engines are tied to the growth of global electricity consumption, while spares demand depends on the size and utilization rate of the installed base.

Other Investment Casting Products

Our strategy for profitable growth also includes the pursuit of other opportunities for our existing investment casting technology. We have expanded the application of our investment casting technology in the medical prosthesis, unmanned aerial vehicles ("UAV") and general industrial markets by manufacturing such products as artificial hips and knees, landing gear struts and engine inlets for UAVs and impellers for pumps and compressors. In addition, we manufacture large titanium components for armament systems.

Internal Alloy-Making Capability

An operation within our Investment Cast Products segment produces alloys used by PCC and other manufacturers of investment castings. Several of these alloys are patented and trademarked, and specifically formulated for the casting of DS and SX airfoils that operate in high-temperature, high-stress engine environments. This operation supplements our other ingot-making furnaces located in Portland, Oregon, and Minerva, Ohio, and our internal supply of nickel-based alloy for investment casting is managed through this group of facilities. The alloys produced also serve such diverse markets as medical, recreational and general industrial.

Forged Products

We are among the leading manufacturers of forged components for the aerospace and power generation markets. Forged Products' aerospace and IGT sales are primarily derived from the same large engine customers served by the Investment Cast Products segment, with additional aerospace sales to manufacturers of landing gear and airframes. Therefore, the dynamics of the aerospace and IGT markets, as described in the Investment Cast Products section above, are virtually the same for Forged Products, with the exception that Forged Products' IGT sales are mainly for OEM new equipment. We also produce seamless pipe for coal-fired, industrial gas turbine and nuclear power plants, as well as downhole casings and clad pipe for severe service oil and gas environments. In addition, we manufacture high-performance, nickel-based alloys used to produce forged components for aerospace and non-aerospace applications in such markets as oil and gas, chemical processing and pollution control. Our titanium products are used to manufacture components for the commercial and military aerospace, power generation, energy, and industrial end markets. The Forged Products segment accounted for approximately 44 percent of our sales in fiscal 2014.

Forged Components

We manufacture forged components from titanium and nickel-based alloys for commercial and military aircraft engines and IGT power plants, including fan discs, compressor discs, turbine discs, seals, spacers, shafts, hubs and cases. Our airframe structural components are used on both commercial and military aircraft and include landing gear beams, bulkheads, wing structures, engine mounts, struts and tail flaps, and housings. We also produce a variety of mechanical and structural tubular products from steel and nickel alloys, primarily in the form of extruded seamless pipe, for domestic and international energy markets, which include coal, IGT and nuclear power plants and co-generation projects, as well as nickel-alloy casing and tubular products for exploration and production by the oil and gas industry. For naval defense applications, we supply forged components for propulsion systems on nuclear submarines and aircraft carriers, as well as forgings for pumps, valves and structural applications.

Our forging segment, which employs nine different manufacturing processes, involves heating high-temperature nickel alloys, titanium or steel and then shaping the metal through pressing or extrusion, using hydraulic and mechanical presses with capacities ranging up to 50,000 tons. The process employed is determined based on the raw materials and the product application. The nine manufacturing processes are summarized below:

Open-Die Forging—In this process, the metal is pressed between dies that never completely surround the metal, thus allowing it to be observed during the process. This manufacturing method is used to create relatively simple, preliminary shapes to be processed further by other die forging processes.

Closed-Die Forging—Closed-die forging involves pressing heated metal into shapes and sizes determined by machined impressions in specially prepared dies that completely surround the metal. This process enables the metal to flow more easily within the die cavity and thus produces forgings with superior surface finish, tighter tolerances and unique shapes, with enhanced repeatability of the part shape.

Hammer Forging—This form of closed-die forging uses multiple impact blows to shape a component between specially contoured dies. Forging hammers can be classified into two main types: single action and counterblow. Our counterblow hammers, which couple upper- and lower-ram movement to produce the impact forces required for large components, can offer improved near-net-shape capability compared to conventional press forging. Hammer forging is one of the oldest forging processes; however, computer-controlled technology has enabled the process to meet modern manufacturing requirements.

Conventional/Multi-Ram—The closed-die, multi-ram process enables us to produce complex forgings with multiple cavities, such as valve bodies, in a single heating and pressing cycle. Dies may be split on either a vertical or a horizontal plane, and shaped punches may be operated by side rams, piercing rams or both. This process also optimizes grain flow and uniformity of deformation and reduces machining requirements.

Isothermal Forging—Isothermal forging is a closed-die process in which the dies are heated to the same temperature as the metal being forged, typically in excess of 1,900 degrees Fahrenheit. Because the dies may oxidize at these elevated temperatures, this process is performed in a vacuum or inert gas atmosphere. Our isothermal press produces near-net-shape components, requiring less machining by our customers.

Extrusion—The extrusion process is capable of producing thick-wall, seamless pipe, with outside diameters of up to 48 inches and a wall thickness from 0.5 inches to 7 inches for applications in the power generation and oil and gas industries, including main steam lines, hot re-treat lines and other high-stress/high-temperature fluid transmission systems. Our 35,000-ton vertical extrusion press is one of the largest and most advanced in the world. In addition to solid metals, powdered metals can be compacted and extruded into forging billets with this press.

Ring Rolling—The radial ring-rolling process thins the wall thickness and thus enlarges the inside and outside diameter of a rough ring blank, which is generally made by piercing a solid piece of metal in an open or closed-die forging press. In the ring-rolling process, tonnage is applied to the wall of the blank between a mandrel on the inside diameter and a work-roll on the outside diameter. The outer work-roll rotates the ring and progressively reduces the wall thickness. In radial-axial ring rolling, two additional rollers apply tonnage on the end faces of the ring to control the ring height.

Flash Welding Rings—The process involves taking a shaped or rectangular cross-sectional bar and bending it into a hoop to form a ring. The ring is clamped in the flash-welding machine, which heats the ends of the bar to form a molten metal interface and then forges the ends together. After the ends are forged together, the expelled molten metal from the weld joint (flash) is ground down to match the parent material surface. Following the welding process, the rings are finished by rounding and flattening.

Tru-Form Process—Tru-Form is a near-net-shaped, cold-rolling process, which starts with flash-welded or seamless, rolled rings. The high-tonnage rolls of the Tru-Form process apply point contact to thin the wall thickness of a ring and grow the axial height. The rolling tools are programmed to follow profiles unique to the finished product definition. After the rolling process, additional forming operations are performed to transform the rolled ring into a finished near-net-shape contour.

We believe that we are the world leader in producing forged rotating components for use in jet aircraft engines. These parts are forged from billets (ingots converted in our cogging and extrusion presses) and from metal powders (primarily nickel alloys) that are produced, consolidated and extruded into billets entirely in our own facilities. In addition, we purchase billets from outside metal suppliers.

High-Performance Alloys

We believe that we are the world's largest and most diversified producer of high-performance, nickel-based alloys, supplying more than 5,000 customers. Our alloys, which provide high-temperature strength and corrosion resistance, as well as toughness and strength in certain embrittling environments, are used to manufacture components required in the most technically demanding industries and applications. Power (primarily oil & gas) and commercial and military aerospace represent the largest markets served; other markets served include chemical and petrochemical processing, thermal processing, electrical and heating elements, and marine and welding applications.

Our alloying processes utilize electric arc, air induction and vacuum induction melting furnaces, while a few specialized alloys are made using a mechanical alloying process. Refining facilities include furnaces for argon/oxygen decarburization, vacuum arc remelting and electroslag remelting. Our major hot finishing processes include rotary forging, plate rolling, bar rolling, press forging and extrusion of seamless tubulars and shapes. Cold finishing processes include cold rolled sheet and strip, tube and pipe pilgering, cold drawing of bar and wire, and cold drawing and rolling of pipe and tubulars. We produce nickel alloys in all standard mill forms from large ingots and billets to plate, sheet, strip, tubing, bar and wire, the latter of which includes core and filler wires for welding products. Our alloys are classified into unique families recognized worldwide and are sold under such trademarks as INCONEL®, INCOLOY®, MONEL®, NIMONIC®, UDIMET®, BRIGHTRAY® and NILO®.

Titanium Alloys

We are one of the world's leading producers of titanium melted and mill products. Our titanium products, which have uniquely high strength-to-weight and corrosion-resistance properties, are used to manufacture components for the commercial and military aerospace, power generation, energy and industrial end markets. Commercial aerospace represents our largest market, and new generations of fuel-efficient aircraft, including the Boeing 787 and Airbus A350, are increasing the content of titanium in airframe and engine applications.

As a fully integrated titanium component manufacturer, our breadth of production capabilities enable us to start with titanium-bearing sands and deliver a finished titanium shape to our end customer. Our titanium sponge production employs a vacuum distillation process and combines a titanium-containing feedstock ore with chlorine and petroleum coke to produce titanium tetrachloride, which is then reacted with magnesium to produce sponge. Melted products (ingot, electrode and slab) are produced by melting sponge, titanium scrap and alloying agents to produce various grades of titanium products. Mill products are produced by forging or rolling melt products into smaller gauge materials, including billet, bar, plate, sheet, strip and pipe. Our melting processes employ both vacuum arc remelting and electron-beam, cold-hearth melting; in addition, we are in the process of installing plasma, cold-hearth melting capability. Our mill product processes include open die forging, vacuum annealing, rotary/radial forging, vacuum creep flattening and rolling mills. We also operate a global network of service centers that sell value-added and customized mill products.

Revert Management

We are the market leader in providing nickel super-alloy and titanium revert management solutions for the aerospace, oil and gas, and energy markets. Revert includes metal chips, casting gates, bar ends, forging flash and other byproducts from forging, casting, fasteners and aerostructures manufacturing processes that can be re-melted and reused. Our infrastructure and capabilities create a closed loop system for the retention and reuse of internally-generated revert. We also provide metallurgical processing solutions and services worldwide for our use and for other companies that require the melting and processing of specialty alloys. Major markets include specialty alloy producers, foundries and other industries with special metallurgical requirements.

Airframe Products

We are a leading developer and manufacturer of highly engineered fasteners, fastener systems, aerostructures and precision components, primarily for critical aerospace applications. Much of our Airframe Products sales come from the same aerospace customer base served by our Investment Cast Products and Forged Products segments, with the exception that our aerostructures business is primarily driven by original equipment demand. In this regard, Airframe Products is subject to many of the same market forces as these other two segments. The balance of the segment’s sales is derived from construction, automotive, heavy truck and general industrial markets, including farm machinery, mining and construction equipment, shipbuilding, machine tools, medical equipment, appliances and recreation. The Airframe Products segment accounted for approximately 30 percent of our sales in fiscal 2014.

In general, fastener manufacturing begins with metal alloy wire or bar of various diameters, which is cut into fastener blanks of prescribed lengths, formed by highly engineered tools into complex head shapes and dimensional configurations, heat-treated to desired properties and then thread-rolled to meet exacting customer requirements.

Our aerospace fasteners and related components are manufactured from a variety of nickel, titanium, aluminum and steel alloys and are used on airframes, jet engines, aircraft wheels and brakes, landing gear assemblies, floor boards and hydraulic systems. They are found in critical areas of an aircraft, including wing-to-fuselage, stabilizer-to-fuselage and the engine-to-wing joints, as well as airfoil-to-disc and disc-to-shaft connections on a jet engine. These fasteners and related components are not only incorporated in new aircraft builds, but are also integrally involved in the maintenance and replacement cycle, particularly in aircraft engine and wheel and brake applications. The product line includes a variety of bolts, sleeved fastening systems, nuts, nut plates, latches, expandable diameter fasteners, quick release pins, hydraulic fittings, bushings, inserts, collars and other precision components, including but not limited to metallic and composite assemblies, and precision-machined components for airframe applications. While the fasteners and related components are predominantly produced to demanding customer designs, we continue to be active in developing trademarked alloys for applications requiring high strength, elevated temperature, corrosion resistance and/or lighter weight including AEREX®, MULTIPHASE®, MP35N® and MP159® high-temperature, nickel-based alloys.

We have also developed a variety of fasteners, fittings, related components and installation tools for use in aerospace and industrial applications requiring proven strength, close dimensional tolerances and high reliability. These technically-advanced, proprietary products are marketed under the brand names of AVILOK®, BALL-LOK®, CHERRYBUCK®, CHERRYMAX®, CHERRYLOCK®, E-NUT®, FLEXLOC®, FLEXMATE®, FORCEMATE®, FORCETEC®, GROMEX®, HI-LIFE®, MAKE FROM SOLID™, MAXIBOLT®, PERMALITE®, PERMASWAGE®, SLEEVbolt®, STA-LOK®, TELLEP® and TUKLOC®. We also hold licenses to use various, well-recognized trademarks and technology in the manufacture of our fasteners and related components. These licensed trademarks include HI-LITE®, HI-LOK®, HI-TIGUE®, TORX®, TORX-PLUS®, TAPTITE®, MORTORQ® and MAThread®.

Our aerostructures facilities manufacture complex components and structural assemblies, including three- to five-axis prismatic and long-bed machined aluminum and titanium components, complex sheet metal fabrications, and composite and metal-bonded components. In addition, we have the capability to machine castings in a range of sizes, provide full-service chemical processing and metal finishing, and to kit, assemble and integrate multiple component parts.

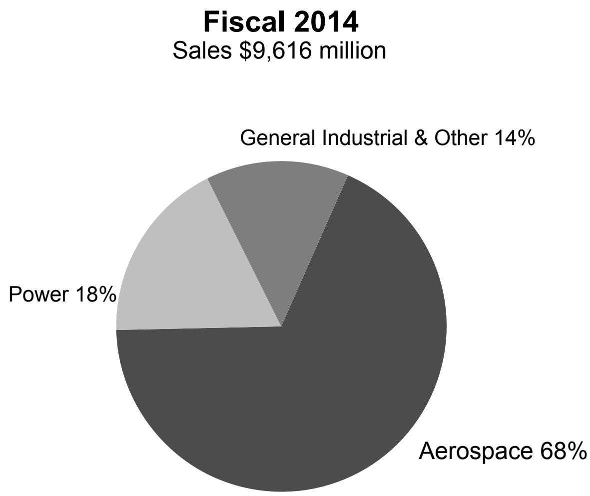
Product applications include wing and fuselage structural parts; engine pylon-related assemblies; engine lock-plates and bracketry; complete passenger and exit doors; major flap support and actuation structures; spars, skins, and bulkheads up to 60 meters; swaged control rods, cables, and actuation and flight control assemblies; and complex latches, quick release BALL-LOK® pins, and specialized fasteners.

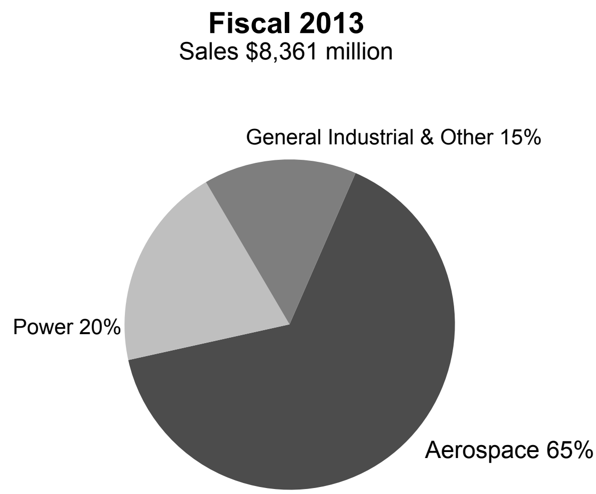
In fiscal 2014, we acquired several businesses in the Airframe Products segment, including Permaswage SAS ("Permaswage"), a world-leading designer and manufacturer of aerospace fluid fittings. Permaswage's primary focus is the design and manufacture of permanent fittings used in fluid conveyance systems for airframe applications, as well as related installation tooling. The company operates manufacturing locations in Gardena, California; Paris, France; and Suzhou, China.

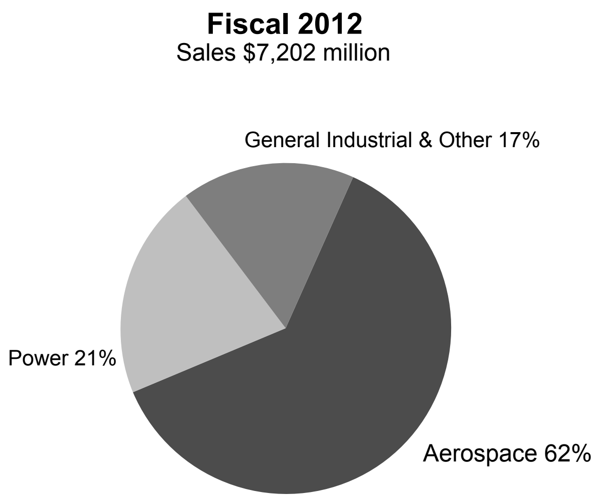
The Airframe Products segment also includes businesses that produce refiner plates and screen cylinders for use in the pulp and paper industry; grinder pumps and affiliated components for low-pressure sewer systems for residential and commercial applications; critical auxiliary equipment and gas monitoring systems utilized in the power generation industry; critical engineered fasteners and cold-formed parts for the automotive and general industrial market; and a broad range of thread-rolling dies, trimming dies, pins and steel and carbide forging tools for fastener production, principally for aerospace, automotive, and general industrial and other applications.

Sales and Distribution

We sell our complex metal components and products into three major market areas: aerospace, power, and general industrial and other. The percentage of sales to these markets is shown below for fiscal 2014, 2013 and 2012.







Our sales to the aerospace market of $6,557 million in fiscal 2014 increased 20 percent from $5,472 million in fiscal 2013. Sales to the aerospace market as a percentage of total net sales increased from 65 percent in fiscal 2013 to 68 percent in fiscal 2014, principally reflecting stable aircraft schedules and continued share gains on new airframe and engine development programs, and sales from acquired businesses. Our sales to the aerospace market of $5,472 million in fiscal 2013 increased 22 percent from $4,468 million in fiscal 2012. Sales to the aerospace market as a percentage of total net sales increased from 62 percent in fiscal 2012 to 65 percent in fiscal 2013, principally reflecting solid base aerospace growth and sales from acquired businesses.

Our sales of investment castings products and forged products are made through direct sales personnel located in each business operation and through field sales representatives located at U.S. and international locations near our major customers, as well as through distributors. Our airframe products and services are sold through a worldwide network of distributors and independent sales representatives and by a direct sales and marketing staff. Aerostructures products and services are sold through a direct sales staff. Industrial metalworking tools and other metal products are sold by both internal sales forces and sales representatives in the U.S., Europe, Asia, Australia and Latin America. Due to the sophisticated nature of our products, our sales efforts require technical personnel to work closely with customers to identify and assist in the development of new and modified products and to provide other services that are necessary to obtain new and repeat orders.

For information on revenue from external customers, profit or loss and total assets for each segment, refer to Part II, Item 8. Financial Statements and Supplementary Data, Note 19—Segment information.

Major Customers

Net direct sales to General Electric Company were approximately 13 percent, 15 percent and 15 percent of total sales in fiscal 2014, 2013 and 2012, respectively, as follows:

	2014	2013	2012
Investment Cast Products	**$ 736**	$ 697	$ 559
Forged Products	**412**	540	464
Airframe Products	**66**	39	41
	$ 1,214	$ 1,276	$ 1,064

No other customer directly accounted for more than 10 percent of total sales; however, Boeing, Airbus, Rolls-Royce and United Technologies are also considered key customers, and the loss of their business could have a material adverse effect on our financial results.

Backlog

The backlog of unfilled orders believed to be firm at the end of each of our last three fiscal years was $7.3 billion as of March 30, 2014, $6.8 billion as of March 31, 2013, and $5.9 billion as of April 1, 2012. The majority of the backlog is for sales to aerospace and power market customers in the Investment Cast Products, Forged Products and Airframe Products segments. The increase in backlog during fiscal 2014 reflects the continued growth in commercial aerospace and power markets, including interconnect pipe. The increase in backlog during fiscal 2013 reflects the acquisition of Titanium Metals Corporation ("TIMET"). Approximately 82 percent of our backlog is expected to be filled within the 2015 fiscal year.

The majority of sales to customers are made on individual purchase orders generated from long-term agreements. Most of our orders are subject to termination by the customer upon payment of the cost of work in process, plus a related profit factor. We typically do not experience significant order cancellations, although we periodically receive requests for delays in delivery schedules.

Competition

We are subject to substantial competition in all of the markets we serve. Components and products similar to those we make can be produced by competitors using either the same types of manufacturing processes or other forms of manufacturing. Although we believe our manufacturing processes, technology and experience provide advantages to our customers, such as high quality, competitive prices and physical properties that often meet more stringent demands, alternative forms of manufacturing can be used to produce many of the components and products we make. Despite intense competition, we believe we are the number one or two supplier in most of our principal markets. Several factors, including long-standing customer relationships, technical expertise, state-of-the-art facilities and dedicated employees, aid us in maintaining our competitive advantages.

In the Investment Cast Products segment, our principal competitor is Howmet, a subsidiary of Alcoa Inc. Howmet produces super-alloy, titanium, stainless steel and aluminum investment castings principally for the aerospace and IGT markets. We believe that Howmet is capable of producing investment castings comparable to all but the largest and most complex of our structural investment castings. We also believe Howmet has the financial and technical resources to produce structural castings as large and complex as those produced by us, should they decide to do so. In addition, Pacific Cast Technologies, a subsidiary of Allegheny Technologies, Inc. ("ATI"), manufactures large titanium investment castings for jet engine and airframe applications. Many other companies throughout the world also produce super-alloy, titanium, stainless steel and aluminum investment castings, and some of these companies currently compete with us in the aerospace and other markets. Others are capable of competing with us if they choose to do so.

In the Forged Products segment, our largest competitors are Ladish Co., a subsidiary of ATI, Fortech, S.A. and Thyssen AG for aerospace turbine products, Alcoa Inc. and Firth Rixson Limited for aerospace structural products, Vallourec & Mannesmann Tubes and Sumitomo Corporation for energy products and ATI, Carpenter Technology Corporation, and Firth Rixson Limited for nickel-based alloys and super-alloys. We also face increased competition from international companies as customers seek lower cost sources of supply.

Our principle competitors in the aerospace titanium market are ATI and RTI International Metals, Inc. ("RTI"), both based in the U.S., and Verkhnaya Salda Metallurgical Production Organization ("VSMPO"), based in Russia. UNITI (a joint venture between ATI and VSMPO), RTI and certain Japanese producers are our principal competitors in the industrial and emerging markets.

International competition in the forging and casting processes may also increase in the future as a result of strategic alliances among aircraft prime contractors and overseas companies, particularly where “offset” or “local content” requirements create purchase obligations with respect to products manufactured in or directed to a particular country. Competition is often intense among the companies currently involved in the industry. We continue to strive to maintain competitive advantages with high-quality products, low-cost manufacturing, excellent customer service and expertise in engineering and production.

Our Airframe Products operations compete with a large number of companies based primarily on technology, price, service, product quality, product performance and delivery performance. Of these companies, we consider Alcoa Inc., LISI, LMI, Triumph Group, Inc., TransDigm Group, Inc., and the internal machining operations of certain of our OEM customers to be our leading competitors. We believe that we maintain our strong market position through our high-quality product performance, service to our customers and competitive synergies with other PCC business units.

Research and Development

We have departments involved in research and development in all three of our reportable segments. The research and development effort at these operations is primarily directed at the technical aspects of developing new and improved manufacturing processes. In addition, a substantial amount of our technological capability is the result of engineering work and experimentation performed on the shop floor in connection with process development and production of new parts. This engineering work and experimentation are charged to the cost of production.

Employees

At March 30, 2014, we had approximately 29,100 employees, including nearly 7,650 employees in the Investment Cast Products segment, approximately 9,800 employees in the Forged Products segment, approximately 11,400 employees in the Airframe Products segment, approximately 150 employees in corporate functions, and approximately 100 employees in discontinued operations. Approximately 23 percent of our employees are affiliated with unions or covered by collective bargaining agreements. We expect to negotiate 13 collective bargaining agreements affecting approximately 9 percent of the workforce during fiscal 2015. Management believes that labor relations in the Company have generally been satisfactory.

Patents and Trademarks

From time to time, we seek U.S. and foreign patent protection on certain of our processes and products. We have also federally registered several of our trademarks in the U.S. and foreign countries. We do not view patents or trademarks as materially important to our business as a whole. We also have rights and obligations under various license agreements. We receive no significant royalty income from patents.

Materials & Supplies

We use a number of raw materials in our products, including certain metals such as nickel, titanium, cobalt, tantalum and molybdenum, which are found in only a few parts of the world. These metals are required for the alloys used or manufactured in our Investment Cast, Forged and Airframe Product segments. The availability and costs of these metals may be influenced by private or governmental cartels, changes in world politics, labor relations between the metal producers and their work forces, and/or unstable governments in exporting nations and inflation. Supplies of the tool-grade steel we use may similarly be subject to variations in availability and cost. We have escalation clauses for nickel and other metals in certain of our long-term contracts with major customers, and we employ “price-in-effect” metal pricing in our alloy production businesses to lock in the current cost of metal at the time of production or shipment. We also enter into long-term supply agreements to fix the purchase price of strategic raw materials. Shortages of and price increases for certain raw materials we use have occurred in the past and may occur in the future. Future shortages or price fluctuations in raw materials could have a material adverse effect on us.

Government Regulations

Certain of our products are manufactured and sold under U.S. government contracts or subcontracts. Consequently, we are directly and indirectly subject to various federal rules, regulations and orders applicable to government contractors. Violation of applicable government rules and regulations could result in civil liability, in cancellation or suspension of existing contracts or in ineligibility for future contracts or subcontracts funded in whole or in part with federal funds.

International Operations

We purchase products from and supply products to businesses located outside the U.S. We have also been expanding our international activities during the past several years, primarily through acquisitions and the development of overseas subsidiaries. This expansion is part of our strategy to acquire and develop businesses that complement our core competencies, provide low-cost manufacturing, have strong growth prospects and maintain leading positions in their respective market niches. Certain risks are inherent in international operations, including the risk of government-financed competition, changes in trade policies, tariff regulations, the relative stability of certain foreign currencies and difficulties in obtaining U.S. export and import licenses. Information with respect to sales and assets by geographic location is included in Part II, Item 8. Financial Statements and Supplementary Data, Note 19—Segment information.

Environmental Compliance

We are subject to various federal, state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic use reduction and environmental cleanup. Environmental laws and regulations continue to evolve, and it is likely we will be subject to increasingly stringent environmental standards in the future, particularly under air quality and water quality laws and standards related to climate change issues, such as reporting of greenhouse gas emissions. It is also likely that we will be required to make additional expenditures, which could be significant, relating to environmental matters on an ongoing basis. We also own properties, or conduct or have conducted operations at properties, where hazardous materials have been used for many years, including during periods before careful management of these materials was required or generally believed to be necessary. Consequently, we are subject to environmental laws that impose liability for historical releases of hazardous substances.

Our financial statements include estimated liabilities for future costs arising from environmental issues relating to our properties and operations. At March 30, 2014, we had accrued environmental liabilities of approximately $525 million. We believe these liabilities are adequate to cover the cost of remedial measures that may eventually be required by environmental authorities with respect to known environmental matters. Our liabilities represent our best estimate of probable future obligations for the investigation and remediation of known contaminated sites. The liabilities include potential costs associated with asserted and unasserted claims. Our actual future expenditures, however, relating to compliance and cleanup of environmental conditions at our properties cannot be conclusively determined. The estimate of our environmental costs is based on currently available facts, present laws and regulations, and current technology and take into consideration our prior experience in site investigation and remediation, the data available for each site and the professional judgment of our environmental specialists and consultants. Although recorded liabilities include our best estimate of all probable costs, our total costs for the final settlement of each site cannot be predicted with certainty due to the variety of factors that make potential costs associated with contaminated sites inherently uncertain, such as the nature and extent of site contamination, available remediation alternatives, the extent to which remedial actions will be required, the time period over which costs will be incurred, the number and economic viability of other responsible parties and whether we have any opportunity of contribution from third parties, including recovery from insurance policies. Further, sites that are in the early stages of investigation are subject to greater uncertainties than mature sites that are close to completion. Although the sites we have identified vary across the spectrum, a majority of our sites could be considered at an early stage of the investigation and remediation process. Therefore, our cost estimates, and our accruals associated with those sites, are subject to greater uncertainties. Environmental contingent liabilities are often resolved over a long period of time, and the timing of expenditures depends on a number of factors that vary by site. We expect that we will expend present accruals over many years, and that remediation of all currently known sites will be completed within 45 years.

We have been named as a potentially responsible party ("PRP") at sites identified by the Environmental Protection Agency ("EPA") and state regulatory agencies for investigation and remediation under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and similar state statutes. In the environmental remediation context, PRPs may be subject to an allocation process to assess liability, and therefore the Company may be potentially liable to the government or third parties for an allocated portion or full cost of remediating contamination at our facilities or former facilities or at third-party sites where we have been designated a PRP. In estimating our current liabilities for environmental matters, we have assumed that we will not bear the entire cost of remediation of every site to the exclusion of other PRPs who may also be liable for contributing to the cost of cleanup. We are a party to various cost-sharing arrangements with other PRPs at certain sites. Our estimates of current liabilities factor in these cost-sharing arrangements and an assessment of the likelihood that such parties will fulfill their obligations at such sites. In the unlikely event that we are required to fully fund the remediation of a site, the statutory framework would allow us to pursue rights of contribution from other PRPs. We are identified as a PRP at the following federally designated Superfund sites: Boarhead Farms, Bridgeton, Pennsylvania; Operating Industries, Monterey Park, California; Casmalia Resources Site, Casmalia, California; Pasco Sanitary Landfill, Pasco, Washington; Quanta Resources Corp., Edgewater, New Jersey; and Peterson-Puritan Site, Cumberland, Rhode Island. Generally, these Superfund sites are mature, and almost all of the sites are in the remedial implementation phase and, as a consequence, are subject to less uncertainty than newly discovered sites. These Superfund sites constitute approximately $2 million, or less than 1 percent, of our estimated environmental liabilities.

We have notified our insurers of potential environmental cleanup liabilities at various facilities, including the Superfund sites identified above, and have asserted that we are entitled to recover the defense and indemnity costs incurred, and to be incurred, under certain historic insurance policies. Our accruals include our best estimate of all probable costs, without reduction for anticipated recovery from insurance or third parties unless collection is probable. We have also asserted indemnity claims against third-parties for certain sites, and we expect to recover a portion of our losses with respect to these sites.

The Financial Accounting Standards Board ("FASB") issued guidance on asset retirement and environmental obligations that clarifies the term "conditional asset retirement obligation" and requires a liability to be recorded if the fair value of the obligation can be reasonably estimated. Asset retirement obligations covered by this guidance include those for which an entity has an obligation to perform an asset retirement activity. However, the timing or method of settling the obligation are conditional on a future event that may not be within the control of the entity. This guidance also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation.

In accordance with the asset retirement and environmental obligations guidance, we record all known asset retirement obligations for which the liability can be reasonably estimated. Currently, we have identified known asset retirement obligations associated with environmental contamination at several of our manufacturing facilities and have accrued approximately $6 million to satisfy these asset retirement obligations. However, we have not recognized a liability for an asset retirement obligation at two of our manufacturing facilities, because the fair value of the retirement obligation at these sites cannot be reasonably estimated since the settlement date is unknown at this time. The settlement date is unknown because the retirement obligation (remediation of contamination) of these sites is not required until production ceases, and we have no current or future plans to cease production. These asset retirement obligations, when estimable, are not expected to have a material adverse effect on our consolidated financial position, results of operations, cash flows or business.

Forward-looking Statements

Information included within this Form 10-K describing the projected growth and future results and events constitutes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results in future periods may differ materially from the forward-looking statements because of a number of risks and uncertainties, including but not limited to fluctuations in the aerospace, power generation and general industrial cycles; the relative success of our entry into new markets; competitive pricing; the financial viability of our significant customers; the concentration of a substantial portion of our business with a relatively small number of key customers; the impact on the Company of customer or supplier labor disputes; demand, timing and market acceptance of new commercial and military programs, including the Boeing 787; the availability and cost of energy, raw materials, supplies and insurance; the cost of pension and postretirement medical benefits; equipment failures; product liability claims; relations with our employees; our ability to manage our operating costs and to integrate acquired businesses in an effective manner, including the ability to realize expected synergies; the timing of new acquisitions; misappropriation of our intellectual property rights; governmental regulations and environmental matters; risks associated with international operations and world economies; the relative stability of certain foreign currencies; the impact of adverse weather conditions or natural disasters; the availability and cost of financing; and implementation of new technologies and process improvements. Any forward-looking statements should be considered in light of these factors. We undertake no obligation to update any forward-looking information to reflect anticipated or unanticipated events or circumstances after the date of this document.

Available Information

Our Annual Report on Form 10-K, quarterly reports on Form 10-Q, proxy statement, current reports on Form 8-K and amendments to these reports filed with the Securities and Exchange Commission, as well as the annual report to shareholders, quarterly earnings releases, the Audit Committee Charter, the Nominating and Corporate Governance Committee Charter, the Compensation Committee Charter, Corporate Governance Guidelines and the Code of Conduct may be received free of charge by calling Investor Relations at (503) 946-4850 or sending an email to *info@precastcorp.com*. This information may also be downloaded from the PCC Corporate Center at *www.precast.com*.

ITEM 1A. RISK FACTORS

Our growth strategy includes business and capital equipment acquisitions with associated risks.

Our growth strategy includes the acquisition of strategic operations and capital equipment. We have completed a number of acquisition transactions in recent years. We expect that we will continue to seek acquisitions of complementary businesses, products, capital equipment and technologies to add products and services for our core customer base and for related markets, and will also continue to expand each of our businesses geographically. The success of the completed transactions will depend on our ability to integrate assets and personnel and to apply our manufacturing processes and controls to the acquired businesses. Although our acquisition strategy generally emphasizes the retention of key management of the acquired businesses and an ability of the acquired business to continue to operate independently, various changes may be required to integrate the acquired businesses into our operations, to assimilate new employees and to implement reporting, monitoring and forecasting procedures. Business and capital equipment acquisitions entail a number of other risks, including as applicable:

- inaccurate assessment of liabilities;
- entry into markets in which we may have limited or no experience;
- diversion of management's attention from our existing businesses;
- difficulties in realizing projected efficiencies, synergies, installation schedules and cost savings;
- decrease in our cash or an increase in our indebtedness and a limitation in our ability to access additional capital when needed; and
- risks associated with investments where we do not have full operational control.

Our failure to adequately address these acquisition risks could cause us to incur increased expenses or to fail to realize the benefits we anticipated from the transactions.

We operate in cyclical markets.

A significant portion of our revenues are derived from the highly cyclical aerospace and power generation markets. Our sales to the aerospace industry constituted 68 percent of our total sales in fiscal 2014. Our sales to the power market constituted 18 percent of our total sales in fiscal 2014.

The commercial aerospace industry is historically driven by the demand from commercial airlines for new aircraft. The U.S. and international commercial aviation industries continue to face challenges arising from competitive pressures and fuel costs. Demand for commercial aircraft is influenced by airline industry profitability, trends in airline passenger traffic, the state of U.S. and world economies, the ability of aircraft purchasers to obtain required financing and numerous other factors including the effects of terrorism, health and safety concerns and environmental constraints imposed upon aircraft operators. The military aerospace cycle is highly dependent on U.S. and foreign government funding; however, it is also driven by the effects of terrorism, a changing global political environment, U.S. foreign policy, the retirement of older aircraft and technological improvements to new engines. Accordingly, the timing, duration and severity of cyclical upturns and downturns cannot be forecast with certainty. Downturns or reductions in demand could have a material adverse effect on our business.

The power generation market is also cyclical in nature. Demand for power generation products is global and is affected by the state of the U.S. and world economies, the availability of financing to power generation project sponsors, the political environments of numerous countries and environmental constraints imposed upon power project operators. The availability of fuels and related prices also have a large impact on demand. Reductions in demand for our power generation products could have a material adverse effect on our business.

We also sell products and services to customers in the automotive, chemical and petrochemical, medical, industrial process, and other general industrial markets. Each of these markets is cyclical in nature. Customer demand for our products or services in these markets may fluctuate widely depending upon U.S. and world economic conditions, the availability of financing and industry-specific factors. Cyclical declines or sustained weakness in any of these markets could have a material adverse effect on our business.

Our business is dependent on a small number of direct and indirect customers.

A substantial portion of our business is conducted with a relatively small number of large direct and indirect customers, including General Electric Company, United Technologies Corporation, Rolls Royce plc, Airbus and The Boeing Company. General Electric accounted for approximately 13 percent of our total sales for fiscal 2014. No other customer directly accounted for more than 10 percent of total sales; however, Boeing, Airbus, Rolls Royce and United Technologies are also considered key customers. A financial hardship experienced by any one of these key customers, the loss of any of them or a reduction in or substantial delay of orders from any of them could have a material adverse effect on our business.

In addition, a significant portion of our aerospace products are ultimately used in the production of new commercial aircraft. There are only two primary manufacturers of large commercial aircraft in the world, Boeing and Airbus. A significant portion of our aerospace sales are dependent on the number of new aircraft built by these two manufacturers, which is in turn dependent on a number of factors over which we have little or no control. Those factors include the demand for new aircraft from airlines around the globe and factors that impact manufacturing capabilities, such as the availability of raw materials and manufactured components, changes in the regulatory environment and labor relations between the aircraft manufacturers and their work forces. A significant interruption or slowdown in the number of new aircraft built by aircraft manufacturers could have a material adverse effect on our business.

Sales to the military sector constituted approximately 11 percent of our fiscal 2014 sales. Defense spending is subject to appropriations and to political pressures that influence which programs are funded and which are canceled. Reductions in domestic or foreign defense budgets or military aircraft procurement, delays in funding or reprioritization of government spending away from defense programs in which we participate could adversely affect our business.

Our business depends, in part, on the success of new commercial and military aircraft programs.

The success of our business will depend, in part, on the success of new commercial and military aircraft programs including the Boeing 787, Boeing 737Max, Boeing 777X, Airbus A350, Airbus A320neo and F-35 programs. We are currently under contract to supply components for a number of new commercial, general aviation and military aircraft programs. Cancellation, reductions or delays of orders or contracts by our customers on any of these programs, or regulatory or certification-related groundings or other delays to any of these new aircraft programs, could have a material adverse effect on our business.

The competitive nature of our business results in pressure for price concessions to our customers and increased pressure to reduce our costs.

We are subject to substantial competition in all of the markets we serve, and we expect this competition to continue. As a result, we have made significant long-term price concessions to our customers in the aerospace and power generation markets from time to time, and we expect customer pressure for further long-term price concessions to continue. Maintenance of our market share will depend, in part, on our ability to sustain a cost structure that enables us to be cost-competitive. If we are unable to adjust our costs relative to our pricing, our profitability will suffer. Our effectiveness in managing our cost structure will be a key determinant of future profitability and competitiveness.

Our business is dependent on a number of raw materials that are subject to volatility in price and availability.

We use a number of raw materials in our products, including certain metals such as nickel, titanium, cobalt, tantalum and molybdenum, various rare earth elements, and titanium-containing feedstock ore (natural rutile and upgraded ilmenite), which are found in only a few parts of the world, are available from a limited number of suppliers and, in some cases, are considered conflict minerals for U.S. regulatory purposes if originating in certain countries. The availability and costs of these metals and elements may be influenced by private or government cartels, changes in world politics or regulatory requirements, labor relations between the producers and their work forces, unstable governments in exporting nations, export quotas imposed by governments in countries with rare earth element supplies, market forces of supply and demand, and inflation. These raw materials are required for the alloys or processes used or manufactured in our investment cast products, forged products and airframe products segments. We have escalation clauses for nickel, titanium and other metals in a number of our long-term contracts with major customers, but we are not usually able to fully offset the effects of changes in raw material costs. We also employ "price-in-effect" metal pricing in our alloy production businesses to lock-in the current cost of metal at the time of production or time of shipment. The ability of key metal suppliers to meet quality and delivery requirements can also impact our ability to meet commitments to customers. Future shortages (either to us or our customers) or price fluctuations in raw materials could result in decreased sales or margins or otherwise adversely affect our business. The enactment of new or increased import duties on raw materials imported by us could also increase the costs to us of obtaining the raw materials and might adversely affect our business.

Our business is affected by federal rules, regulations and orders applicable to government contractors.

A number of our products are manufactured and sold under U.S. government contracts or subcontracts. Consequently, we are directly and indirectly subject to various federal rules, regulations and orders applicable to government contractors. From time to time, we are also subject to government inquiries and investigations of our business practices due to our participation in government programs. These inquiries and investigations are costly and consuming of internal resources. Violation of applicable government rules and regulations could result in civil liability, in cancellation or suspension of existing contracts or in ineligibility for future contracts or subcontracts funded in whole or in part with federal funds, any of which could have a material adverse effect on our business.

Our business is subject to environmental regulations and related liabilities and liabilities associated with chemicals and substances in the workplace.

We are subject to various federal, state and foreign environmental laws and regulations concerning, among other things, water discharges, air emissions, hazardous material and waste management and environmental cleanup. Environmental laws and regulations continue to evolve and we may become subject to increasingly stringent environmental standards in the future, particularly under air quality and water quality laws and standards related to climate change issues, such as reporting of greenhouse gas emissions. We are required to comply with environmental laws and the terms and conditions of environmental permits required for our operations. Failure to comply with these laws or permits could result in fines and penalties, interruption of manufacturing operations or the need to install pollution control equipment that could be costly. We also may be required to make additional expenditures, which could be significant, relating to environmental matters on an ongoing basis. We also own properties, or conduct or have conducted operations at properties, where hazardous materials have been used for many years, including during periods before careful management of these materials was required or generally believed to be necessary. Consequently, we will continue to be subject to environmental laws that impose liability for historical releases of hazardous substances.

Our financial statements include estimated liabilities for future costs arising from environmental issues relating to our properties and operations. Our accruals for known environmental liabilities represent our best estimate of our probable future obligations for the investigation and remediation of known contaminated sites. Our accruals include asserted and unasserted claims. The estimates of our environmental costs are based on currently available facts, present laws and regulations and current technology and take into consideration our prior experience in site investigation and remediation, the data available for each site and the professional judgment of our environmental specialists and consultants. Although recorded liabilities include our best estimate of all probable costs, our total costs for the final settlement of each site cannot be predicted with certainty due to the variety of factors that make potential costs associated with contaminated sites inherently uncertain, such as the nature and extent of site contamination, available remediation alternatives, the extent to which remedial actions will be required, the time period over which costs will be incurred, the number and economic viability of other responsible parties and whether we have any opportunity of contribution from third parties, including recovery from insurance policies. In addition, sites that are in the early stages of investigation are subject to greater uncertainties than mature sites that are close to completion. Although the sites we identify vary across the spectrum, a majority of our sites could be considered at an early stage of the investigation and remediation process. Therefore, our cost estimates and the accruals associated with those sites are subject to greater uncertainties. Environmental contingent liabilities are often resolved over a long period of time, and the timing of expenditures depends on a number of factors that vary by site. We expect that we will expend present accruals over many years, and that remediation of all currently known sites will be completed within 45 years. We cannot ensure that our estimated liabilities are adequate to cover the total cost of remedial measures that may eventually be required by environmental authorities with respect to known environmental matters or the cost of claims that may be asserted in the future with respect to environmental matters about which we are not yet aware. Accordingly, the costs of environmental remediation or claims may exceed the amounts accrued.

We have been named as a PRP at sites identified by the EPA and state regulatory agencies for investigation and remediation under CERCLA and similar state statutes. In the environmental remediation context, potentially responsible parties may be subject to an allocation process to determine liability, and therefore we may be potentially liable to the government or third parties for an allocated portion or full cost of remediating contamination at our facilities or former facilities or at third-party sites where we have been designated a PRP. In estimating our current liabilities for environmental matters, we have assumed that we will not bear the entire cost of remediation of every site to the exclusion of other PRPs who may also be liable. It is also possible that we will be designated a PRP at additional sites in the future.

Like many other industrial companies in recent years, we are defendants in lawsuits alleging personal injury as a result of exposure to chemicals and substances in the workplace, including asbestos. To date, we have been dismissed from a number of these suits and have settled a number of others. The outcome of litigation such as this is difficult to predict, and a judicial decision unfavorable to us could be rendered, possibly having a material adverse effect on our business.

Our business is subject to risks associated with international operations.

We purchase products from and supply products to businesses located outside of the U.S. We also have significant operations located outside the U.S. In fiscal 2014, approximately 19 percent of our total sales were attributable to our non-U.S. subsidiaries. A number of risks inherent in international operations could have a material adverse effect on our results of operations, including:

- fluctuations in U.S. dollar value arising from transactions denominated in foreign currencies and the translation of certain foreign currency subsidiary balances;
- difficulties in staffing and managing multi-national operations;

- general economic and political uncertainties and potential for social unrest in countries in which we or our customers operate;
- limitations on our ability to enforce legal rights and remedies;
- restrictions on the repatriation of funds;
- changes in trade policies;
- tariff regulations;
- difficulties in obtaining export and import licenses;
- the risk of government financed competition; and
- compliance with a variety of international laws as well as U.S. and other laws affecting the activities of companies abroad.

A majority of our sales of extruded pipe for the power generation market have been exported to power generation customers in China and India. These sales are subject to the risks associated with international sales generally. In addition, changes in demand could result from a reduction of power plant build rates in China or India due to economic conditions or otherwise, or increased competition from local manufacturers who have cost advantages or who may be preferred suppliers, or effects of anti-dumping or other import duties. Also, with respect to China, Chinese commercial laws, regulations and interpretations applicable to non-Chinese market participants such as us are rapidly changing. These laws, regulations and interpretations could impose restrictions on our ownership or operations of our interests in China and have a material adverse effect on our business.

Any lower-than-expected rating of our bank debt and debt securities could adversely affect our business.

Two rating agencies, Moody's and Standard & Poor's, rate our debt securities. If the rating agencies were to reduce their current ratings, our interest expense may increase, and the terms of future borrowing arrangements may become more stringent or require additional credit support. Our ability to comply with covenants contained in the instruments governing our existing and future indebtedness may be affected by events and circumstances beyond our control. If we breach any of these covenants, one or more events of default, including cross-defaults between multiple components of our indebtedness, could result. These events of default could permit our creditors to declare all amounts owing to be immediately due and payable and terminate any commitments to make further extensions of credit, or could otherwise have a material adverse effect on our business.

Our production may be interrupted due to equipment failures or other events affecting our factories.

Our manufacturing processes depend on certain sophisticated and high-value equipment, such as some of our forging presses for which there may be only limited or no production alternatives. Unexpected failures of this equipment could result in production delays, revenue loss and significant repair costs. In addition, our factories rely on the availability of electrical power and natural gas, transportation for raw materials and finished products and employee access to our workplace that are subject to interruption in the event of severe weather conditions or other natural or manmade events. While we maintain backup resources to the extent practicable, a severe or prolonged equipment outage or other interruptive event affecting areas where we have significant manufacturing operations may result in loss of manufacturing or shipping days, which could have a material adverse effect on our business. Natural or manmade events that interrupt significant manufacturing operations of our customers also could have a material adverse effect on our business.

Failure to protect our intellectual property rights could adversely affect our business.

We rely on a combination of confidentiality, invention assignment and other types of agreements and trade secret, trademark, and patent law to establish, maintain, protect and enforce our intellectual property rights. Our efforts in regard to these measures may be inadequate, however, to prevent others from misappropriating our intellectual property rights. In addition, laws in some non-U.S. countries affecting intellectual property are uncertain in their application, which can affect the scope or enforceability of our intellectual property rights. Any of these events or factors could diminish or cause us to lose the competitive advantages associated with our intellectual property, which could have a material adverse effect on our business.

We could be faced with labor shortages, disruptions or stoppages if our relations with our employees were to deteriorate.

Our operations rely heavily on our skilled employees. Any labor shortage, disruption or stoppage caused by any deterioration in employee relations or difficulties in the renegotiation of labor contracts could reduce our operating margins and income. Approximately 23 percent of our employees are affiliated with unions or covered by collective bargaining agreements. Failure to negotiate a new labor agreement when required could result in a work stoppage. Although we believe that our labor relations have generally been satisfactory, it is possible that we could become subject to additional work rules imposed by agreements with labor unions, or that work stoppages or other labor disturbances could occur in the future, any of which could reduce our operating margins and income and place us at a disadvantage relative to non-union competitors.

Cybersecurity threats could disrupt our business and result in the loss of critical and confidential information.

We have experienced, and expect to continue to experience, cybersecurity threats, including threats to our information technology infrastructure and attempts to gain access to our confidential and proprietary information. Although we maintain information security policies and procedures to prevent, detect, and mitigate these threats, cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include reputational damage, litigation with third parties, theft of intellectual property, and increased cybersecurity protection and remediation costs, which in turn could have a material adverse effect on our business.

Product liability and product warranty risks could adversely affect our operating results.

We produce many critical parts for commercial and military aircraft, for high-pressure applications in power plants and for oil and gas applications. Failure of our parts could give rise to substantial product liability claims. We maintain insurance addressing the risk of product liability claims arising from bodily injury or property damage (which generally does not include damages for pollution or environmental liability), but there can be no assurance that the insurance coverage will be adequate or will continue to be available on terms acceptable to us. We manufacture most of our parts to strict contractually-established standards and tolerances using complex manufacturing processes. If we fail to meet the contractual requirements for a product we may be subject to product warranty costs and claims. Product warranty costs are generally not insured.

We could be required to make additional contributions to our defined benefit pension and postretirement benefit plans as a result of adverse changes in interest rates and pension investments.

Our estimates of liabilities and expenses for pensions and other postretirement benefits incorporate significant assumptions including the rate used to discount the future estimated liability, the long-term rate of return on plan assets and assumptions relating to the employee workforce including salary increases, medical costs, retirement age and mortality. Our results of operations, liquidity or shareholders' equity in a particular period could be affected by a decline in the rate of return on plan assets, the rate used to discount the future estimated liabilities or changes in employee workforce assumptions. We may have to contribute more cash to various pension plans and record higher pension-related expenses in future periods as a result of decreases in the value of investments held by these plans or changes in discount rates or other pension assumptions.

A global recession or disruption in global financial markets could adversely affect us.

A global recession or disruption in the global financial markets presents risks and uncertainties that we cannot predict. During the recent recession, we saw a moderate decline in demand for our products due to global economic conditions. However, our access to credit to finance our operations was not materially limited. If recessionary economic conditions or financial market disruptions were to return, we would face risks that may include:

- declines in revenues and profitability from reduced or delayed orders by our customers;
- supply problems associated with any financial constraints faced by our suppliers;
- restrictions on our access to short-term commercial paper borrowings or other credit sources;
- reductions to our banking group or to our committed credit availability due to combinations or failures of financial institutions; and
- increases in corporate tax rates to finance government spending programs.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our manufacturing plants and administrative offices, along with certain information concerning the products and facilities are described below:

Division	No. of Facilities	Building Space (sq. ft.) Leased	Owned	Total
Executive & Corporate Offices				
Domestic	1	—	42,118	42,118
International	1	1,312	—	1,312
Investment Cast Products				
Domestic	50	805,650	2,519,127	3,324,777
International	6	9,090	404,856	413,946
Forged Products				
Domestic	91	2,642,170	9,481,138	12,123,308
International	40	1,466,334	2,065,465	3,531,799
Airframe Products				
Domestic	79	1,945,424	3,332,738	5,278,162
International	26	577,889	1,092,836	1,670,725
Discontinued Operations				
Domestic	4	16,400	121,200	137,600
International	1	—	44,882	44,882
Total Company				
Domestic	225	5,409,644	15,496,321	20,905,965
International	74	2,054,625	3,608,039	5,662,664
Total	299	7,464,269	19,104,360	26,568,629

We believe our principal properties include facilities suitable and adequate for our present needs for the manufacture of our products; see Item 7. Management's Discussion and Analysis.

ITEM 3. LEGAL PROCEEDINGS

In April 2009, as a result of EPA inspections, EPA issued a Notice of Violation ("Notice") to TIMET alleging that TIMET had violated certain provisions of the Resource Conservation and Recovery Act and the Toxic Substances Control Act at its Henderson, Nevada plant. Since 2009, TIMET has been working cooperatively to address issues identified in the Notice. In April 2014, TIMET and EPA agreed to settle the Notice. Under the settlement, TIMET will pay $14 million in civil penalties for the alleged violations and perform certain required actions to demonstrate that the operations are in compliance. The amount was previously accrued in purchase accounting.

In May 2013, as a result of TIMET's disclosure of noncompliance to the Nevada Division of Environmental Protection ("NDEP") on December 4, 2012 and February 19, 2013, the NDEP issued a Finding of Alleged Violation and Order ("FOAV") to TIMET. The FOAV alleges that TIMET violated its permit by discharging partially treated wastewater from an unauthorized bypass for approximately four years from September 2008 through October 2012. In January 2014, TIMET agreed to pay the NDEP $135,000 to resolve the FOAV.

For a general description of environmental matters, see Item 1. Business—Environmental Compliance.

As of March 30, 2014, there were approximately 94 lawsuits pending against the Company alleging personal injury as the result of exposure to particulates, including asbestos, integrated into our premises or processes or into certain historical products. It is frequently not possible at the outset of a case to determine which of the plaintiffs actually will pursue a claim against the Company. Typically, that can only be determined through discovery after a case has been filed. Thus, in a case involving multiple plaintiffs, unless otherwise expressed in the pleadings, the Company accounts for the lawsuit as one claim against it. Provided below is a chart showing the number of new claims filed (as described above), the number of claims disposed of (settled or otherwise dismissed) and the approximate dollar amount paid by or on behalf of (including through insurance) the Company in settlement of these claims:

Fiscal		2014		2013
New Claims Filed		**42**		22
Claims Disposed Of		**12**		21
Dollars Paid in Settlement (in millions)	**$**	**—**	$	—

The Company considers that all such claims are tort claims while noting that some claims, such as those filed in West Virginia, were historically common law "employer liability" cases and are now based on a statutory definition of requisite intent.

The particulates in question are no longer incorporated into our products, and we have implemented safety protocols to reduce exposure to remaining particulates in the workplace. Based on the information available to us at the date of filing of this report, we believe, based on our review of the facts and law, that the potential exposure from the resolution of any or all of these matters will not have a material adverse effect on our consolidated financial position, results of operations, cash flows or business.

Various claims and lawsuits arising during the normal course of business are pending against us. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on our consolidated financial position, results of operations, cash flows or business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT [(a)]

Name	Officer Since	Age	Position Held With the Registrant
Mark Donegan	[(b)] 1992	57	Chairman and Chief Executive Officer
Shawn R. Hagel	[(c)] 1997	48	Executive Vice President, Chief Financial Officer and Assistant Secretary
Kenneth D. Buck	[(d)] 2005	54	Executive Vice President and President - Forged Products
Steven G. Hackett	[(e)] 2004	56	Executive Vice President
Andrew Masterman	[(f)] 2012	46	Executive Vice President and President - Airframe Products
Ruth A. Beyer	[(g)] 2013	58	Senior Vice President, General Counsel and Secretary
Kirk G. Pulley	[(h)] 2004	45	Vice President - Strategic Planning and Corporate Development

(a) *The above information is reported as of May 1, 2014. The officers serve for a term of one year and until their successors are elected. Unless otherwise indicated, all positions have been held for the last five years.*

(b) *Elected Chairman in 2003 and Chief Executive Officer in 2002. Previously was elected Executive Vice President in 1992. Named President - Wyman-Gordon in 1999. Previously served as President - PCC Structurals.*

(c) *Elected Executive Vice President in 2012 and Chief Financial Officer and Assistant Secretary in 2008. Previously was elected Vice President and Corporate Controller in 2000.*

(d) *Elected Executive Vice President and President - Forged Products in 2010. Previously was elected Executive Vice President and President - PCC Airfoils and Wyman-Gordon in 2008 and Senior Vice President and President - PCC Airfoils in 2005.*

(e) *Elected Executive Vice President in 2013 and previously served as Senior Vice President and President of TIMET. Prior to that he served in various roles as Senior Vice President, New Business Integration; Executive Vice President and President of Investment Cast Products; Executive Vice President and President of Fastener Products; and Vice President in charge of PCC Structurals' Small Structural Business Operations.*

(f) *Elected Executive Vice President and President - Airframe Products in November 2013. He became Senior Vice President in August 2013 and President - PCC Fastener Products and a PCC Vice President in April 2012. Prior to joining PCC, he served as President & CEO of ESAB North America.*

(g) *Elected Senior Vice President, General Counsel and Secretary in 2013. Prior to joining PCC, she was a Partner at Stoel Rives LLP.*

(h) *Elected Vice President - Strategic Planning and Corporate Development in 2004. Prior to joining PCC, he was a Vice President in investment banking with Goldman Sachs & Co.*

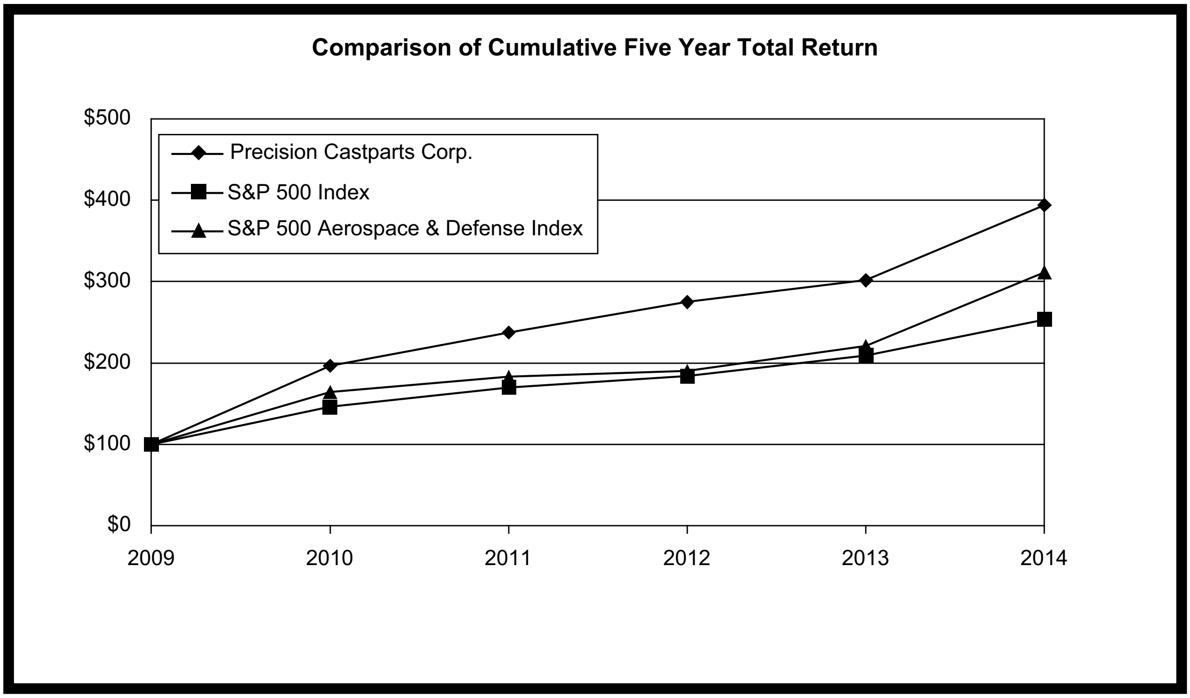
PART II

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

As of March 30, 2014, there were 848 shareholders of record of our common stock. The principal market for our common stock is the New York Stock Exchange, where it trades under the symbol PCP. For information concerning the quarterly high and low sales prices of PCC common stock and dividend data, refer to the Quarterly Financial Information table in Item 8. Financial Statements and Supplementary Data. We expect to continue to pay quarterly cash dividends, subject to our earnings, financial condition and other factors.

Return to Shareholders Performance Graph

The following line graph provides a comparison of the annual percentage change in the Company's cumulative total shareholder return on its common stock to the cumulative total return of the S&P 500 Index and the S&P 500 Aerospace and Defense Index. The comparison assumes that $100 was invested on March 31, 2009 in PCC common stock and in each of the foregoing indices and, in each case, assumes the reinvestment of dividends.



MEASUREMENT PERIOD
(by fiscal year)

	2009	2010	2011	2012	2013	2014
S&P 500	100.00	146.09	170.20	183.82	209.49	253.26
S&P 500 Aerospace & Defense	100.00	164.41	182.94	190.32	220.76	311.61
Precision Castparts Corp.	100.00	196.41	237.54	274.72	301.50	393.86

Issuer Purchases of Equity Securities

The following table provides information about purchases of our common stock during the quarter ended March 30, 2014:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs (1) (in millions)
12/30/13-2/2/14	588,300	$ 256.45	2,423,300	$ 964
2/3/14-3/2/14	175,200	$ 248.12	2,598,500	$ 920
3/3/14-3/30/14	—	$ —	2,598,500	$ 920
Total	763,500	$ 254.53	2,598,500	$ 920

(1) On January 24, 2013, we announced that our Board of Directors had authorized a program for the Company to purchase up to $750 million of our Company's common stock. On August 13, 2013, the Board of Directors approved an additional $750 million for use in the Company's stock repurchase program, effective immediately and continuing through June 30, 2015.

ITEM 6. SELECTED FINANCIAL DATA

Five-Year Summary of Selected Financial Data

(Unaudited)
(In millions, except employee, shareholder and per share data)

Fiscal	2014	2013	2012	2011	2010
Net sales	**$ 9,616**	$ 8,361	$ 7,202	$ 6,209	$ 5,449
Net income	**$ 1,784**	$ 1,430	$ 1,226	$ 1,015	$ 923
Net income attributable to PCC shareholders:					
Continuing operations	**$ 1,760**	$ 1,430	$ 1,230	$ 1,009	$ 924
Net income attributable to PCC shareholders	**$ 1,777**	$ 1,427	$ 1,224	$ 1,014	$ 922
Return on sales from continuing operations	**18.3%**	17.1%	17.1%	16.3%	17.0%
Return on beginning shareholders' equity from continuing operations	**18.0%**	17.1%	17.2%	17.1%	19.0%
Net income per common share attributable to PCC (basic):					
Continuing operations	**$ 12.09**	$ 9.81	$ 8.52	$ 7.07	$ 6.57
Net income	**$ 12.20**	$ 9.79	$ 8.48	$ 7.10	$ 6.55
Net income per common share attributable to PCC (diluted):					
Continuing operations	**$ 12.01**	$ 9.75	$ 8.45	$ 7.01	$ 6.50
Net income	**$ 12.12**	$ 9.72	$ 8.41	$ 7.04	$ 6.49
Weighted average shares of common stock outstanding					
Basic	**145.6**	145.7	144.4	142.7	140.7
Diluted	**146.6**	146.7	145.6	143.9	142.1
Cash dividends declared per common share	**$ 0.12**	$ 0.12	$ 0.12	$ 0.12	$ 0.12
Working capital	**$ 3,899**	$ 3,368	$ 2,715	$ 2,709	$ 1,628
Total assets	**$ 18,586**	$ 16,896	$ 10,559	$ 8,956	$ 7,661
Total debt	**$ 3,572**	$ 3,807	$ 208	$ 237	$ 250
Total equity	**$ 11,413**	$ 9,804	$ 8,365	$ 7,164	$ 5,892
Total debt as a percent of total debt and equity	**23.8%**	28.0%	2.4%	3.2%	4.1%
Book value per share	**$ 78.66**	$ 67.06	$ 57.57	$ 49.85	$ 41.52
Capital expenditures(1)	**$ 355**	$ 323	$ 194	$ 121	$ 170
Number of employees(2)	**29,085**	28,510	21,480	18,308	18,064
Number of shareholders of record	**848**	933	1,068	1,206	1,291

(1) Includes capital expenditures of discontinued operations
(2) Includes employees of discontinued operations

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

(in millions, except per share data)

Business overview

Fiscal 2014 was another strong year for Precision Castparts Corp., both in terms of increasing sales and adding market share and in terms of achieving solid leverage on those sales quarter after quarter. Well-positioned in our key markets, our base businesses grew in line with the aerospace and industrial gas turbine ("IGT") industries and played an increasing role in serving important niches in seamless pipe and oil and gas applications. The ability to supply the bulk of our own nickel alloy needs has been a major asset to our operations for many years and, with the acquisition of Titanium Metals Corporation ("TIMET") in December of 2012, we largely became independent of outside titanium suppliers. TIMET proved to be a major driver of both sales and earnings in fiscal 2014 by utilizing PCC's knowledge and methodologies to improve its cost position and gain market share. All three of our segments continued to capture new business opportunities and to find additional ways to take out cost and improve productivity.

Results in the first quarter of fiscal 2014 indicated that the course we set out for ourselves over the past decade was playing out as we expected. We achieved strong earnings growth on stable aircraft schedules and continued to gain share on new airframe and engine development programs. Investment Cast Products supported aerospace schedules in line with the high levels of commercial original equipment manufacturer ("OEM") production and saw higher IGT sales driven by increased OEM demand. However, the segment experienced some year-over-year sales softness as its Portland, Oregon, locations addressed union organizing activity. The Portland employees voted not to unionize, and delinquencies were shipped out over the next two quarters. Despite these disruptions, the segment managed to deliver record operating margins. Forged Products, like Investment Cast Products, supplied commercial aircraft components at levels consistent with aircraft build rates. On the power side of the business, both interconnect and oil and gas shipments grew year over year. In addition, TIMET began to make solid contributions to the segment's results. Airframe Products' critical aerospace fastener sales showed solid improvement over the previous fiscal year, although shipments of these fasteners still had not caught up fully to aircraft production rates. Base aerostructures sales also increased, more closely tracking the commercial OEM build rates.

In the second quarter of fiscal 2014, we again delivered strong sales and earnings, driven by solid commercial aerospace demand, steady recovery in power markets, further top- and bottom-line contributions from TIMET, and steady focus on operational improvements in each of our facilities. In Investment Cast Products, large commercial OEM and spares sales increased, though tempered by a decline in regional business/jet and military spares activity. In addition, OEM and spares sales to the IGT market, basically flat year over year, still maintained very high production levels. Forged Products' aerospace sales showed significant growth, with a full quarter of TIMET strongly adding to improvements in the base businesses. In the power market, sales also grew year over year, spurred by further demand from interconnect pipe and oil and gas customers. Fastener sales in Airframe Products improved but continued to lag commercial aircraft build rates, particularly on the Boeing 787 program. Aerostructures showed vigorous growth, with a strong contribution from acquisitions boosting solid growth in the base businesses.

While we continued to ship into healthy end markets and to effectively leverage operational throughput, our third quarter results were somewhat tempered by late-quarter customer schedule shifts and fewer shipping days in the quarter. Investment Cast Products' commercial OEM aerospace production continued to be robust, although military and regional/business jet demand declined. IGT sales of both OEM components and spares decreased year over year as well. In Forged Products, TIMET was the primary driver behind the year-over-year increase, with stable base sales holding steady until the next aircraft build ramp. The segment also showed good progress in power markets, particularly in interconnect pipe, which established a backlog of nearly one year. Airframe Products sales improved significantly, with critical aerospace fastener and aerostructure shipments closely tracking the base commercial build rates. Fastener 787 shipments continued to close the gap with aircraft production schedules.

Fourth quarter results again demonstrated our ability to derive strong leverage from robust end markets. Investment Cast Products' large commercial aerospace sales were spurred by solid production schedules, with reduced military and regional/business jet shipments tempering overall segment sales. The segment's power business continued to see strong demand, driven by upgrade programs, share gains, and spares sales, despite a decrease in OEM IGT production. Forged Products' large commercial aerospace sales also showed solid improvement, offset by lower military sales; regional/business jet sales were flat. Both IGT and interconnect pipe shipments increased year over year, with a decline in oil and gas sales compared to strong shipping schedules in the same quarter in fiscal 2013. In Airframe Products, fasteners and aerostructures were again closely in sync with base aircraft production, and fastener 787 shipments moved even closer to aircraft build rates.

Going forward, we have established strong, long-term positions in our target markets and have laid out focused strategies to increase those positions. We have won major share on all current-production commercial aircraft programs, with further share gain opportunities at TIMET and our base businesses providing an additional spur to growth based on published build rates from our customers. We have also secured even stronger positions on the new generation of re-engined narrow-body aircraft now under development, with approximately 30-40% more content than the platforms they replace (as previously reported, our estimated dollar content per ship-set may be found on our website at www.precast.com on the Investor Relations page). In addition, we see numerous opportunities to further expand our aerospace positions, both in the near and longer term. On the power side of our business, our content on the major IGT platforms is well-established, with growth coming from new development and retrofit programs as well. The interconnect pipe market has driven a strong recovery, with a backlog holding at approximately one year. In addition, we are winning new oil and gas projects and are pursuing the next set of opportunities. Across the board, factory-by-factory operating performance will continue to be our number one focus.

We continued our strategy of expanding our product lines and markets during fiscal 2014. We acquired seven businesses for a total of approximately $1.0 billion. The largest acquisition, Permaswage SAS ("Permaswage"), is a world-leading designer and manufacturer of aerospace fluid fittings. The acquisition of Permaswage extends our reach into permanent fittings on key current and next-generation commercial aircraft platforms. We also acquired several small businesses during the year which further expand and strengthen our market position, capitalize on our supply chain requirements and deliver additional sales and earnings growth. Subsequent to year-end, we acquired Aerospace Dynamics International ("ADI"), which broadens our large gantry capabilities and provides us with significant additional Airbus A350 share. Going forward, we see solid acquisition opportunities and expect to continue to focus our cash redeployment in this area for the foreseeable future.

	Fiscal Year			% Increase/(Decrease)	
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Net sales	**$ 9,616**	$ 8,361	$ 7,202	15%	16 %
Costs and expenses:					
Cost of goods sold	**6,317**	5,669	4,940	11%	15 %
Selling and administrative expenses	**627**	535	446	17%	20 %
Interest expense, net	**71**	31	5	129%	520 %
Total costs and expenses	**7,015**	6,235	5,391		
Income before income tax expense and equity in earnings of unconsolidated affiliates	**2,601**	2,126	1,811	22%	17 %
Income tax expense	**(835)**	(694)	(594)	20%	17 %
Equity in earnings of unconsolidated affiliates	**1**	1	15	—%	(93)%
Net income from continuing operations	**1,767**	1,433	1,232	23%	16 %
Net income (loss) from discontinued operations	**17**	(3)	(6)	667%	50 %
Net income	**1,784**	1,430	1,226	25%	17 %
Net income attributable to noncontrolling interest	**(7)**	(3)	(2)	133%	50 %
Net income attributable to PCC	**$ 1,777**	$ 1,427	$ 1,224	25%	17 %
Net income per common share attributable to PCC shareholders (basic):					
Net income per share from continuing operations	**$ 12.09**	$ 9.81	$ 8.52	23%	15 %
Net income (loss) per share from discontinued operations	**0.11**	(0.02)	(0.04)	650%	50 %
Net income per share (basic)	**$ 12.20**	$ 9.79	$ 8.48	25%	15 %
Net income per common share attributable to PCC shareholders (diluted):					
Net income per share from continuing operations	**$ 12.01**	$ 9.75	$ 8.45	23%	15 %
Net income (loss) per share from discontinued operations	**0.11**	(0.03)	(0.04)	467%	25 %
Net income per share (diluted)	**$ 12.12**	$ 9.72	$ 8.41	25%	16 %

	Fiscal Year			% Increase/(Decrease)	
Sales by Market	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Aerospace	**$ 6,557**	$ 5,472	$ 4,468	20%	22 %
% of total	***68%***	*65%*	*62%*		
Power	**1,690**	1,639	1,510	3%	9 %
% of total	***18%***	*20%*	*21%*		
General Industrial & Other	**1,369**	1,250	1,224	10%	2 %
% of total	***14%***	*15%*	*17%*		
Total Sales	**$ 9,616**	$ 8,361	$ 7,202	15%	16 %
% of total	***100%***	*100%*	*100%*		

Average market price of key metals (per pound)	Fiscal Year			Increase/(Decrease)			
	2014	2013	2012	2014 vs. 2013		2013 vs. 2012	
				$	%	$	%
Nickel *London Metals Exchange* [(1)]	**$ 6.54**	$ 7.71	$ 9.54	$ (1.17)	(15)%	$ (1.83)	(19)%
Titanium *Ti 6-4 bulk, Metalprices.com*	**$ 1.98**	$ 2.82	$ 4.71	$ (0.84)	(30)%	$ (1.89)	(40)%
Cobalt *Metal Bulletin COFM.8 Index* [(1)]	**$ 13.63**	$ 13.33	$ 16.40	$ 0.30	2 %	$ (3.07)	(19)%

(1) Source: Bloomberg

Fiscal 2014 compared with fiscal 2013

Total sales for fiscal 2014 were $9,616 million, an increase of $1,255 million, or 15 percent, from fiscal 2013 sales of $8,361 million. Fiscal 2014 sales include the contribution from eleven businesses acquired after the beginning of fiscal 2013 and seven businesses acquired in fiscal 2014 that were not fully included in the prior year. These acquisitions contributed more than $1.2 billion of additional sales in fiscal 2014 compared to fiscal 2013. Contractual pass-through pricing and other changes in metal/revert pricing offset organic growth by approximately 3 percent year over year. Nickel prices decreased 15 percent, as reported on the London Metal Exchange (LME) compared to the same period last year. Lower external selling prices of nickel alloy from the Forged Products segment's three primary nickel conversion mills reduced top-line revenues by approximately $142 million in fiscal 2014 versus fiscal 2013 and the falling price of revert and other alloys negatively impacted sales by approximately $55 million. Contractual material pass-through pricing increased sales by approximately $265 million in fiscal 2014 versus approximately $279 million in fiscal 2013, a decrease of $14 million. Contractual material pass-through pricing adjustments are calculated based on market prices such as those shown in the above table in trailing periods from one to twelve months.

Including the impact of acquisitions, aerospace sales increased approximately $1,085 million, or 20 percent, over fiscal 2013, primarily within our Forged Products and Airframe Products segments. Commercial aircraft production rates continue to drive steady demand for airframe and engine components. The increase in commercial aerospace sales was partially offset by a decline in regional/business jet sales, while military aerospace sales were relatively flat. Aerospace sales increased from 65 percent of total sales in fiscal 2013 to 68 percent of total sales in fiscal 2014. Sales to our power markets increased approximately $51 million, or 3 percent, over the prior year, primarily as a result of higher seamless interconnect pipe sales, improved oil and gas shipments, and solid IGT sales performance. Sales to our power markets decreased from 20 percent of total sales in fiscal 2013 to 18 percent of total sales in fiscal 2014. General industrial and other sales increased approximately $119 million, or 10 percent, over the prior year, primarily due to the contribution from TIMET, which was acquired in the third quarter of fiscal 2013. General industrial and other sales decreased from 15 percent of total sales in fiscal 2013 to 14 percent of total sales in fiscal 2014.

Based on data from The Airline Monitor as of January 2014, Boeing and Airbus aircraft deliveries are expected to moderately increase through calendar year 2014 as compared to 2013. Due to manufacturing lead times and scheduled build rates, our production volumes are approximately three to six months ahead of aircraft deliveries for mature programs. The Airline Monitor is projecting further growth in aircraft deliveries in calendar year 2015, and therefore we anticipate that our aerospace sales will increase in fiscal 2015 compared to fiscal 2014.

Cost of goods sold was $6,317 million, or 66 percent of sales, in fiscal 2014 as compared to $5,669 million, or 68 percent of sales, in fiscal 2013. The improvement in the year-over-year percentage reflects the impact of lower raw material costs due to lower metal/revert pricing, and operational efficiencies, most notably at our TIMET facilities. Contractual material pass-through pricing diluted gross margin by 1.0 percentage point in fiscal 2014 compared to 1.1 percentage points last year.

Selling and administrative expenses were $627 million, or 7 percent of sales, in fiscal 2014 compared to $535 million, or 6 percent of sales, in fiscal 2013. The higher year-over-year percentage was primarily due to higher stock-based compensation expense.

Net income from continuing operations attributable to PCC for fiscal 2014 was $1,760 million, or $12.01 per share (diluted). By comparison, net income from continuing operations attributable to PCC for fiscal 2013 was $1,430 million, or $9.75 per share (diluted). Fiscal 2014 net income attributable to PCC including discontinued operations was $1,777 million, or $12.12 per share (diluted), compared with net income of $1,427 million, or $9.72 per share (diluted) in fiscal 2013. Fiscal 2014 results include net income of $17 million, or $0.11 per share (diluted), from discontinued operations, compared to a net loss of $3 million, or $0.03 per share (diluted), in the prior year.

Fiscal 2013 compared with fiscal 2012

Total sales for fiscal 2013 were $8,361 million, an increase of $1,159 million, or 16 percent, from fiscal 2012 sales of $7,202 million. The increase in sales was driven by solid aerospace growth of approximately $1,004 million, or 22 percent, over fiscal 2012 levels, within all three of our segments. The inclusion of a full quarter of TIMET was the largest driver of the sales growth. Excluding the impact of fiscal 2013 and 2012 acquisitions, the increase in sales was 6 percent. Base commercial aircraft and Boeing 787 production rates continued to increase, driving steady demand for airframe and engine components, and aerospace aftermarket sales trended upward. Aerospace sales increased from 62 percent of total sales in fiscal 2012 to 65 percent of total sales in fiscal 2013. Sales within our power markets, which includes IGT, oil and gas, and interconnect pipe, increased approximately $129 million, or 9 percent, over fiscal 2012, driven by acquisitions. Other factors contributing to this increase included solid IGT sales performance, driven by continued high spares demand, and growth in oil and gas sales due to accelerating shipments of downhole casings. Sales to the power markets decreased from 21 percent of total sales in fiscal 2012 to 20 percent of total sales in fiscal 2013. General industrial sales increased approximately $26 million, or 2 percent, over fiscal 2012 primarily due to acquisitions. General industrial and other sales decreased from 17 percent of total sales in fiscal 2012 to 15 percent of total sales in fiscal 2013. We acquired twelve businesses during fiscal 2013, which contributed approximately $900 million to sales (also included in market changes discussed above).

Lower external selling prices of nickel alloy from the Forged Products segment's three primary mills reduced top-line revenues by approximately $42 million in fiscal 2013 versus fiscal 2012. Nickel prices decreased 19 percent, as reported on the London Metal Exchange (LME) compared to fiscal 2012. Contractual material pass-through pricing increased sales by approximately $279 million in fiscal 2013 versus approximately $301 million in fiscal 2012, a decrease of $22 million. Contractual material pass-through pricing adjustments are calculated based on market prices such as those shown in the above table in trailing periods from one to twelve months.

Cost of goods sold was $5,669 million, or 68 percent of sales, in fiscal 2013 as compared to $4,940 million, or 69 percent of sales, in fiscal 2012. Cost of goods sold as a percent of sales was positively impacted by effective leverage on increased sales volume, increased internal metal sourcing in an effort to reduce costs, and other operational improvements. These improvements were partially offset by the inclusion of lower-margin sales from the acquisitions in the Forged Products and Airframe Products segments. Contractual material pass-through pricing diluted gross margin by 1.1 percentage points in fiscal 2013 compared to 1.4 percentage points in fiscal 2012.

Selling and administrative expenses were $535 million, or 6 percent of sales, in fiscal 2013 compared to $446 million, or 6 percent of sales, in fiscal 2012. The largest increase in selling and administrative expenses over fiscal 2012 is attributable to additional expenses from a full year of the fiscal 2012 acquisitions and the additional fiscal 2013 acquisitions as well as increased acquisition-related expenses.

Net income from continuing operations attributable to PCC for fiscal 2013 was $1,430 million, or $9.75 per share (diluted). By comparison, net income from continuing operations attributable to PCC for fiscal 2012 was $1,230 million, or $8.45 per share (diluted). Fiscal 2013 net income attributable to PCC including discontinued operations was $1,427 million, or $9.72 per share (diluted), compared with net income of $1,224 million, or $8.41 per share (diluted) in fiscal 2012. Fiscal 2013 results include a net loss of $3 million, or $0.03 per share (diluted), from discontinued operations, compared to a net loss of $6 million, or $0.04 per share (diluted), in fiscal 2012.

Acquisitions

Fiscal 2014

During the second quarter of fiscal 2014, we completed two small acquisitions in the Airframe Products segment.

On October 31, 2013, we acquired Permaswage, a world-leading designer and manufacturer of aerospace fluid fittings, for approximately $600 million in cash, funded by commercial paper borrowings. Permaswage's primary focus is the design and manufacture of permanent fittings used in fluid conveyance systems for airframe applications, as well as related installation tooling. The company operates manufacturing locations in Gardena, California; Paris, France; and Suzhou, China, and employs approximately 680 people. The Permaswage acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

During the third quarter of fiscal 2014, we also completed two small acquisitions in the Forged Products segment.

During the fourth quarter of fiscal 2014, we completed two small acquisitions in the Forged Products and Airframe Products segments.

Fiscal 2013

On April 2, 2012, we acquired RathGibson, LLC ("RathGibson"). RathGibson manufactures precision thin-wall, nickel-alloy and stainless steel welded and seamless tubing, with broad capabilities in length, wall thickness, and diameter. RathGibson's products are used in a multitude of oil & gas, chemical/petrochemical processing, and power generation applications, as well as in other commercial markets. RathGibson operates three facilities in Janesville, Wisconsin; North Branch, New Jersey; and Clarksville, Arkansas. The RathGibson acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On May 18, 2012, we acquired Centra Industries, a state-of-the art aerostructures manufacturer located in Cambridge, Ontario, Canada. Centra manufactures a range of machined airframe components and assemblies, in both aluminum and hard metals. Core competencies include the high-speed machining of complex, high-precision structures, sub-assembly and kit integration. The Centra acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

On June 15, 2012, we acquired Dickson Testing Company ("Dickson") and Aerocraft Heat Treating Company ("Aerocraft"). Dickson offers a full range of destructive testing services including: mechanical properties, metallurgical and chemical analyses and low-cycle fatigue testing. Dickson is located in South Gate, California. Aerocraft provides precision heat treating services for titanium and nickel alloy forgings and castings used in the aerospace industry, as well as other related services including straightening, de-twisting and forming. Aerocraft is located in Paramount, California. The acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On August 7, 2012, we acquired Klune Industries ("Klune"), a manufacturer of complex aluminum, nickel, titanium and steel aerostructures. Klune focuses on complex forming, machining and assembly of aerostructure parts, in addition to offering significant expertise in a range of cold-formed sheet metal components. Klune operates facilities in North Hollywood, California; Spanish Fork, Utah; and Kent, Washington. The Klune acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

On August 31, 2012, we acquired certain aerostructures business units from Heroux-Devtek Inc. (collectively referred to as "Progressive"). These aerostructures operations manufacture a wide variety of components and assemblies from aluminum, aluminum-lithium and titanium, such as bulkheads, wing ribs, spars, frames and engine mounts. The aerostructures operations include Progressive Incorporated in Arlington, Texas, as well as plants in Dorval (Montreal), Canada, and Queretaro, Mexico. The Progressive acquisition was an asset purchase for tax purposes and operates as part of the Airframe Products segment.

On October 24, 2012, we acquired Texas Honing, Inc. ("THI"). THI provides precision, tight-tolerance pipe processing services, including honing, boring, straightening and turning. THI's products are used in oil & gas drilling, completion and production applications, as well as other commercial markets. THI operates three facilities in the Houston, Texas area. The THI acquisition was a stock purchase for tax purposes and operates as part of the Forged Products segment.

On December 12, 2012, we acquired Synchronous Aerospace Group ("Synchronous"), a leading build-to-print supplier of highly complex mechanical assemblies for commercial aerospace and defense markets. Synchronous manufactures such mechanical assemblies as high-lift mechanisms and secondary flight controls, as well as structural components, including wing ribs, bulkheads, and track and beam assemblies. Synchronous has four primary locations: Santa Ana, California; Kent, Washington; Wichita, Kansas; and Tulsa, Oklahoma. The Synchronous acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

On December 21, 2012, we completed the initial cash tender offer (the "Offer") for all of the outstanding shares of common stock of TIMET for $16.50 per share. Approximately 150,520,615 shares (representing approximately 86% of the outstanding shares) were validly tendered and not withdrawn from the Offer. The transaction resulted in a payment for such shares of approximately $2.5 billion in cash. On December 17, 2012, we issued $3.0 billion of senior, unsecured notes, and the majority of the proceeds were used to purchase the shares noted above. On January 7, 2013, we completed the acquisition of TIMET. Each remaining share of TIMET common stock not tendered in PCC's previous tender offer for TIMET shares (other than shares as to which holders properly exercise appraisal rights) was converted in the merger into the right to receive $16.50 per share without interest. As a result of the merger, TIMET common stock ceased to be traded on the New York Stock Exchange. TIMET, the largest titanium manufacturer in the U.S., offers a full range of titanium products, including ingot and slab, forging billet and mill forms. TIMET operates seven primary melting or mill facilities in Henderson, Nevada; Toronto, Ohio; Morgantown, Pennsylvania; Vallejo, California; Witton, England; Waunarlwydd, Wales; and Savoie, France. The TIMET acquisition was a stock purchase for tax purposes and operates as part of the Forged Products segment.

Fiscal 2012

On July 14, 2011, we acquired the rings operations of Unison Engine Components ("Tru-Form") from GE Aviation, an operating unit of General Electric Company. Tru-Form is a leader in the manufacture of flash-welded and cold-rolled rings for jet engine and gas turbine applications, including spacer rings, combustion casings and liners, low pressure turbine casings and fan cases. The innovative Tru-Form cold-rolling process produces a near-net-shaped part from a flash-welded ring, reducing material and machining costs and enabling the production of more complex part shapes. Tru-Form operates three locations in Wilkes-Barre and Mountaintop, Pennsylvania, and Tyseley, England. The Tru-Form acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On July 22, 2011, we acquired the assets of the Rollmet business ("Rollmet") from Rockwell Collins. Rollmet has developed a unique cold-roll extrusion process to manufacture precision thin-wall pipe across a range of materials, including nickel alloys, stainless steel, aluminum and carbon steel. Rollmet's products are utilized in a variety of oil and gas applications, as well as motor cases for missile programs. Rollmet is located in Irvine, California. The Rollmet acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On August 9, 2011, we acquired Primus International ("Primus") for approximately $900 million in cash. Primus is a leading supplier of aerostructures and complex components and assemblies to the global aerospace industry, including swaged rods, as well as machined aluminum and titanium components. Product applications include wing, fuselage and engine-related assemblies, passenger and exit doors, and actuation and flight control assemblies. Headquartered in Bellevue, Washington, Primus operates five manufacturing facilities, including three in the Seattle, Washington area, as well as Tulsa, Oklahoma, and Suzhou, China. The Primus acquisition was a stock purchase for tax purposes and operates as part of the Fastener Products segment.

On October 4, 2011, we acquired the assets of PB Fasteners ("PB"). PB is an industry leader in the design and manufacturing of fastener products for airframe applications, including the development of the SLEEVbolt ® fastening system. PB's sleeve bolt technology is critical to mitigating the impact of lightning strikes on the Boeing 787 aircraft and other composite body aircraft. Located in Gardena, California, PB entered the aerospace fastener business in 1967. The PB acquisition was an asset purchase for tax purposes and operates as part of the Fastener Products segment.

Over the course of fiscal 2012 and 2013, we completed several additional minor acquisitions that provide us with expanded manufacturing capabilities.

The above business acquisitions were accounted for under the acquisition method of accounting and, accordingly, the results of operations have been included in the Consolidated Statements of Income since the acquisition date.

Discontinued operations

Our financial statements were impacted by activities relating to the planned or completed divestiture of certain of our businesses. These businesses have been accounted for under discontinued operations guidance. Accordingly, any operating results of these businesses are presented in our Consolidated Statements of Income as discontinued operations, net of income tax, and all prior periods have been reclassified.

Fiscal 2014

During the first quarter of fiscal 2014, we decided to divest a small non-core business in the Airframe Products segment and reclassified it to discontinued operations.

Fiscal 2013

During the second quarter of fiscal 2013, we decided to divest a small non-core business in the Forged Products segment and reclassified it to discontinued operations. The sale of the business was completed in the second quarter of fiscal 2013. The transaction resulted in a gain of approximately $2 million (net of tax) and cash proceeds of $6 million.

During the first quarter of fiscal 2011, we decided to divest a small non-core business in the Airframe Products segment and reclassified it to discontinued operations. The sale of the business was completed in the second quarter of fiscal 2013. The transaction resulted in a loss of less than $1 million (net of tax) and proceeds of $25 million in cash and an unsecured, subordinated, convertible promissory note in the principal amount of $18 million. The note was repaid subsequent to the end of fiscal 2014.

Fiscal 2012

During the fourth quarter of fiscal 2012, we decided to divest a small non-core business in the Airframe Products segment and reclassified it to discontinued operations. The sale of the business was completed in the first quarter of fiscal 2014. The transaction resulted in a gain of approximately $14 million (net of tax) and cash proceeds of $63 million. For tax purposes, the sale generated a capital loss that was offset by a valuation allowance.

Subsequent events

On April 25, 2014, we acquired ADI for approximately $625 million. ADI is one of the premier suppliers in the aerospace industry, operating a wide range of high-speed machining centers. ADI has developed particular expertise in large complex components, hard-metal machining, and critical assemblies. ADI is located in Valencia, California, and employs approximately 625 people. The ADI acquisition was an asset purchase for tax purposes and operates as part of the Airframe Products segment.

Financial results by segment

We analyze our operating segments and manage our business across three reportable segments: Investment Cast Products, Forged Products and Airframe Products.

	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	% Increase/(Decrease) 2014 vs. 2013	% Increase/(Decrease) 2013 vs. 2012
Net sales:					
Investment Cast Products	**$ 2,462**	$ 2,480	$ 2,327	(1)%	7 %
Forged Products	**4,272**	3,566	3,177	20 %	12 %
Airframe Products	**2,882**	2,315	1,698	24 %	36 %
Consolidated net sales	**$ 9,616**	$ 8,361	$ 7,202	15 %	16 %
Segment operating income:					
Investment Cast Products	**$ 874**	$ 838	$ 766	4 %	9 %
% of sales	***35.5%***	*33.8%*	*32.9%*		
Forged Products	**1,088**	777	685	40 %	13 %
% of sales	***25.5%***	*21.8%*	*21.6%*		
Airframe Products	**863**	687	488	26 %	41 %
% of sales	***29.9%***	*29.7%*	*28.7%*		
Corporate expense	**(153)**	(145)	(123)	6 %	18 %
Total segment operating income	**2,672**	2,157	1,816	24 %	19 %
% of sales	***27.8%***	*25.8%*	*25.2%*		
Interest expense, net	**71**	31	5		
Consolidated income before income tax expense and equity in earnings of unconsolidated affiliates	**$ 2,601**	$ 2,126	$ 1,811		

	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	% Increase/(Decrease) 2014 vs. 2013	% Increase/(Decrease) 2013 vs. 2012
Contractual material pass-through:					
Investment Cast Products	**$ 63**	$ 75	$ 77	(16)%	(3)%
Forged Products	**192**	194	210	(1)%	(8)%
Airframe Products	**10**	10	14	— %	(29)%
Total contractual material pass-through	**$ 265**	$ 279	$ 301	(5)%	(7)%

	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	% Increase/(Decrease) 2014 vs. 2013	% Increase/(Decrease) 2013 vs. 2012
Intercompany sales activity:(1)					
Investment Cast Products(2)	**$ 276**	$ 303	$ 296	(9)%	2 %
Forged Products(3)	**1,771**	991	927	79 %	7 %
Airframe Products(4)	**203**	149	116	36 %	28 %
Total intercompany sales activity	**$ 2,250**	$ 1,443	$ 1,339	56 %	8 %

(1) Intercompany sales activity consists of each segment's total intercompany sales activity, including intercompany sales activity within a segment and between segments.

(2) Investment Cast Products: Includes intersegment sales activity of $44 million, $52 million and $48 million for fiscal 2014, 2013 and 2012, respectively.

(3) Forged Products: Includes intersegment sales activity of $124 million, $103 million and $87 million for fiscal 2014, 2013 and 2012, respectively.

(4) Airframe Products: Includes intersegment sales activity of $7 million, $6 million and $5 million for fiscal 2014, 2013 and 2012, respectively.

Investment Cast Products

The Investment Cast Products segment manufactures investment castings and provides related investment casting materials and alloys, for aircraft engines, IGT engines, airframes, armaments, medical prostheses, unmanned aerial vehicles and other industrial applications.

	Fiscal Year			% Increase/(Decrease)	
	2014	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Sales by Market:					
Aerospace	**$ 1,572**	$ 1,579	$ 1,496	— %	6 %
% of total	***64%***	*64%*	*64%*		
Power	**714**	718	624	(1)%	15 %
% of total	***29%***	*29%*	*27%*		
General Industrial & Other	**176**	183	207	(4)%	(12)%
% of total	***7%***	*7%*	*9%*		
Total Sales	**$ 2,462**	$ 2,480	$ 2,327	(1)%	7 %
Operating income	**$ 874**	$ 838	$ 766	4 %	9 %
% of sales	***35.5%***	*33.8%*	*32.9%*		

Fiscal 2014 compared with fiscal 2013

Investment Cast Products' segment sales were $2,462 million for fiscal 2014, a decrease of 1 percent from fiscal 2013 sales of $2,480 million. Large commercial aerospace sales increased approximately 8 percent as the segment continued to see solid schedules in line with the current levels of base commercial aircraft production rates. However, growth was tempered by a double-digit decline in regional/business jet and military shipments. The segment's power business continued to see strong demand, driven by IGT upgrade programs, share gains, and spares sales. General industrial and other sales declined approximately 4 percent as a result of lower sales to the non-aerospace military sector. Fiscal 2014 sales also include $63 million of contractual pricing related to pass-through of raw material costs compared to $75 million in fiscal 2013, a decrease of $12 million.

Operating income for the Investment Cast Products segment was $874 million or 35.5 percent of sales in fiscal 2014, compared to $838 million, or 33.8 percent of sales, in fiscal 2013. The segment's operating income as a percent of sales increased by 1.7 percentage points year-over-year despite a slight decline in sales. The segment's operations improved operating margins by consistently implementing new initiatives to reduce costs and improve productivity on steady, high-volume production. Contractual material pass-through pricing diluted operating margins by 0.9 percentage points in fiscal 2014 compared to 1.1 percentage points last year.

The Investment Cast Products segment has solid content on most major aircraft production platforms. Sales gains are expected to be driven by acceleration of the new development engines for re-engined narrow-body programs. We anticipate stable activity in the regional/business jet end market and a recovery of military aftermarket demand in fiscal 2015. The outlook on our IGT market is stable for both OEM and spares activity. Additional sources of opportunity for growth include upgrades to existing turbines and share gains on new models.

Fiscal 2013 compared with fiscal 2012

The Investment Cast Products segment reported fiscal 2013 sales of $2,480 million, an increase of 7 percent from fiscal 2012 sales of $2,327 million. Aerospace sales increased approximately $83 million, or 6 percent, over fiscal 2012 driven by higher build rates of commercial aircraft, including the Boeing 787. This segment was solidly positioned on all major commercial aircraft programs and was producing at the currently published production rates. In the power market, IGT sales increased by approximately $83 million, or 14%, over fiscal 2012 due to strong demand for spares driven by historically low natural gas prices. The increases in aerospace and IGT sales were partially offset by declines in general industrial and other sales. Sales also include $75 million of higher pricing related to contractual pass-through of increased material costs compared to $77 million in fiscal 2012, a decrease of $2 million.

Operating income for the Investment Cast Products segment was $838 million or 33.8 percent of sales in fiscal 2013, compared to $766 million, or 32.9 percent of sales, in fiscal 2012. Operating income increased compared to fiscal 2012 as the segment delivered strong operating performance and generated strong incremental margins as it continued to capture opportunities for cost reduction and improved productivity across most of its manufacturing facilities. The segment improved operating margin by 0.9 percentage points year-over-year. Contractual material pass-through pricing diluted operating margins by 1.1 percentage points in fiscal 2013 compared to 1.2 percentage points in fiscal 2012.

Forged Products

The Forged Products segment manufactures forged components from titanium and nickel-based alloys principally for the aerospace and power markets and manufactures nickel, titanium and cobalt-based alloys used to produce forged components for aerospace and non-aerospace markets which include products for oil and gas, chemical processing and pollution control applications. The segment also provides nickel superalloy and titanium revert management solutions, re-melting various material byproducts and to be reused in casting, forging and fastener manufacturing processes. Forged Products' sales to the aerospace and power markets are derived primarily from the same large engine customers served by the Investment Cast Products segment, with additional aerospace sales to manufacturers of landing gear and other airframe components. The Forged Products segment also produces interconnect pipe and downhole casings for the oil and gas industries.

	Fiscal Year			% Increase/(Decrease)	
	2014	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Sales by Market:					
Aerospace	**$ 2,488**	$ 1,960	$ 1,692	27%	16%
% of total	***58%***	*55%*	*53%*		
Power	**942**	897	863	5%	4%
% of total	***22%***	*25%*	*27%*		
General Industrial & Other	**842**	709	622	19%	14%
% of total	***20%***	*20%*	*20%*		
Total Sales	**$ 4,272**	$ 3,566	$ 3,177	20%	12%
Operating income	**$ 1,088**	$ 777	$ 685	40%	13%
% of sales	***25.5%***	*21.8%*	*21.6%*		

Fiscal 2014 compared with fiscal 2013

Forged Products segment sales were $4,272 million in fiscal 2014, an increase of 20 percent from fiscal 2013 sales of $3,566 million. Results for fiscal 2013 include the benefit from the acquisitions of Aerocraft and Dickson for more than nine months, THI for five months, and TIMET for three months, versus a full year in fiscal 2014. The segment experienced aerospace sales growth of approximately $528 million, or 27 percent, year over year, driven primarily by the inclusion of TIMET and higher commercial aerospace demand. Similar to the Investment Cast Products segment, aerospace OEM business continues to be aligned with current commercial aircraft production rates. However, the reduced capacity and subsequent repair of the 29,000-ton press in Wyman-Gordon's Houston facility created a drag on sales in fiscal 2014. Sales to power markets improved approximately $45 million, or 5 percent, compared to the prior year, driven by increased demand for seamless interconnect pipe and higher oil and gas shipments. General industrial and other sales increased approximately $133 million, or 19 percent, during fiscal 2014, driven almost entirely by the addition of TIMET. Lower market-driven pricing of raw material inputs had a significant negative impact on the segment's year-over-year sales. Nickel prices decreased 15 percent, as reported on the LME, compared to the same period last year. The decline in external selling prices of nickel alloy sales from the segment's three primary nickel conversion mills reduced top-line revenues by approximately $142 million in fiscal 2014 versus fiscal 2013 and the falling price of revert and other alloys negatively impacted sales by approximately $55 million. Fiscal 2014 sales also include $192 million of contractual pricing related to pass-through of raw material costs compared to $194 million in fiscal 2013, a decrease of $2 million (also included in market increases discussed above).

Operating income for the Forged Products segment was $1,088 million, or 25.5 percent of sales, in fiscal 2014, compared to $777 million, or 21.8 percent of sales, in fiscal 2013. Operating income as a percent of sales increased 3.7 percentage points compared to a year ago, driven by higher seamless pipe shipments and operational improvements that are being implemented at TIMET as well as the base businesses. TIMET continued its rapid integration, aggressively improving its cost models and delivering significant value across its operations. The Forged Products segment achieved these results while also successfully rebuilding the 29,000-ton forging press in Houston. The contractual pass-through of raw material costs diluted operating margins by 1.2 percentage points in both fiscal 2014 and 2013.

The Forged Products segment is well-positioned to benefit from further upside from large commercial aerospace programs and the acceleration of the new re-engined narrow-body platforms. TIMET's operational efficiencies have significantly improved its asset utilization, positioning facilities to handle solid volume increases, which are expected to begin in the second quarter of fiscal 2015. Within the power markets, we expect modest IGT growth due to relatively flat OEM production. IGT upgrade programs and additional share on new platforms provide further upside potential. The increased market demand for interconnect pipe has driven a strong recovery and backlog is holding steady at approximately one year. We are also in active discussions with oil and gas customers on sizable near-term projects.

Fiscal 2013 compared with fiscal 2012

The Forged Products segment reported fiscal 2013 sales of $3,566 million, an increase of 12 percent from fiscal 2012 sales of $3,177 million. Fiscal 2013 results include the benefit from the acquisitions of RathGibson for the whole year, Aerocraft and Dickson for approximately nine months, THI for five months and one full quarter for TIMET. The inclusion of TIMET was the largest driver of sales growth. Similar to the Investment Cast Products segment, aerospace OEM orders continued to align with current commercial aircraft production rates as aerospace sales improved by approximately $268 million, or 16 percent, year over year. However, aerospace sales in fiscal 2013 were negatively impacted by an unplanned outage of the 29,000-ton press in Wyman-Gordon's Houston facility in the second quarter. Sales to power markets increased approximately $34 million, or 4 percent, compared to fiscal 2012. Factors contributing to this increase were the fiscal 2013 acquisitions and increased shipments of downhole casings, partially offset by lower IGT and interconnect pipe sales. General industrial sales increased approximately $87 million, or 14 percent, during fiscal 2013, aided by the acquisition of TIMET. Lower external selling prices of nickel alloy sales from the segment’s three primary mills reduced top-line revenues by approximately $42 million in fiscal 2013 versus fiscal 2012, due in part to nickel price decreases of 19 percent, as reported on the LME, compared to fiscal 2012. Fiscal 2013 sales also include $194 million of contractual pricing related to pass-through of increased raw material costs compared to $210 million in fiscal 2012, a decrease of $16 million.

Operating income for the Forged Products segment was $777 million, or 21.8 percent of sales, in fiscal 2013, compared to $685 million, or 21.6 percent of sales, in fiscal 2012. The segment delivered solid operating margins for fiscal 2013, despite the impact from the press outage mentioned above and inclusion of lower margin acquisitions. The segment's operating margins increased by 0.2 percentage points year over year. The contractual pass-through of higher raw material costs diluted operating margins by 1.2 percentage points in fiscal 2013 compared to 1.5 percentage points in fiscal 2012.

Airframe Products

The Airframe Products segment manufactures highly engineered fasteners, fastener systems, fluid fittings, aerostructures and precision components, primarily for critical aerospace applications. The balance of the segment’s sales is derived from construction, automotive, heavy truck and general industrial markets, including farm machinery, mining and construction equipment, shipbuilding, machine tools, medical equipment, appliances and recreation.

	Fiscal Year			% Increase/(Decrease)	
	2014	**2013**	**2012**	**2014 vs. 2013**	**2013 vs. 2012**
Sales by Market:					
Aerospace	**$ 2,497**	$ 1,933	$ 1,280	29 %	51 %
% of total	***87%***	*84%*	*75%*		
Power	**34**	24	23	42 %	4 %
% of total	***1%***	*1%*	*2%*		
General Industrial & Other	**351**	358	395	(2)%	(9)%
% of total	***12%***	*15%*	*23%*		
Total Sales	**$ 2,882**	$ 2,315	$ 1,698	24 %	36 %
Operating income	**$ 863**	$ 687	$ 488	26 %	41 %
% of sales	***29.9%***	*29.7%*	*28.7%*		

Fiscal 2014 compared with fiscal 2013

Airframe Products segment sales were $2,882 million in fiscal 2014, a 24 percent increase from fiscal 2013 sales of $2,315 million. Results for fiscal 2013 include contributions from Centra for nearly ten months, Klune for eight months, Progressive for seven months, and Synchronous for three months, versus a full year in fiscal 2014. In addition, fiscal 2014 includes the results of Permaswage for five months. This segment experienced strong growth in aerospace sales of approximately $564 million, or 29 percent, due to solid contributions from new acquisitions coupled with organic sales expansion. The base aerostructures businesses grew year-over-year aerospace sales by approximately 14 percent, due to market growth and share gains, and are shipping Boeing 787 content at approximately ten shipsets per month. Critical aerospace fasteners shipments improved 6 percent year over year, and continue to close the gap with commercial aircraft production schedules. General industrial and other sales decreased approximately $7 million, or 2 percent when compared to the prior year, primarily due to a decrease in non-aerospace military sales, partially offset by an increase in the mining sector.

Operating income for the Airframe Products segment was $863 million, or 29.9 percent of sales, in fiscal 2014, compared to $687 million, or 29.7 percent of sales, in fiscal 2013. Operating income as a percent of sales increased 0.2 percentage points compared to a year ago despite the inclusion of several lower-margin acquisitions due to continued achievement of strong incremental margins on base sales and organic growth. Airframe Products' operating income improved due to the leverage of increased throughput over an improving cost structure and variable cost improvements in the base businesses.

The Airframe Products segment is well-positioned on commercial OEM platforms, such as the Boeing 787, and we anticipate sales will accelerate as the segment further aligns with current build rates and with future share gains on production and development programs. Operating performance is expected to continue its strong upward trajectory, as base businesses improve key metrics and recent acquisitions deliver rapid performance improvements. The acquisition of ADI, which closed after the end of the fiscal year, has been a key focus of our strategy and we expect the same rapid integration and accelerated performance we have seen from our other recent acquisitions.

Fiscal 2013 compared with fiscal 2012

The Airframe Products segment reported fiscal 2013 sales of $2,315 million, a 36 percent increase from fiscal 2012 sales of $1,698 million. Fiscal 2013 results include contributions from Centra for ten months, Klune for eight months, Progressive for seven months, and Synchronous for nearly four months. The segment also received a strong contribution from Primus, which was acquired midway through the second quarter of fiscal 2012, and PB Fasteners, which was acquired at the beginning of the third quarter of fiscal 2012. This segment experienced robust growth in aerospace sales of approximately $653 million, or 51 percent, due to acquisitions and strong organic growth from the commercial aerospace industry, reflecting the segment's solid market share position on all major platforms. The segment's core fastener production rates are strong, and the aerostructures businesses are showing solid gains. General industrial sales decreased approximately $37 million, or 9 percent, over fiscal 2012 as the segment focused on its core aerospace markets.

Operating income for the Airframe Products segment was $687 million, or 29.7 percent of sales, in fiscal 2013, compared to $488 million, or 28.7 percent of sales, in fiscal 2012. Operating income as a percent of sales increased 1.0 percentage point compared to fiscal 2012 despite the addition of a number of lower-margin-acquisitions. The segment demonstrated strong operating leverage, extracting solid drop-through from its base businesses due to increasing manufacturing efficiencies.

Interest and taxes

Net interest expense during fiscal 2014 was $71 million, compared with $31 million during fiscal 2013. The significant increase was due to debt associated with the acquisition of TIMET. Near the end of the third quarter of fiscal 2013, we issued $3.0 billion of debt to finance the acquisition of TIMET. In fiscal 2014, we incurred additional interest expense associated with that debt as it was outstanding for the full year. Interest income for fiscal 2014 was $5 million compared to $7 million in fiscal 2013. The decrease was a result of lower cash balances invested outside the U.S., which generally earn higher rates of return.

Net interest expense in fiscal 2013 was $31 million, compared with $5 million in fiscal 2012. The increase was due to debt associated with the acquisition of TIMET noted above. In addition, we entered into a bridge financing commitment, and the related costs of approximately $7 million were expensed during the third quarter of fiscal 2013. Interest income for fiscal 2013 was $7 million compared to $8 million in fiscal 2012. The decrease was a result of lower interest rates on cash balances invested outside the U.S.

The effective tax rate for fiscal 2014 was 32.1 percent, 0.5 percentage points lower than the 32.6 percent effective tax rate in fiscal 2013. The lower effective tax rate is primarily due to an increase in earnings taxed at rates lower than the U.S. statutory rate, the impact of the U.K. statutory rate reduction on deferred tax liabilities, and the settlement of a federal environmental penalty by TIMET that resulted in pre-tax income but not taxable income.

The effective tax rate for fiscal 2013 was 32.6 percent, 0.2 percentage points lower than the 32.8 percent effective tax rate in fiscal 2012. The lower effective tax rate is primarily due to an increase in benefits from earnings taxed at rates lower than the U.S. statutory rate, partially offset by reduced benefits from the federal manufacturing deduction.

Liquidity and capital resources

Total assets of $18,586 million at March 30, 2014 represented a $1,690 million increase from the $16,896 million balance at March 31, 2013. The increase in total assets was driven by cash generated from operations during fiscal 2014 totaling $1,882 million, partially offset by debt repayments and the repurchase of common stock.

Total capitalization at March 30, 2014 was $14,958 million, consisting of $3,572 million of total debt and $11,386 million of PCC shareholders' equity. The debt-to-capitalization ratio declined to 23.9% at March 30, 2014 from 28.0% at the end of fiscal 2013, reflecting a decrease of $235 million in debt and the impact of increased equity from earnings and higher cumulative translation adjustments.

Cash as of March 30, 2014 was $361 million, an increase of $81 million from the end of fiscal 2013, and total debt was $3,572 million, down $235 million since the end of fiscal 2013. The net cash inflow primarily reflects cash generated from operations of $1,882 million (after $50 million of cash paid for voluntary pension contributions) and $114 million from the issuance of common stock, partially offset by cash paid to acquire businesses (net of cash acquired) of $1,012 million, $487 million of stock repurchases, and capital expenditures of $355 million.

Capital spending of $355 million in fiscal 2014 principally provided for equipment upgrades, capacity expansion, and cost reduction and productivity projects across all segments. We expect our baseline capital expenditures for fiscal 2015 to be modestly higher than fiscal 2014 based on our current forecasts. These expenditures will be targeted for new buildings and facility expansions to increase capacity, and new equipment purchases and refurbishments, primarily in the Forged Products and Airframe Products segments.

During fiscal 2014, we contributed $78 million to the defined benefit pension plans, of which $50 million was voluntary. In the first quarter of fiscal 2015, we made $6 million of voluntary contributions to our non-U.S. defined benefit pension plans. We expect to contribute approximately $25 million of required contributions in fiscal 2015, for total contributions to the defined benefit pension plans of approximately $31 million in fiscal 2015. In addition, we contributed $8 million to other postretirement benefit plans during fiscal 2014. We expect to contribute approximately $7 million to the other postretirement benefit plans during fiscal 2015.

Our international operations hold cash that is denominated in foreign currencies. We manage our worldwide cash requirements by evaluating the available funds from our various subsidiaries and the cost effectiveness of accessing those funds. The repatriation of cash from our foreign subsidiaries could have an adverse effect on our effective tax rate. As discussed in Note 10—Income taxes, U.S. taxes have not been provided on the cumulative earnings of non-U.S. affiliates and associated companies. Our intention is to reinvest these earnings indefinitely.

Historically, we have issued commercial paper as a method of raising short-term liquidity. We believe we will continue to have the ability to issue commercial paper and have issued commercial paper to fund acquisitions and short-term cash requirements in recent years. As of March 30, 2014, the amount of commercial paper borrowings outstanding was $570 million and the weighted average interest rate was 0.2%. As of March 31, 2013, the amount of commercial paper borrowings outstanding was $601 million and the weighted average interest rate was 0.2%. During fiscal 2014, the average amount of commercial paper borrowings outstanding was $674 million and the weighted average interest rate was 0.2%. During fiscal 2013, the average amount of commercial paper borrowings outstanding was $423 million and the weighted average interest rate was 0.2%. During fiscal 2014 and 2013, the largest daily balance of outstanding commercial paper borrowings was $1,151 million and $941 million, respectively. We do not anticipate any changes in our ability to borrow under our current credit facilities, but changes in the financial condition of the participating financial institutions could negatively impact our ability to borrow funds in the future. Should that circumstance arise, we believe that we would be able to arrange any needed financing, although we are not able to predict what the terms of any such borrowings would be or the source of the borrowed funds.

On December 16, 2013, we entered into a 364-day, $1.0 billion revolving credit facility maturing December 2014 (the “364-Day Credit Agreement”), unless converted into a one-year term loan at the option of the Company at the end of the revolving period. The 364-Day Credit Agreement replaces the prior 364-day credit agreement that expired in December 2013. The 364-Day Credit Agreement contains customary representations and warranties, events of default, and financial and other covenants.

On December 16, 2013, we entered into a five-year, $1.0 billion revolving credit facility (the "New Credit Agreement") (with a $500 million increase option, subject to approval of the lenders) maturing December 2018, unless extended pursuant to two 364-day extension options. On the same day, we terminated the prior credit agreement maturing November 30, 2016. The New Credit Agreement contains customary representations and warranties, events of default, and financial and other covenants. The 364-Day and New Credit Agreements may be referred to collectively as the "Credit Agreements." We had not borrowed funds under the Credit Agreements as of March 30, 2014.

On September 30, 2013, we exercised the make-whole early prepayment option and redeemed all $200 million of the 5.60% Senior Notes then outstanding, with the funding provided by commercial paper borrowings. Our outstanding long-term debt is not guaranteed by any PCC subsidiaries.

On December 17, 2012, we entered into an underwriting agreement with a group of investment banks for the issuance and sale by the Company of $3.0 billion aggregate principal amount of notes (collectively, the “Notes”) as follows: $500 million of 0.70% Senior Notes due 2015 (the "2015 Notes"); $1.0 billion of 1.25% Senior Notes due 2018 (the "2018 Notes"); $1.0 billion of 2.50% Senior Notes due 2023 (the "2023 Notes"); and $500 million of 3.90% Senior Notes due 2043 (the "2043 Notes").

The Notes are unsecured senior obligations of the Company and rank equally with all of the other existing and future senior, unsecured and unsubordinated debt of the Company. The Company pays interest on the 2015 Notes on June 20 and December 20 of each year and pays interest on the 2018 Notes, the 2023 Notes and the 2043 Notes on January 15 and July 15 of each year.

The maximum amount that can be borrowed under our Credit Agreements and commercial paper program is $2.0 billion. Our unused borrowing capacity as of March 30, 2014 was $1,430 million due to our outstanding commercial paper borrowings of $570 million.

Our financial covenant requirement and actual ratio as of March 30, 2014 was as follows:

	Covenant Requirement	Actual
Consolidated leverage ratio(1)	65.0% (maximum)	23.9%

(1) Terms are defined in the Credit Agreements.

As of March 30, 2014, we were in compliance with the financial covenant in the Credit Agreements.

We believe we will be able to meet our short and longer-term liquidity needs for working capital, pension and other postretirement benefit obligations, capital spending, cash dividends, environmental remediation, scheduled repayment of debt and potential acquisitions with the cash generated from operations, borrowing from our Credit Agreements or new bank credit facilities, the issuance of public or privately placed debt securities, or the issuance of equity instruments.

Off-balance sheet arrangements

There are currently no off-balance sheet arrangements that are, or are reasonably likely to have, a current or future material effect on our financial condition.

Contractual obligations and commercial commitments

We are obligated to make future payments under various contracts such as debt agreements and lease agreements. The following table represents our contractual payment obligations as of March 30, 2014 and the estimated timing of future cash payments:

Contractual Cash Obligations	Total	2015	2016	2017	2018	2019	Thereafter
Long-term debt	$ 3,580	$ 2	$ 506	$ 1	$ 1,000	$ 571	$ 1,500
Operating leases(1)	259	49	38	32	27	22	91
Cash contributions to qualified pension plans	135	25	24	28	32	26	—
Environmental remediation	14	14	—	—	—	—	—
Interest on fixed-rate debt	840	62	61	58	55	45	559
Interest on variable-rate debt(2)	4	1	1	1	1	—	—
Total	$ 4,832	$ 153	$ 630	$ 120	$ 1,115	$ 664	$ 2,150

(1) Operating lease obligations attributable to operations held-for-sale were $2 million.
(2) Interest on variable-rate debt is based on current prevailing interest rates.

Our reserve for uncertain tax positions at March 30, 2014 was $14 million. Due to the uncertainties associated with settling these liabilities, we are unable to make reasonable estimates of the period of cash settlement. As a result, our reserve for unrecognized tax benefits is excluded from the table above. See Note 10 to the Consolidated Financial Statements for additional information regarding our reserve for uncertain tax positions.

We also have benefit payments due under our non-qualified pension and other post-retirement benefit plans that are not required to be funded in advance, but are pay-as-you-go. See Note 18 to the Consolidated Financial Statements for additional information.

Critical accounting policies

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact and any associated risks related to these policies on our business operations are discussed throughout Management's Discussion and Analysis where such policies affect reported and expected financial results. For a detailed discussion on the application of these and other significant accounting policies, see the Notes to the Consolidated Financial Statements of this Annual Report. Note that the preparation of this Annual Report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition

We recognize revenue when the earnings process is complete. This occurs when products are shipped to the customer in accordance with the contract or purchase order, ownership and risk of loss have passed to the customer, collectability is reasonably assured, and pricing is fixed and determinable. In instances where title does not pass to the customer upon shipment, we recognize revenue upon delivery or customer acceptance, depending on terms of the sales agreement. Service sales, representing maintenance and engineering activities, are recognized as services are performed. Shipping and handling costs billed to customers are included in revenue.

Valuation of inventories

All inventories are stated at the lower of their cost or market value, with the market value being determined based on sales in the ordinary course of business. Cost for inventories at a significant number of our operations is determined on a last-in, first-out ("LIFO") basis. The average inventory cost method is utilized for most other inventories. We regularly review inventory quantities on hand and record a provision for excess or obsolete inventory equal to the difference between the cost of the inventory and the estimated market value based on the age, historical usage or assumptions about future demand for the inventory. We also regularly review inventory balances on a LIFO basis to ensure the balances are stated at the lower of cost or market as of the balance sheet date. For those inventories valued using LIFO, their carrying value may be higher or lower than current replacement costs for such inventory, since the LIFO costing assumption matches current costs with current sales, not with current inventory values. When the LIFO cost is greater than the current cost, there is an increased likelihood that our inventories could be subject to write-downs to market value. While historical write-downs have not been material, if actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required, which could have a significant impact on the value of our inventories and reported operating results.

Acquisition accounting

We account for acquired businesses using the acquisition method of accounting. This requires that we make various assumptions and estimates regarding the fair value of assets, liabilities, and contractual and non-contractual contingencies at the date of acquisition. These assumptions can have a material impact on our balance sheet valuations and the related amount of depreciation and amortization expense that will be recognized in the future.

Goodwill and acquired intangibles

We regularly acquire businesses in purchase transactions that typically result in the recognition of goodwill and other intangible assets, which may affect the amount of future period amortization expense and possible impairment charges. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect the consolidated financial statements.

We recognize indefinite-lived intangible assets when circumstances are identified whereby there is no foreseeable limit on the period of time over which the asset is expected to contribute to the cash flows of the acquired entity. We evaluate many criteria and factors when determining whether an asset life is either indefinite or limited. Among the most significant factors are: the economic effects of competition, obsolescence and demand; the relative cost to the customer for terminating the relationship; the forecasted customer turnover rate and whether there are legal, regulatory, contractual, or other factors that limit the useful life of the asset. If no factors are identified that would limit the asset life then it is considered indefinite.

Goodwill and indefinite-lived intangible assets related to our continuing operations are tested for impairment at a minimum each fiscal year at the end of the second month in the second quarter or when events or circumstances indicate that the carrying value of these assets exceeds their fair value. For fiscal 2014, our reporting units consisted of two reporting units within our Investment Cast Products reportable operating segment, three reporting units within our Forged Products reportable operating segment, as well as four reporting units in our Airframe Products reportable operating segment.

Testing for goodwill impairment involves the estimation of the fair value of the reporting units. Discounted cash flow and market-based valuation multiple models are typically used in these valuations. Such models require the use of significant estimates and assumptions primarily based on such factors as future cash flows, expected market growth rates, estimates of sales volumes, market valuation multiples, sales prices and related costs, and discount rates, which reflect the weighted average cost of capital. Management uses the best available information at the time fair values of the reporting units are estimated; however, estimates could be materially impacted by such factors as changes in growth trends and specific industry conditions, with the potential for a corresponding adverse effect on the consolidated financial statements potentially resulting in impairment of goodwill. The discounted cash flow models used to determine fair value are most sensitive to the expected future cash flows and the discount rate for each reporting unit. The discount rate used in the cash flow models for the fiscal 2014 goodwill impairment analysis ranged from 8% to 15% depending on the reporting unit. The annual growth rate for earnings before interest and taxes varied by reporting unit and ranged from 6% to 13% over the initial five-year forecast period. We used a terminal value growth rate of 4% and found that the reporting unit that would be most sensitive to worsening economic conditions has $79 million of goodwill recorded as of March 30, 2014. We performed additional sensitivity analysis and determined that the forecast for future earnings before interest and taxes used in the cash flow model could decrease by more than 30% or the discount rate utilized could increase by more than 3 percentage points, and the goodwill of our reporting units would not be impaired.

The impairment test for indefinite-lived intangible assets encompasses calculating the fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. The testing methodology utilizes a discounted cash flow model, consistent with goodwill impairment testing. Indefinite-lived intangible asset testing is performed at the same business unit or division level as the initial asset value determination. If the carrying value exceeds the estimated fair value, impairment is recorded. For fiscal 2014 and 2013, it was determined that the fair value of indefinite-lived intangible assets was greater than the carrying value.

Environmental costs

Total environmental liabilities accrued at March 30, 2014 and March 31, 2013 were $525 million and $294 million, respectively. The estimated future costs for known environmental remediation requirements are accrued on an undiscounted basis when it is probable that a liability has been incurred, and the amount of remediation costs can be reasonably estimated. When only a range of amounts is established, and no amount within the range is better than another, the minimum amount of the range is recorded. The estimated upper end of the range of reasonably possible environmental costs exceeded amounts accrued by approximately $400 million at March 30, 2014. Actual future losses may be lower or higher given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of potentially responsible parties, technology and information related to individual sites.

Recoveries of environmental remediation costs from other parties are recorded as assets when collection is probable. Adjustments to our accruals may be necessary to reflect new information as investigation and remediation efforts proceed. The amounts of any such adjustments could have a material adverse effect on our results of operations in a given period.

In fiscal 2014, total environmental liabilities accrued increased $231 million, primarily due to additional investigation of the nature and extent of TIMET environmental liabilities that existed as of the acquisition date. The investigation resulted in an increase to the environmental liability of $259 million, which was partially offset by remediation expenditures applied against the environmental liability of $22 million and other adjustments. Due to the nature of its historical operations, TIMET has significant environmental liabilities at its titanium manufacturing plants. It has for many years, under the oversight of government agencies, conducted investigations of the soil and groundwater contamination at its plant sites. TIMET has initiated remedial actions at its properties, including the capping of former on-site landfills, removal of contaminated sediments from on-site surface impoundments, remediation of contaminated soils and the construction of a slurry wall and groundwater extraction system to treat contaminated groundwater as well as other remedial actions. Although it is anticipated that significant remediation will be completed within the next two to three years, it is expected that a substantial portion of the TIMET environmental accruals will be expended within 45 years. Expenditures related to these remedial actions and for resolving TIMET's other environmental liabilities will be applied against existing liabilities. As the remedial actions are implemented at these sites, the liabilities will be adjusted based on the progress made in determining the extent of contamination and the extent of required remediation. While the existing liability generally represents our current best estimate of the costs or range of costs of resolving the identified environmental liabilities, these costs may change substantially due to factors such as the nature and extent of contamination, changes in legal and remedial requirements, the allocation of costs among potentially responsible parties as well as other third parties, and technological changes, among others.

Guidance on asset retirement and environmental obligations clarifies the term "conditional asset retirement obligation" and requires a liability to be recorded if the fair value of the obligation can be reasonably estimated. Asset retirement obligations covered by this guidance include those for which an entity has a significant obligation to perform an asset retirement activity; however, the timing or method of settling the obligation are conditional on a future event that may not be within the control of the entity. This guidance also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation.

In accordance with the asset retirement and environmental obligations guidance, we record all known asset retirement obligations for which the liability can be reasonably estimated. Currently, we have identified known asset retirement obligations associated with environmental contamination at several of our manufacturing facilities and have accrued approximately $6 million to satisfy these asset retirement obligations. However, we have not recognized a liability for an asset retirement obligations at two of our manufacturing facilities because the fair value retirement obligation at these sites cannot be reasonably estimated since the settlement date is unknown at this time. The settlement date is unknown because the retirement obligation (remediation of contamination) of these sites is not required until production ceases, and we have no current or future plans to cease production. These asset retirement obligations, when estimable, are not expected to have a material adverse effect on our consolidated financial position, results of operations, cash flows or business.

Income taxes

Provisions for federal, state and foreign income taxes are calculated on reported pre-tax earnings based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable, because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes. Significant judgment is required in determining income tax provisions and evaluating tax positions. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Tax benefits arising from uncertain tax positions are recognized when it is more likely than not that the position will be sustained upon examination by the relevant tax authorities. The amount recognized in the financial statements is the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. We recognize interest and penalties, if any, related to uncertain tax positions in income tax expense.

Pension and other postretirement benefit plans

We sponsor many U.S. and non-U.S. defined benefit pension plans. Our pension and postretirement benefit plans are accounted for in accordance with defined benefit pension and other postretirement plans accounting guidance. Plan assets have been valued at fair value in accordance with this guidance. Pension and postretirement expense and liability amounts are derived from several significant assumptions, including the discount rate, expected return on plan assets and health care cost trend rate. For valuation of our pension liabilities, we derive a market-based discount rate from yields on high quality, liquid fixed income securities at the end of our fiscal year. We use only highly-rated bonds (AA/Aa or higher) to estimate the interest rate at which our pension benefits could be effectively settled. For our U.S. Plans, we used a discount rate assumption of 4.70% for the total benefit obligation of our pension plans at our March 30, 2014 measurement date. For our non-U.S. Plans, we used a discount rate assumption of 4.67% for the total benefit obligation of our pension plans at our March 30, 2014 measurement date.

In developing the long-term rate of return on plan assets assumptions, we evaluate input from third-party investment consultants and actuaries, and review asset allocation and investment strategies, ranges of projected and historical returns, and inflation and economic assumptions. The expected return assumptions are derived from asset allocations within the Company's target asset allocation ranges consistent with our diversified investment approach. As the assumed rate of return on plan assets is a long-term assumption, it is not anticipated to be as volatile as the discount rate, which is a point-in-time measurement. For our U.S. Plans, we used a long-term rate of return assumption of 8.00% to calculate the 2014 and 2013 net periodic pension cost. For our non-U.S. Plans, we used a long-term rate of return assumption of 7.50% to calculate the 2014 and 2013 net periodic pension cost. For fiscal 2015, we will use a long-term rate of return assumption of 7.75% for our U.S. plans and 7.25% for our non-U.S. plans to calculate the net periodic pension cost. For fiscal 2014, our U.S. net periodic pension expense was $55 million and non-U.S. net periodic pension income was $8 million. We estimate that for fiscal 2015, our U.S. net periodic pension expense will be approximately $50 million and non-U.S. net periodic pension expense will be approximately $2 million. Our U.S. net postretirement benefit cost was $7 million for fiscal 2014, and we estimate that for fiscal 2015, our U.S. net postretirement benefit cost will be $6 million.

The table below quantifies the approximate impact, as of March 30, 2014, of a one-quarter percentage point decrease in our assumptions for discount rate and expected return on assets, holding other assumptions constant.

	0.25 Percentage Point Decrease	
Increase in annual costs:		
Discount rate	$	7
Expected long-term rate of return	$	6
Increase in projected benefit obligation:		
Discount rate	$	94

The approximate impact, as of March 30, 2014, of a one percentage point increase in our assumption for the health care cost trend rate, holding other assumptions constant, on our total service and interest cost components and accumulated postretirement benefit obligation is not significant.

Recently issued accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance on revenue from contracts with customers. The guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes the most current revenue recognition guidance. The guidance is effective for the Company beginning the first quarter of fiscal 2018. The Company is in the process of determining the impact of this guidance on our consolidated financial positions, results of operations, and cash flows.

In April 2014, the FASB issued guidance that changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. The guidance is effective for the Company beginning the first quarter of fiscal 2016 with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations, or cash flows.

In July 2013, the FASB issued guidance on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires entities to present an unrecognized tax benefit netted against certain deferred tax assets when specific requirements are met. The guidance is effective for the Company beginning the first quarter of fiscal 2015. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations, or cash flows.

In July 2013, the FASB issued guidance which updates the benchmark interest rates allowed for hedge accounting. The guidance permits companies to use the Federal Funds Effective Swap Rate (or Overnight Index Swap Rate) as a benchmark interest rate for hedge accounting purposes, in addition to the U.S. Treasury rate and LIBOR. The guidance was effective for the Company beginning the second quarter of fiscal 2014. The adoption of this guidance had no impact on the Company; however, it could impact the Company in the future.

In March 2013, the FASB issued guidance to address the accounting for the cumulative translation adjustment when a parent entity sells or transfers either a subsidiary or a group of assets within a foreign entity. The guidance is effective for the Company beginning the first quarter of fiscal 2015 and will be applied prospectively. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations, or cash flows.

In February 2013, the FASB issued guidance which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income ("AOCI"), including (1) changes in AOCI balances by component and (2) significant items reclassified out of AOCI. The guidance does not amend any existing requirements for reporting net income or OCI in the financial statements. The guidance was effective for the Company beginning the first quarter of fiscal 2014 and has been applied prospectively. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations, or cash flows.

In July 2012, the FASB issued guidance which amends the guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the new guidance, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. If the entity determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is not more likely than not impaired, the entity would not need to calculate the fair value of the asset. The guidance was effective for the Company for our annual impairment test for fiscal 2014. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations, or cash flows.

In December 2011, the FASB issued guidance increasing disclosures regarding offsetting of assets and liabilities in the balance sheet. For derivatives and financial assets and liabilities, the amendments require disclosure of gross asset and liability amounts, amounts offset on the balance sheet, and amounts subject to the offsetting requirements but not offset on the balance sheet. The guidance was effective for the Company beginning the first quarter of fiscal 2014. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations, or cash flows and therefore, we did not provide additional disclosure in our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At various times, we use derivative financial instruments to limit exposure to changes in foreign currency exchange rates, interest rates and prices of strategic raw materials. Because derivative instruments are used solely as hedges and not for speculative trading purposes, fluctuations in the market values of such derivative instruments are generally offset by reciprocal changes in the underlying economic exposures that the instruments are intended to hedge. For further discussion of derivative financial instruments, refer to Item 8. Financial Statements and Supplementary Data, Note 17—Derivatives and hedging activities.

Interest Rate Risk

We have variable rate debt obligations that expose us to interest rate risk. If market interest rates had averaged 10 percent higher than actual levels in fiscal 2014 or 2013, the effect on our interest expense and net income would not have been material.

Foreign Currency Risk

The majority of our revenue, expense and capital purchasing activities are transacted in U.S. dollars; however, we are exposed to fluctuations in foreign currencies for transactions denominated in other currencies. As discussed in Item 8. Financial Statements and Supplementary Data, Note 1—Summary of significant accounting policies, we had foreign currency hedges in place at March 30, 2014 and March 31, 2013 to reduce such exposure. The estimated loss in fair value on foreign currency hedges outstanding as of March 30, 2014, from a hypothetical 10 percent adverse change in exchange rates, would not have been material.

Material Cost Risk

We have entered into long-term supply agreements to fix the purchase price of certain strategic raw materials as of March 30, 2014 and March 31, 2013. In addition, we had escalation clauses related to raw material pricing in certain of our sales contracts at March 30, 2014 and March 31, 2013. If market rates had averaged 10 percent higher than actual levels in either fiscal 2014 or 2013, the effect on our cost of sales and net earnings, after considering the effects of these supply agreements and related sales contracts, would not have been material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
Consolidated Statements of Income

(In millions, except per share data)	Fiscal Years Ended March 30, 2014	Fiscal Years Ended March 31, 2013	Fiscal Years Ended April 1, 2012
Net sales	**$ 9,616**	$ 8,361	$ 7,202
Costs and expenses:			
Cost of goods sold	**6,317**	5,669	4,940
Selling and administrative expenses	**627**	535	446
Interest expense	**76**	38	13
Interest income	**(5)**	(7)	(8)
Total costs and expenses	**7,015**	6,235	5,391
Income before income tax expense and equity in earnings of unconsolidated affiliates	**2,601**	2,126	1,811
Income tax expense	**(835)**	(694)	(594)
Equity in earnings of unconsolidated affiliates	**1**	1	15
Net income from continuing operations	**1,767**	1,433	1,232
Net income (loss) from discontinued operations	**17**	(3)	(6)
Net income	**1,784**	1,430	1,226
Net income attributable to noncontrolling interests	**(7)**	(3)	(2)
Net income attributable to Precision Castparts Corp. ("PCC")	**$ 1,777**	$ 1,427	$ 1,224
Net income (loss) per common share attributable to PCC shareholders — basic:			
Net income per share from continuing operations	**$ 12.09**	$ 9.81	$ 8.52
Net income (loss) per share from discontinued operations	**0.11**	(0.02)	(0.04)
Net income per share (basic)	**$ 12.20**	$ 9.79	$ 8.48
Net income (loss) per common share attributable to PCC shareholders — diluted:			
Net income per share from continuing operations	**$ 12.01**	$ 9.75	$ 8.45
Net income (loss) per share from discontinued operations	**0.11**	(0.03)	(0.04)
Net income per share (diluted)	**$ 12.12**	$ 9.72	$ 8.41
Weighted average common shares outstanding:			
Basic	**145.6**	145.7	144.4
Diluted	**146.6**	146.7	145.6

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(In millions)	Fiscal Years Ended March 30, 2014	Fiscal Years Ended March 31, 2013	Fiscal Years Ended April 1, 2012
Net income	**$ 1,784**	$ 1,430	$ 1,226
Other comprehensive income (loss) ("OCI"), net of tax:			
Foreign currency translation adjustments	**148**	(99)	(13)
Gain (loss) on available-for-sale securities:			
Unrealized (losses) gains on available-for-sales securities (net of income tax benefit (expense) of $13, $(8), and $0 respectively)	**(22)**	15	—
Less: reclassification adjustment for gains included in net income (net of income tax expense of $1, $0, and $0 respectively)	**(2)**	—	—
Gain (loss) on derivatives:			
Unrealized gains (losses) due to periodic revaluations (net of income tax (expense) benefit of $(2), $1, and $1 respectively)	**7**	1	(1)
Less: reclassification adjustment for gains included in net income (net of income tax expense of $0 in all periods)	**(2)**	(1)	—
Pension and post retirement obligations (net of income tax (expense) benefit of $(29), $23, and $99 respectively)	**6**	(27)	(193)
Other comprehensive income (loss), net of tax	**135**	(111)	(207)
Total comprehensive income attributable to noncontrolling interests	**(13)**	—	(2)
Total comprehensive income attributable to PCC	**$ 1,906**	$ 1,319	$ 1,017

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(In millions, except share data)	March 30, 2014	March 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	**$ 361**	$ 280
Receivables, net of allowance of $8 in 2014 and $6 in 2013	**1,578**	1,507
Inventories	**3,438**	2,980
Prepaid expenses and other current assets	**106**	159
Income tax receivable	**4**	5
Deferred income taxes	**11**	101
Discontinued operations	**9**	48
Total current assets	**5,507**	5,080
Property, plant and equipment:		
Land	**169**	137
Buildings and improvements	**527**	462
Machinery and equipment	**2,991**	2,661
Construction in progress	**302**	257
	3,989	3,517
Accumulated depreciation	**(1,680)**	(1,440)
Net property, plant and equipment	**2,309**	2,077
Goodwill	**6,624**	5,904
Acquired intangible assets, net	**3,440**	3,021
Investment in unconsolidated affiliates	**416**	445
Other assets	**263**	300
Discontinued operations	**27**	69
	$ 18,586	$ 16,896
Liabilities and Equity		
Current liabilities:		
Long-term debt currently due and short-term borrowings	**$ 2**	$ 204
Accounts payable	**1,047**	940
Accrued liabilities	**556**	552
Discontinued operations	**3**	16
Total current liabilities	**1,608**	1,712
Long-term debt	**3,569**	3,602
Pension and other postretirement benefit obligations	**442**	548
Other long-term liabilities	**605**	457
Deferred income taxes	**947**	762
Discontinued operations	**2**	11
Commitments and contingencies (See Notes)		
Equity:		
Preferred stock, no par, 1,000,000 shares authorized and unissued in 2014 and 2013	**—**	—
Common stock, $1 stated value, authorized: 450,000,000 shares; issued and outstanding: 145,084,877 and 146,206,952 shares in 2014 and 2013	**145**	146
Paid-in capital	**1,487**	1,777
Retained earnings	**10,172**	8,413
Accumulated other comprehensive loss	**(418)**	(553)
Total PCC shareholders’ equity	**11,386**	9,783
Noncontrolling interest	**27**	21
Total equity	**11,413**	9,804
	$ 18,586	$ 16,896

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(In millions)	Fiscal Years Ended March 30, 2014	March 31, 2013	April 1, 2012
Operating Activities:			
Net income	**$ 1,784**	$ 1,430	$ 1,226
Net (income) loss from discontinued operations	**(17)**	3	6
Non-cash items:			
Depreciation and amortization	**293**	214	170
Deferred income taxes	**180**	133	71
Stock-based compensation expense	**60**	52	48
Excess tax benefits from share-based payment arrangements	**(22)**	(35)	(30)
Other non-cash adjustments	**(28)**	(10)	(16)
Changes in assets and liabilities, excluding effects of acquisitions and dispositions of businesses:			
Receivables	**11**	(55)	(146)
Inventories	**(344)**	(218)	(223)
Prepaid expenses and other current assets	**15**	(7)	(6)
Income tax receivable and payable	**7**	34	40
Payables and accruals	**21**	67	30
Pension and other postretirement benefit plans	**27**	(38)	(51)
Dividends from equity method investments	**29**	—	—
Other non-current assets and liabilities	**(133)**	(99)	(55)
Net cash used by operating activities of discontinued operations	**(1)**	(12)	(26)
Net cash provided by operating activities	**1,882**	1,459	1,038
Investing Activities:			
Acquisitions of businesses, net of cash acquired	**(1,012)**	(5,065)	(1,424)
Capital expenditures	**(355)**	(320)	(192)
Dispositions of businesses	**64**	31	—
Sale of marketable securities	**40**	—	—
Other investing activities, net	**19**	11	26
Net cash used by investing activities of discontinued operations	**—**	(3)	—
Net cash used by investing activities	**(1,244)**	(5,346)	(1,590)
Financing Activities:			
Net change in commercial paper borrowings	**(30)**	601	—
Proceeds from issuance of long-term debt	**—**	2,993	—
Repayments of long-term debt	**(203)**	(131)	(29)
Payments for debt issuance costs	**—**	(23)	—
Common stock issued	**114**	129	122
Excess tax benefits from share-based payment arrangements	**22**	35	30
Repurchase of common stock	**(487)**	(93)	—
Cash dividends	**(18)**	(17)	(17)
Other financing activities, net	**(1)**	(2)	(2)
Net cash (used) provided by financing activities	**(603)**	3,492	104
Effect of exchange rate changes on cash and cash equivalents	**46**	(24)	(12)
Net increase (decrease) in cash and cash equivalents	**81**	(419)	(460)
Cash and cash equivalents at beginning of year	**280**	699	1,159
Cash and cash equivalents at end of year	**$ 361**	$ 280	$ 699
Supplemental Disclosures			
Cash paid during the year for:			
Interest	**$ 80**	$ 20	$ 12
Income taxes, net of refunds received	**$ 624**	$ 532	$ 483
Non-cash investing and financing activities:			
Debt assumed in connection with business acquisitions	**$ —**	$ 137	$ —
Dividends declared but not paid	**$ 4**	$ 4	$ 4

See Notes to Consolidated Financial Statements.

Consolidated Statements of Equity

	PCC Shareholders						
	Common Stock Outstanding						
(In millions, except per share data)	Shares	Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) / Income	Non-controlling Interest	Total Equity
Balance at April 3, 2011	143.7	$ 144	$ 1,456	$ 5,796	$ (235)	$ 3	$ 7,164
Common stock issued pursuant to stock plans	1.6	2	120	—	—	—	122
Stock-based compensation expense	—	—	50	—	—	—	50
Tax benefit from stock-based compensation	—	—	28	—	—	—	28
Cash dividends ($0.12 per share)	—	—	—	(17)	—	—	(17)
Distributions to noncontrolling interests	—	—	—	—	—	(1)	(1)
Net income	—	—	—	1,224	—	2	1,226
Other comprehensive loss	—	—	—	—	(207)	—	(207)
Balance at April 1, 2012	145.3	146	1,654	7,003	(442)	4	8,365
Common stock issued pursuant to stock plans	1.4	1	128	—	—	—	129
Repurchase of common stock	(0.5)	(1)	(92)	—	—	—	(93)
Stock-based compensation expense	—	—	53	—	—	—	53
Tax benefit from stock-based compensation	—	—	33	—	—	—	33
Cash dividends ($0.12 per share)	—	—	—	(17)	—	—	(17)
Distributions to noncontrolling interests	—	—	—	—	—	(2)	(2)
Assumptions of additional noncontrolling interests	—	—	—	—	—	421	421
Purchases from noncontrolling interests	—	—	1	—	—	(405)	(404)
Net income	—	—	—	1,427	—	3	1,430
Other comprehensive loss	—	—	—	—	(111)	—	(111)
Balance at March 31, 2013	146.2	146	1,777	8,413	(553)	21	9,804
Common stock issued pursuant to stock plans	**1.0**	**1**	**113**	—	—	—	**114**
Repurchase of common stock	**(2.1)**	**(2)**	**(485)**	—	—	—	**(487)**
Stock-based compensation expense	—	—	**60**	—	—	—	**60**
Tax benefit from stock-based compensation	—	—	**22**	—	—	—	**22**
Cash dividends ($0.12 per share)	—	—	—	**(18)**	—	—	**(18)**
Distributions to noncontrolling interests	—	—	—	—	—	**(1)**	**(1)**
Net income	—	—	—	**1,777**	—	**7**	**1,784**
Other comprehensive income	—	—	—	—	**135**	—	**135**
Balance at March 30, 2014	**145.1**	**$ 145**	**$ 1,487**	**$ 10,172**	**$ (418)**	**$ 27**	**$ 11,413**

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except option share and per share data)

1. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of Precision Castparts Corp. (“PCC”, the “Company”, or “we”) and subsidiaries after elimination of intercompany accounts and transactions. Subsidiaries include majority-owned companies and other companies which are fully consolidated based on PCC having a controlling financial interest or an obligation to consolidate under accounting principles generally accepted in the United States of America (“GAAP”). Investments in affiliated companies are accounted for using the equity method when PCC has a non-controlling ownership interest, generally between twenty and fifty percent, giving us significant influence; and investments are accounted for using the cost method when PCC has a non-controlling ownership interest of less than 20 percent. Unless otherwise noted, disclosures herein pertain to our continuing operations. Our fiscal year is based on a 52-53 week year ending the Sunday closest to March 31.

Certain reclassifications have been made to prior year amounts to conform to the current year presentation. Such reclassifications had no effect on previously reported shareholders’ equity or net income.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid short-term instruments with maturities of three months or less at the time of purchase. These investments are available for sale with market values approximating cost.

Inventories

All inventories are stated at the lower of cost or current market values. Cost for inventories at the majority of our operations is determined on a last-in, first-out (“LIFO”) basis. The average inventory cost method is utilized for most other inventories. Costs utilized for inventory valuation purposes include material, labor and manufacturing overhead.

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation of plant and equipment is computed using the straight-line method based on the estimated service lives of the assets. Estimated service lives are generally 20 to 40 years for buildings and improvements, 3 to 12 years for machinery and equipment and 3 to 7 years for computer hardware and software. Depreciation expense was $247 million, $186 million and $155 million in fiscal 2014, 2013 and 2012, respectively. Gains and losses from the disposal of property, plant and equipment are included in the consolidated statements of income and were not material for any year presented. Expenditures for routine maintenance, repairs and minor improvements are charged to expense as incurred.

Acquisition accounting

We account for acquired businesses using the acquisition method of accounting. This requires that we make various assumptions and estimates regarding the fair value of assets, liabilities, and contractual and non-contractual contingencies at the date of acquisition. These assumptions can have a material impact on our balance sheet valuations and the related amount of depreciation and amortization expense that will be recognized in the future.

Goodwill and acquired intangible assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses, and acquired intangible assets represent items such as patents, proprietary technology, tradenames, backlog and customer relationships that are assigned a fair value at the date of acquisition. Goodwill and other intangible assets deemed to have indefinite lives are not subject to amortization in accordance with accounting guidance provided by GAAP through the Accounting Standards Codification ("guidance"). Goodwill and intangible assets with indefinite lives are tested for impairment at a minimum each fiscal year in the second quarter, or when impairment indicators exist, using the guidance and criteria described in the guidance. This testing compares the carrying values of each intangible asset or reporting unit to estimated fair values. If the carrying value of these assets is in excess of estimated fair value, the carrying value is reduced to their estimated fair value or, in the case of goodwill, implied fair value.

Acquired intangible assets with finite lives are amortized using the straight-line method and include the following: patents, 1 to 19 years; proprietary technology, 15 years; customer relationships, 5 to 26 years; and backlog, 0 to 5 years.

Long-lived assets

Long-lived assets held for use are subject to an impairment assessment upon certain triggering events. If the carrying value is no longer recoverable based upon the undiscounted future cash flows, an impairment is recorded for the difference between the carrying amount and the fair value of the asset. Long-lived assets considered held for sale are stated at the lower of carrying value or fair value less the cost to sell.

Revenue recognition

We recognize revenue when the earnings process is complete. This occurs when products are shipped to the customer in accordance with the contract or purchase order, ownership and risk of loss have passed to the customer, collectability is reasonably assured, and pricing is fixed and determinable. In instances where title does not pass to the customer upon shipment, we recognize revenue upon delivery or customer acceptance, depending on terms of the sales agreement. Service sales, representing maintenance and engineering activities, are recognized as services are performed.

Shipping and handling fees and costs

Shipping and handling fees and costs charged to customers are reflected in net revenues and cost of goods sold as appropriate.

Environmental costs

We own, or previously owned, properties that may require environmental remediation or action. We estimate the range of loss for environmental liabilities based on current remediation technology, enacted laws and regulations, industry experience gained at similar sites and an assessment of the probable level of involvement and financial condition of other potentially responsible parties. Due to the numerous uncertainties surrounding the course of environmental remediation and the preliminary nature of some site investigations, in some cases, we may not be able to reasonably estimate the high end of the range of possible loss. The estimated future costs for known environmental remediation requirements are accrued on an undiscounted basis when it is probable that a liability has been incurred and the amount of remediation costs can be reasonably estimated. When only a range of amounts is established, and no estimated amount within the range is better than another, the minimum amount of the range is recorded. Recoveries of environmental remediation costs from other parties are recorded as assets when collection is probable. Adjustments to our accruals may be necessary to reflect new information as investigation and remediation efforts proceed. The amounts of any such adjustments could have a material adverse effect on our results of operations in a given period, but any amounts, and the possible range of any amounts in excess of those already accrued, are not reasonably estimable at this time. Total environmental liabilities accrued at March 30, 2014 and March 31, 2013 were $525 million and $294 million, respectively. The increase in environmental liabilities during fiscal 2014 was primarily due to additional investigation of the nature and extent of TIMET environmental liabilities that existed as of the acquisition date.

In accordance with the asset retirement and environmental obligations guidance, we record all known asset retirement obligations for which the liability can be reasonably estimated. Currently, we have identified known asset retirement obligations associated with environmental contamination at several of our manufacturing facilities and have accrued approximately $6 million to satisfy these asset retirement obligations. However, we have not recognized a liability under guidance for asset retirement obligations at two of our manufacturing facilities because the fair value retirement obligation at these sites cannot be reasonably estimated since the settlement date is unknown at this time. The settlement date is unknown because the retirement obligation (remediation of contamination) of these sites is not required until production ceases, and we have no current or future plans to cease production. These asset retirement obligations, when estimable, are not expected to have a material adverse effect on our consolidated financial position, results of operations, cash flows or business.

Foreign currency translation

Assets and liabilities of our foreign affiliates are translated at current foreign currency exchange rates, while income and expenses are translated at average rates for the period. Translation gains and losses are reported as a component of shareholders' equity.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency, except those transactions that have been designated as hedges of identifiable foreign currency commitments or investment positions, are included in the results of operations as incurred. Transaction gains and losses had no material impact on our results of operations for any year presented.

Financial instruments

Our financial instruments include cash and cash equivalents, marketable securities, debt, and derivative instruments, including foreign currency forward contracts and options, commodity swap and interest rate swap contracts, where applicable.

Because of their short maturity, the carrying amounts of cash and cash equivalents and short-term bank debt approximate fair value. Available for sale securities consist of investments in shares of publicly traded companies which were acquired through the purchase of TIMET. All available for sale securities are carried at fair value. Any unrealized gains or losses on these securities are recognized through other comprehensive income.

Fair value of long-term debt is based on quoted market prices or estimated using our borrowing rate at year-end for similar types of borrowing arrangements. Refer to Note 12—Fair value measurements.

At various times, we may use derivative financial instruments to limit exposure to changes in foreign currency exchange rates, interest rates and prices of strategic raw materials or other commodities. We account for derivatives pursuant to derivative instruments and hedging activities accounting guidance. This guidance requires that all derivative financial instruments be recorded in the financial statements and measured at fair value. Changes in the fair value of derivative financial instruments are either recognized periodically in income or shareholders' equity (as a component of accumulated other comprehensive income (loss)) depending on whether the derivative is being used to hedge designated changes in fair value or cash flows. Refer to Note 17—Derivatives and hedging activities.

Stock-based compensation

We account for our stock based compensation plans in accordance with stock-based compensation guidance, which requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements, with the cost measured based on the estimated fair value of the equity or liability instruments issued. Our stock-based employee compensation plans are described more fully in Note 15—Stock-based compensation plans. We recognize the compensation costs related to stock options on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years.

Income taxes

Provisions for federal, state and foreign income taxes are calculated on reported pre-tax earnings based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those previously used in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes. Significant judgment is required in determining income tax provisions and evaluating tax positions. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Tax benefits arising from uncertain tax positions are recognized when it is more likely than not that the position will be sustained upon examination by the relevant tax authorities. The amount recognized in the financial statements is the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. We recognize interest and penalties, if any, related to uncertain tax positions in income tax expense.

Retirement and other postretirement benefit plans

We sponsor various defined benefit and defined contribution plans covering substantially all employees. We also sponsor postretirement benefit plans other than pensions, consisting principally of health care coverage to eligible retirees and qualifying dependents, covering approximately 16% of our workforce. The liabilities and net periodic cost of our defined benefit pension and other post-retirement plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate, the rate of return on plan assets, and medical trend rate (rate of growth for medical costs). For the United States ("U.S.") plans, the discount rate was determined based on the results of a bond matching model that constructed a portfolio of bonds with credit ratings of AA/Aa or higher that match our expected pension benefit cash flows. The discount rate was determined on the basis of the internal rate of return on the bond portfolio. For the non-U.S. plans, Aon Hewitt, Merrill Lynch and other long-term Corporate bond indices were used as the primary basis for determining discount rates. A portion of net periodic pension cost is included in production costs, which are included in inventories and subsequently recognized in net earnings as inventories are liquidated and charged to cost of sales. We amortize gains and losses, which occur when actual experience differs from actuarial assumptions, over the average future service period of employees. Our funding policy for pension plans is to contribute, at a minimum, the amounts required by applicable laws. During fiscal 2014, 2013 and 2012, we made voluntary contributions to pension plans totaling $50 million in each year.

Related party transactions

The Company regularly transacts business with its equity investees. There were no purchases from Yangzhou Chengde Steel Tube Co., Ltd ("Chengde") in fiscal 2014 or 2013 and $30 million in fiscal 2012. There were no accounts payable to

Chengde at March 30, 2014 and $1 million at March 31, 2013. The business transactions with our other equity investees were not considered significant.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Recently issued accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance on revenue from contracts with customers. The guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes the most current revenue recognition guidance. The guidance is effective for the Company beginning the first quarter of fiscal 2018. The Company is in the process of determining the impact of this guidance on our consolidated financial positions, results of operations, and cash flows.

In April 2014, the FASB issued guidance that changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. The guidance is effective for the Company beginning the first quarter of fiscal 2016 with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations, or cash flows.

In July 2013, the FASB issued guidance on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires entities to present an unrecognized tax benefit netted against certain deferred tax assets when specific requirements are met. The guidance is effective for the Company beginning the first quarter of fiscal 2015. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations, or cash flows.

In July 2013, the FASB issued guidance which updates the benchmark interest rates allowed for hedge accounting. The guidance permits companies to use the Federal Funds Effective Swap Rate (or Overnight Index Swap Rate) as a benchmark interest rate for hedge accounting purposes, in addition to the U.S. Treasury rate and LIBOR. The guidance was effective for the Company beginning the second quarter of fiscal 2014. The adoption of this guidance had no impact on the Company; however, it could impact the Company in the future.

In March 2013, the FASB issued guidance to address the accounting for the cumulative translation adjustment when a parent entity sells or transfers either a subsidiary or a group of assets within a foreign entity. The guidance is effective for the Company beginning the first quarter of fiscal 2015 and will be applied prospectively. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations, or cash flows.

In February 2013, the FASB issued guidance which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income ("AOCI"), including (1) changes in AOCI balances by component and (2) significant items reclassified out of AOCI. The guidance does not amend any existing requirements for reporting net income or OCI in the financial statements. The guidance was effective for the Company beginning the first quarter of fiscal 2014 and has been applied prospectively. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations, or cash flows.

In July 2012, the FASB issued guidance which amends the guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the new guidance, an entity testing an indefinite-lived intangible asset for impairment has the option of performing a qualitative assessment before calculating the fair value of the asset. If the entity determines, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is not more likely than not impaired, the entity would not need to calculate the fair value of the asset. The guidance was effective for the Company for our annual impairment test for fiscal 2014. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations, or cash flows.

In December 2011, the FASB issued guidance increasing disclosures regarding offsetting of assets and liabilities in the balance sheet. For derivatives and financial assets and liabilities, the amendments require disclosure of gross asset and liability amounts, amounts offset on the balance sheet, and amounts subject to the offsetting requirements but not offset on the balance sheet. The guidance was effective for the Company beginning the first quarter of fiscal 2014. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations, or cash flows and therefore, we did not provide additional disclosure in our financial statements.

3. Acquisitions

Fiscal 2014

During the second quarter of fiscal 2014, we completed two small acquisitions in the Airframe Products segment.

On October 31, 2013, we acquired Permaswage SAS ("Permaswage"), a world-leading designer and manufacturer of aerospace fluid fittings, for approximately $600 million in cash, funded by commercial paper borrowings. Permaswage's primary focus is the design and manufacture of permanent fittings used in fluid conveyance systems for airframe applications, as well as related installation tooling. The company operates manufacturing locations in Gardena, California; Paris, France; and Suzhou, China, and employs approximately 680 people. The Permaswage acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

During the third quarter of fiscal 2014, we also completed two small acquisitions in the Forged Products segment.

During the fourth quarter of fiscal 2014, we completed two small acquisitions in the Forged Products and Airframe Products segments.

The purchase price allocations for the acquisitions noted above are subject to further refinement. The impact of the acquisitions above is not material to our consolidated results of operations; consequently, pro forma information has not been included.

Fiscal 2013

On April 2, 2012, we acquired RathGibson LLC ("RathGibson"). RathGibson manufactures precision thin-wall, nickel-alloy and stainless steel welded and seamless tubing, with broad capabilities in length, wall thickness, and diameter. RathGibson's products are used in a multitude of oil & gas, chemical/petrochemical processing and power generation applications, as well as in other commercial markets. RathGibson operates three facilities in Janesville, Wisconsin; North Branch, New Jersey; and Clarksville, Arkansas. The RathGibson acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On May 18, 2012, we acquired Centra Industries ("Centra"), a state-of-the art aerostructures manufacturer located in Cambridge, Ontario, Canada. Centra manufactures a range of machined airframe components and assemblies, in both aluminum and hard metals. Core competencies include the high-speed machining of complex, high-precision structures, sub-assembly and kit integration. The Centra acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

On June 15, 2012, we acquired Dickson Testing Company ("Dickson") and Aerocraft Heat Treating Company ("Aerocraft"). Dickson offers a full range of destructive testing services including: mechanical properties; metallurgical and chemical analyses and low-cycle fatigue testing. Dickson is located in South Gate, California. Aerocraft provides precision heat treating services for titanium and nickel alloy forgings and castings used in the aerospace industry, as well as other related services including straightening, de-twisting and forming. Aerocraft is located in Paramount, California. The acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On August 7, 2012, we acquired Klune Industries ("Klune"), a manufacturer of complex aluminum, nickel, titanium and steel aerostructures. Klune focuses on complex forming, machining, and assembly of aerostructure parts, in addition to offering significant expertise in a range of cold-formed sheet metal components. Klune operates facilities in North Hollywood, California; Spanish Fork, Utah; and Kent, Washington. The Klune acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

On August 31, 2012, we acquired certain aerostructures business units from Heroux-Devtek Inc. (collectively referred to as "Progressive"). These aerostructures operations manufacture a wide variety of components and assemblies from aluminum, aluminum-lithium and titanium, such as bulkheads, wing ribs, spars, frames and engine mounts. The aerostructures operations include Progressive Incorporated in Arlington, Texas, as well as plants in Dorval (Montreal), Canada, and Queretaro, Mexico. The Progressive acquisition was an asset purchase for tax purposes and operates as part of the Airframe Products segment.

On October 24, 2012, we acquired Texas Honing, Inc. ("THI"). THI provides precision, tight tolerance pipe processing services, including honing, boring, straightening and turning. THI's products are used in oil & gas drilling, completion and production applications, as well as other commercial markets. THI operates three facilities in the Houston, Texas area. The THI acquisition was a stock purchase for tax purposes and operates as part of the Forged Products segment.

On December 12, 2012, we acquired Synchronous Aerospace Group ("Synchronous"), a leading build-to-print supplier of highly complex mechanical assemblies for commercial aerospace and defense markets. Synchronous manufactures such mechanical assemblies as high-lift mechanisms and secondary flight controls, as well as structural components, including wing ribs, bulkheads, and track and beam assemblies. Synchronous has four primary locations: Santa Ana, California; Kent, Washington; Wichita, Kansas; and Tulsa, Oklahoma. The Synchronous acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment.

On December 21, 2012, we completed the initial cash tender offer (the "Offer") for all of the outstanding shares of common stock of Titanium Metals Corporation ("TIMET") for $16.50 per share. Approximately 150,520,615 shares (representing approximately 86% of the outstanding shares) were validly tendered and not withdrawn from the Offer. The transaction resulted in a payment for such shares of approximately $2.5 billion in cash. On December 17, 2012, we issued $3.0 billion of senior, unsecured notes, and the majority of the proceeds were used to purchase the shares noted above. On January 7, 2013, we completed the acquisition of TIMET. Each remaining share of TIMET common stock not tendered in PCC's previous tender offer for TIMET shares (other than shares as to which holders properly exercise appraisal rights) was converted in the merger into the right to receive $16.50 per share without interest. As a result of the merger, TIMET common stock ceased to be traded on the New York Stock Exchange. TIMET, the largest titanium manufacturer in the United States, offers a full range of titanium products, including ingot and slab, forging billet and mill forms. TIMET operates seven primary melting or mill facilities in Henderson, Nevada; Toronto, Ohio; Morgantown, Pennsylvania; Vallejo, California; Witton, England; Waunarlwydd, Wales; and Savoie, France. The TIMET acquisition was a stock purchase for tax purposes and operates as part of the Forged Products segment.

The assets purchased and liabilities assumed for TIMET have been reflected in our consolidated balance sheet as of March 30, 2014 and March 31, 2013, and the results of operation are included in our consolidated statement of income since the closing date of the acquisition. Included in the following table in other long-term liabilities and accrued liabilities are $404 million and $82 million, respectively, of estimated liabilities related to environmental remediation. Refer to Note 13—Commitments and contingencies for further discussion of environmental matters. In addition, the following table includes noncontrolling interest as we owned approximately 86% of TIMET's outstanding shares at the acquisition date. Consistent with guidance for acquisition accounting, we have completed our analysis of the purchase price allocation, including environmental liabilities, as allowed within the measurement period. The measurement period adjustments did not have a material impact on our financial position and results of operations and therefore, we did not retrospectively adjust the consolidated financial statements. The following table summarizes the estimates of fair values of assets acquired and liabilities assumed (except for estimated liabilities related to environmental remediation, which are recorded as loss contingencies):

	12/21/12
Cash and cash equivalents	$ 22
Receivables, net	138
Inventories	787
Prepaid expenses and other current assets	101
Current deferred income taxes	95
Property, plant and equipment, net	386
Goodwill	1,666
Acquired intangible assets, net	827
Other assets	50
Long-term debt currently due and short-term borrowings	(1)
Accounts payable	(53)
Accrued liabilities	(220)
Long-term debt	(123)
Pension and other postretirement benefit obligations	(128)
Other long-term liabilities	(502)
Long-term deferred income taxes	(139)
Noncontrolling interest	(422)
Total purchase price	$ 2,484

The following pro forma information presents a summary of our results of operations assuming the TIMET acquisition had occurred at the beginning of the periods presented. The pro forma results include the amortization associated with acquired intangible assets and interest expense associated with debt used to fund the acquisition, as well as fair value adjustments for property, plant and equipment. To better reflect the combined operating results, significant nonrecurring charges directly attributable to the transaction have been excluded. In addition, the pro forma results do not include any anticipated synergies or other expected benefits of the acquisition. Accordingly, the pro forma information is not necessarily indicative of the results that would have occurred had the acquisition been completed at the beginning of the periods presented, nor it is necessarily indicative of future results.

	Fiscal Years Ended	
	3/30/14	**3/31/13**
Net sales	**$ 9,616**	$ 9,026
Net income attributable to PCC	**$ 1,777**	$ 1,461
Net income per share - basic	**$ 12.20**	$ 10.03
Net income per share - diluted	**$ 12.12**	$ 9.96

Fiscal 2012

On July 14, 2011, we acquired the rings operations of Unison Engine Components ("Tru-Form") from GE Aviation, an operating unit of General Electric Company. Tru-Form is a leader in the manufacture of flash-welded and cold-rolled rings for jet engine and gas turbine applications, including spacer rings, combustion casings and liners, low pressure turbine casings and fan cases. The innovative Tru-Form cold-rolling process produces a near-net-shaped part from a flash-welded ring, reducing material and machining costs and enabling the production of more complex part shapes. Tru-Form operates three locations in Wilkes-Barre and Mountaintop, Pennsylvania, and Tyseley, England. The Tru-Form acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On July 22, 2011, we acquired the assets of the Rollmet business ("Rollmet") from Rockwell Collins. Rollmet has developed a unique cold-roll extrusion process to manufacture precision thin-wall pipe across a range of materials, including nickel alloys, stainless steel, aluminum and carbon steel. Rollmet's products are utilized in a variety of oil and gas applications, as well as motor cases for missile programs. Rollmet is located in Irvine, California. The Rollmet acquisition was an asset purchase for tax purposes and operates as part of the Forged Products segment.

On August 9, 2011, we acquired Primus International ("Primus") for approximately $900 million in cash. Primus is a leading supplier of aerostructures and complex components and assemblies to the global aerospace industry, including swaged rods, as well as machined aluminum and titanium components. Product applications include wing, fuselage and engine-related assemblies, passenger and exit doors, and actuation and flight control assemblies. Headquartered in Bellevue, Washington, Primus operates five manufacturing facilities, including three in the Seattle, Washington area, as well as Tulsa, Oklahoma, and Suzhou, China. The Primus acquisition was a stock purchase for tax purposes and operates as part of the Airframe Products segment. This transaction resulted in $416 million of goodwill and $505 million of other intangible assets, including customer relationships with indefinite lives valued at $468 million, customer relationships with finite lives valued at $16 million and backlog valued at $21 million. We also recorded a long-term liability related to the fair value of loss contracts valued at $85 million.

On October 4, 2011, we acquired the assets of PB Fasteners ("PB"). PB is an industry leader in the design and manufacturing of fastener products for airframe applications, including the development of the SLEEVbolt ® fastening system. PB’s sleeve bolt technology is critical to mitigating the impact of lightning strikes on the Boeing 787 aircraft and other composite body aircraft. Located in Gardena, California, PB entered the aerospace fastener business in 1967. The PB acquisition was an asset purchase for tax purposes and operates as part of the Airframe Products segment.

Over the course of fiscal 2012 and 2013, we completed several additional minor acquisitions that provide us with expanded manufacturing capabilities.

The above business acquisitions were accounted for under the acquisition method of accounting and, accordingly, the results of operations have been included in the Consolidated Statements of Income since the acquisition date.

4. Discontinued operations

Fiscal 2014

During the first quarter of fiscal 2014, we decided to divest a small non-core business in the Airframe Products segment and reclassified it to discontinued operations.

Fiscal 2013

During the second quarter of fiscal 2013, we decided to divest a small non-core business in the Forged Products segment and reclassified it to discontinued operations. The sale of the business was completed in the second quarter of fiscal 2013. The transaction resulted in a gain of approximately $2 million (net of tax) and cash proceeds of $6 million.

During the first quarter of fiscal 2011, we decided to divest a small non-core business in the Airframe Products segment and reclassified it to discontinued operations. The sale of the business was completed in the second quarter of fiscal 2013. The transaction resulted in a loss of less than $1 million (net of tax) and proceeds of $25 million in cash and an unsecured, subordinated, convertible promissory note in the principal amount of $18 million. The note was repaid subsequent to the end of fiscal 2014.

Fiscal 2012

During the fourth quarter of fiscal 2012, we decided to divest a small non-core business in the Airframe Products segment and reclassified it to discontinued operations. The sale of the business was completed in the first quarter of fiscal 2014. The transaction resulted in a gain of approximately $14 million (net of tax) and cash proceeds of $63 million. For tax purposes, the sale generated a capital loss that was offset by a valuation allowance.

The components of discontinued operations for the periods presented are as follows:

Fiscal	2014	2013	2012
Net sales	**$ 24**	$ 101	$ 76
Cost of goods sold	**23**	87	69
Selling and administrative expenses	**3**	16	9
Net loss from operations before income taxes	**(2)**	(2)	(2)
Income tax benefit (expense)	**6**	(1)	(3)
Net gain (loss) from operations	**4**	(3)	(5)
Gain (loss) on disposal and other expenses, net of tax benefit (expense) of $2, $(3) and $(1)	**13**	—	(1)
Net income (loss) from discontinued operations	**$ 17**	$ (3)	$ (6)

Included in the Consolidated Balance Sheets are the following major classes of assets and liabilities associated with the discontinued operations:

	March 30, 2014	March 31, 2013
Assets of discontinued operations:		
Current assets	**$ 9**	$ 48
Net property, plant and equipment	**14**	47
Other assets	**13**	22
	$ 36	$ 117
Liabilities of discontinued operations:		
Current liabilities	**$ 3**	$ 16
Long-term debt	**1**	1
Other long-term liabilities	**1**	10
	$ 5	$ 27

5. Concentration of credit risk

Approximately 68 percent, 65 percent and 62 percent of business activity was with companies in the aerospace industry in fiscal 2014, 2013 and 2012, respectively. Approximately 13 percent, 15 percent and 15 percent of total sales were directly to General Electric Company in fiscal 2014, 2013 and 2012, respectively. Accordingly, we are exposed to a concentration of credit risk for this portion of receivables. We have long-standing relationships with our aerospace customers, and management considers the credit risk to be low.

6. Inventories

Inventories consisted of the following:

	March 30, 2014	March 31, 2013
Finished goods	**$ 496**	$ 519
Work-in-process	**1,332**	1,251
Raw materials and supplies	**1,039**	904
	2,867	2,674
Excess of LIFO cost over current cost	**571**	306
Total	**$ 3,438**	$ 2,980

Approximately 96 percent of total inventories were valued on a LIFO basis at March 30, 2014 compared to 95 percent at March 31, 2013. During fiscal 2014 and 2013, certain LIFO inventory quantities were reduced. The liquidation of LIFO inventory quantities carried at costs paid in prior years increased cost of goods sold by $10 million in fiscal 2014 and $6 million in fiscal 2013.

7. Goodwill and acquired intangibles

We perform our annual goodwill and indefinite-lived intangible assets impairment test during the second quarter of each fiscal year. For fiscal 2014, 2013 and 2012, it was determined that the fair value of the related operations was greater than book value and that there was no impairment of goodwill.

During the fiscal year, we performed additional investigations into the nature and extent of TIMET environmental liabilities. These investigations resulted in an increase to the environmental liability of $259 million, which we viewed as a triggering event for goodwill impairment testing. The impairment test was performed in the third quarter of fiscal 2014 consistent with our annual impairment testing methodology and resulted in the estimated fair value exceeding the carrying value; therefore, we concluded that no impairment had occurred. There were no other changes during the current fiscal year requiring a goodwill or indefinite-lived intangible assets impairment test in accordance with goodwill and other intangible assets accounting guidance.

The changes in the carrying amount of goodwill by reportable segment for fiscal 2014 and 2013 were as follows:

	April 1, 2012	Acquired	Currency translation and other	March 31, 2013	Acquired	Currency translation and other (1)	March 30, 2014
Investment Cast Products	$ 338	$ —	$ (1)	$ 337	**$ —**	**$ 2**	**$ 339**
Forged Products	1,407	1,894	(34)	3,267	**60**	**350** (2)	**3,677**
Airframe Products	1,769	552	(21)	2,300	**343**	**(35)**	**2,608**
Total	$ 3,514	$ 2,446	$ (56)	$ 5,904	**$ 403**	**$ 317**	**$ 6,624**

(1) Includes adjustments to the purchase price allocations of RathGibson, Centra, Klune, Progressive, THI, Synchronous, TIMET and several other small acquisitions.

(2) Primarily due to revisions to estimated environmental liabilities at TIMET as discussed in Note 13—Commitments and contingencies.

The gross carrying amount and accumulated amortization of our acquired intangible assets were as follows:

	March 30, 2014			March 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:						
Patents	**$ 13**	**$ (10)**	**$ 3**	$ 15	$ (11)	$ 4
Proprietary technology	**2**	**(2)**	**—**	2	(1)	1
Long-term customer relationships	**499**	**(63)**	**436**	426	(38)	388
Backlog	**56**	**(32)**	**24**	56	(22)	34
Revenue sharing agreements	**29**	**(2)**	**27**	29	(2)	27
	$ 599	**$ (109)**	**490**	$ 528	$ (74)	454
Indefinite-lived intangible assets:						
Tradenames			**657**			639
Long-term customer relationships			**2,293**			1,928
Acquired intangibles, net			**$ 3,440**			$ 3,021

Amortization expense for finite-lived acquired intangible assets was $41 million, $26 million and $14 million for fiscal 2014, 2013 and 2012, respectively. In fiscal 2014, we removed $6 million of fully amortized intangible assets from the gross carrying amount and accumulated amortization. Projected amortization expense for finite-lived intangible assets for the succeeding five fiscal years is as follows:

Fiscal	Estimated Amortization Expense
2015	$ 43
2016	40
2017	34
2018	27
2019	27

The amortization will change in future periods if other intangible assets are acquired, existing intangibles are disposed, impairments are recognized or the preliminary valuations as part of our purchase price allocations are refined.

8. Accrued liabilities

Accrued liabilities consisted of the following:

	March 30, 2014	March 31, 2013
Salaries and wages payable	**$ 212**	$ 203
Other accrued liabilities	**344**	349
Total	**$ 556**	$ 552

9. Financing arrangements

Long-term debt is summarized as follows:

	March 30, 2014	March 31, 2013
5.60% Senior Notes due fiscal 2014 ($200 face value plus unamortized premium of $0 and $1)	**$ —**	$ 201
0.70% Senior Notes due fiscal 2016 ($500 face value less unamortized discount of $0 and $0)	**500**	500
1.25% Senior Notes due fiscal 2018 ($1,000 face value less unamortized discount of $1 and $2)	**999**	998
2.50% Senior Notes due fiscal 2023 ($1,000 face value less unamortized discount of $5 and $6)	**995**	994
3.90% Senior Notes due fiscal 2043 ($500 face value less unamortized discount of $3 and $3)	**497**	497
Commercial paper	**570**	601
Other	**10**	15
	3,571	3,806
Less: Long-term debt currently due	**2**	204
Total	**$ 3,569**	$ 3,602

Long-term debt maturing in each of the next five fiscal years, excluding the discount and premium, is as follows:

Fiscal	Debt
2015	$ 2
2016	506
2017	1
2018	1,000
2019	571
Thereafter	1,500
Total	$ 3,580

On December 16, 2013, we entered into a 364-day, $1.0 billion revolving credit facility maturing December 2014 (the “364-Day Credit Agreement”), unless converted into a one-year term loan at the option of the Company at the end of the revolving period. The 364-Day Credit Agreement replaces the prior 364-day credit agreement that expired December, 2013. The 364-Day Credit Agreement contains customary representations and warranties, events of default, and financial and other covenants.

On December 16, 2013, we entered into a five-year, $1.0 billion revolving credit facility (the "New Credit Agreement") (with a $500 million increase option, subject to approval of the lenders) maturing December 2018, unless extended pursuant to two 364-day extension options. On the same day, we terminated the prior credit agreement maturing November 30, 2016. The New Credit Agreement contains customary representations and warranties, events of default, and financial and other covenants. The 364-Day and New Credit Agreements may be referred to collectively as the "Credit Agreements." We had not borrowed funds under the Credit Agreements as of March 30, 2014.

On September 30, 2013, we exercised the make-whole early prepayment option and redeemed all $200 million of the 5.6% Senior Notes then outstanding, with the funding provided by commercial paper borrowings. Our outstanding long-term debt is not guaranteed by any PCC subsidiaries.

On December 17, 2012, we entered into an underwriting agreement with a group of investment banks for the issuance and sale by the Company of $3.0 billion aggregate principal amount of notes (collectively, the “Notes”) as follows: $500 million of 0.70% Senior Notes due 2015 (the "2015 Notes"); $1.0 billion of 1.25% Senior Notes due 2018 (the "2018 Notes"); $1.0 billion of 2.50% Senior Notes due 2023 (the "2023 Notes"); and $500 million of 3.90% Senior Notes due 2043 (the "2043 Notes").

The Notes are unsecured senior obligations of the Company and rank equally with all of the other existing and future senior, unsecured and unsubordinated debt of the Company. The Company pays interest on the 2015 Notes on June 20 and December 20 of each year and pays interest on the 2018 Notes, the 2023 Notes and the 2043 Notes on January 15 and July 15 of each year.

Historically, we have issued commercial paper as a method of raising short-term liquidity. We believe we continue to have the ability to issue commercial paper and have issued commercial paper to cover acquisitions and short-term cash requirements in recent quarters. As of March 30, 2014, the amount of commercial paper borrowings outstanding was $570 million and the weighted average interest rate was 0.2%. As of March 31, 2013, the amount of commercial paper borrowings outstanding was $601 million and the weighted average interest rate was 0.2%. During fiscal 2014, the average amount of commercial paper borrowings outstanding was $674 million and the weighted average interest rate was 0.2%. During fiscal 2013, the average amount of commercial paper borrowings outstanding was $423 million and the weighted average interest rate was 0.2%. During fiscal 2014 and 2013, the largest daily balance of outstanding commercial paper borrowings was $1,151 million and $941 million, respectively.

The maximum amount that can be borrowed under our Credit Agreements and commercial paper program is $2.0 billion. Our unused borrowing capacity as of March 30, 2014 was $1,430 million due to our outstanding commercial paper borrowings of $570 million.

Our financial covenant requirement and actual ratio as of March 30, 2014 was as follows:

	Covenant Requirement	Actual
Consolidated leverage ratio[(1)]	65.0% (maximum)	23.9%

(1) Terms are defined in the Credit Agreements.

As of March 30, 2014, we were in compliance with the financial covenant in the Credit Agreements.

10. Income taxes

Total pre-tax income before equity in earnings of unconsolidated affiliates was:

Fiscal	2014	2013	2012
Domestic	**$ 2,197**	$ 1,812	$ 1,583
Foreign	**404**	314	228
Total pretax income	**$ 2,601**	$ 2,126	$ 1,811

The provision for income taxes consisted of the following:

Fiscal	2014	2013	2012
Current taxes:			
Federal	**$ 510**	$ 450	$ 432
Foreign	**97**	63	43
State	**42**	42	49
	649	555	524
Deferred income taxes	**186**	139	70
Provision for income taxes	**$ 835**	$ 694	$ 594

We have not provided U.S. income taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and at March 30, 2014, were approximately $1,490 million. Most of these earnings have been reinvested in active non-U.S. business operations, and we do not intend to use these earnings as a source of funding for U.S. operations. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely.

A reconciliation of the U.S. federal statutory rate to the effective income tax rate follows:

Fiscal	2014	2013	2012
Statutory federal rate	**35.0 %**	35.0 %	35.0 %
Effect of:			
State taxes, net of federal benefit	**1.8 %**	1.9 %	1.8 %
Domestic manufacturing deduction	**(2.1)%**	(2.1)%	(2.4)%
Earnings taxed at different rates in foreign jurisdictions	**(1.8)%**	(1.5)%	(1.0)%
Other	**(0.8)%**	(0.7)%	(0.6)%
Effective rate	**32.1 %**	32.6 %	32.8 %

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax basis, as well as net operating loss and tax credit carryforwards, and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. Deferred income tax assets and liabilities represent amounts available to reduce or increase taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including carrybacks (if applicable), reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

Significant components of our deferred tax assets and liabilities were as follows:

	March 30, 2014	March 31, 2013
Deferred tax assets arising from:		
Environmental reserves and other expense accruals	**$ 274**	$ 194
Acquired loss contracts liabilities	**38**	50
Stock options	**41**	33
Post-retirement benefits other than pensions	**102**	111
Pension accruals	**53**	72
Net operating and capital loss carryforwards	**72**	58
Tax credit carryforwards	**7**	6
Valuation allowances	**(55)**	(49)
Gross deferred tax assets	**532**	475
Deferred tax liabilities arising from:		
Depreciation/amortization	**(193)**	(200)
Goodwill	**(284)**	(239)
Acquired intangible assets	**(883)**	(690)
Inventory basis differences	**(108)**	(7)
Gross deferred tax liabilities	**(1,468)**	(1,136)
Net deferred tax liabilities	**$ (936)**	$ (661)

The valuation allowances for deferred tax assets as of March 30, 2014 were $55 million. The net change for total valuation allowances for the year ended March 30, 2014 was an increase of $6 million, resulting from foreign company tax losses. As of March 30, 2014, we had net capital and operating loss carryforward benefits of approximately $2 million that expire in the fiscal years ending March 2019 through March 2035. Valuation allowances of $1 million were recognized to offset the deferred tax asset relating to those carryforward benefits.

Uncertain Tax Positions

The following table summarizes the activity related to our reserve for unrecognized tax benefits:

	March 30, 2014	March 31, 2013	April 1, 2012
Beginning Balance	**$ 24**	$ 13	$ 12
Gross increases related to prior period tax positions	**10**	30	4
Gross decreases related to prior period tax positions	**(6)**	(15)	—
Gross increases related to current period tax positions	**2**	1	1
Decreases related to settlements with tax authorities	**(15)**	(5)	(4)
Expiration of the statute of limitations for assessment of taxes	**(1)**	—	—
Ending Balance	**$ 14**	$ 24	$ 13

Our policy is to recognize interest and penalties accrued on uncertain tax positions as part of the provision for income taxes. During the years ended March 30, 2014, March 31, 2013 and April 1, 2012, the amount of tax expense recognized related to interest and penalties was not significant. The reserve for uncertain tax positions as of March 30, 2014, March 31, 2013 and April 1, 2012 included an accrual for interest and penalties of $3 million, $4 million, and $3 million, respectively.

We file income tax returns in the U.S. federal jurisdiction, the United Kingdom, and other state, local, and foreign jurisdictions. As of March 30, 2014, the U.S. Internal Revenue Service has completed examinations of tax years through April 3, 2011. We are no longer subject to examination in the United Kingdom for fiscal years through 2010. For other state, local, and foreign jurisdictions, with few exceptions, the statutes of limitation are closed for all tax years through March 30, 2008.

Included in the reserve for uncertain tax positions at March 30, 2014 and March 31, 2013 are $12 million and $11 million, respectively, of unrecognized tax benefits that, if recognized, would impact the effective tax rate. We estimate that within the next twelve months, the reserve for uncertain tax positions could change by $0 to $1 million. The tax matters associated with these uncertain tax positions primarily relate to state tax positions in various states. These tax matters are under audit, but we cannot reasonably predict the timing or the ultimate outcome of these matters.

11. Earnings per share

Net income and weighted average number of shares outstanding used to compute earnings per share were as follows:

Fiscal	2014	2013	2012
Amounts attributable to PCC shareholders:			
Net income from continuing operations	**$ 1,760**	$ 1,430	$ 1,230
Net income (loss) from discontinued operations	**17**	(3)	(6)
Net income attributable to PCC shareholders	**$ 1,777**	$ 1,427	$ 1,224

Fiscal	2014	2013	2012
Weighted average shares outstanding-basic	**145.6**	145.7	144.4
Effect of dilutive stock-based compensation plans	**1.0**	1.0	1.2
Weighted average shares outstanding-diluted	**146.6**	146.7	145.6

Basic earnings per share are calculated based on the weighted average number of shares outstanding. Diluted earnings per share are computed based on that same number of shares plus additional dilutive shares representing stock distributable under stock option, phantom stock, deferred stock unit and employee stock purchase plans computed using the treasury stock method.

Options to purchase 0.4 million, 1.4 million and 1.2 million shares of common stock were outstanding during fiscal 2014, 2013 and 2012, respectively, and were not included in the computation of diluted earnings per share because to do so would have been antidilutive. These options could be dilutive in the future.

12. Fair value measurements

Fair value guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. Fair value guidance defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the assets and liabilities measured at fair value on a recurring basis as of March 30, 2014:

	Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Assets/Liabilities at Fair Value**
Assets:				
Trading securities	$ 52	$ —	$ —	$ 52
Available for sale securities	$ 46	$ —	$ —	$ 46
Derivative instruments	$ —	$ 9	$ —	$ 9
Liabilities:				
Derivative instruments	$ —	$ 4	$ —	$ 4

The following table presents the assets and liabilities measured at fair value on a recurring basis as of March 31, 2013:

	Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Assets/Liabilities at Fair Value**
Assets:				
Trading securities	$ 19	$ —	$ —	$ 19
Available for sale securities	$ 111	$ —	$ —	$ 111
Derivative instruments	$ —	$ 2	$ —	$ 2
Liabilities:				
Derivative instruments	$ —	$ 5	$ —	$ 5

Trading securities consist of money market funds, commercial paper, and other highly liquid short-term instruments with maturities of three months or less at the time of purchase. These investments are readily convertible to cash with market value approximating cost. There were no transfers between Level 1 and Level 2 fair value measurements during fiscal 2014 or 2013.

Available for sale securities consist of investments in shares of publicly traded companies which were acquired through the purchase of TIMET. All available for sale securities are carried at fair value using quoted prices in active markets. Any unrealized gains or losses on these securities are recognized through other comprehensive income.

Derivative instruments consist of fair value hedges, net investment hedges, and cash flow hedges. Foreign exchange, commodity swap and interest rate swap contracts' values are determined using pricing models with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. There were no changes in our valuation techniques used to measure assets and liabilities at fair value on a recurring basis.

We estimate that the fair value of our long-term fixed rate debt instruments was $2,900 million compared to a book value of $2,996 million at March 30, 2014. At March 31, 2013, the estimated fair value of our long-term fixed rate debt instruments was $3,210 million compared to a book value of $3,198 million. The fair value of long-term fixed rate debt was estimated using a combination of observable trades and quoted prices on such debt, as well as observable market data for comparable instruments. Long-term fixed rate debt would be classified as Level 2 within the fair value hierarchy if it were measured at fair value. The estimated fair value of our miscellaneous long-term debt approximates book value.

13. Commitments and contingencies

We lease certain facilities, office space and equipment under operating leases for varying periods. Future minimum rental payments under non-cancelable operating leases with initial or remaining terms of one year or more at March 30, 2014 are as follows:

Fiscal Year		
2015	$	49
2016		38
2017		32
2018		27
2019		22
Thereafter		91
Total	$	259

Operating lease obligations attributable to operations held-for-sale were $2 million. Total rent expense for all operating leases was $48 million, $43 million and $34 million for fiscal 2014, 2013 and 2012, respectively.

Various lawsuits arising during the normal course of business are pending against us. In the opinion of management, the outcome of these lawsuits, either individually or in the aggregate, will not have a material effect on our consolidated financial position, results of operations, cash flows or business.

In the ordinary course of business, we warrant that our products will conform to contractually established standards and tolerances over various time periods. The warranty accrual as of March 30, 2014 and March 31, 2013, and the change in the accrual for fiscal 2014, 2013 and 2012, is not material to our consolidated financial position, results of operations or cash flows.

In connection with certain transactions, primarily divestitures, we may provide routine indemnifications (e.g., retention of previously existing environmental and tax liabilities) with terms that range in duration and often are not explicitly defined. Where appropriate, an obligation for such indemnifications is recorded as a liability. Because the obligated amounts of these types of indemnifications often are not explicitly stated, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not historically made significant payments for these indemnifications.

Environmental Matters

The Company continues to participate in environmental assessments and cleanups at several locations. These include currently owned and/or operating facilities and adjoining properties, previously owned or operated facilities and adjoining properties and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")) sites.

A liability is recorded for environmental remediation on an undiscounted basis when a cleanup program becomes probable and the costs or damages can be reasonably estimated. As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs and damages. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements, the allocation of costs among potentially responsible parties as well as other third parties, and technological changes, among others. The amounts of any such adjustments could have a material adverse effect on our results of operations in a given period.

The Company's environmental liability balance was $525 million and $294 million at March 30, 2014 and March 31, 2013, of which $61 million and $50 million was classified as a current liability, respectively, and generally reflects the best estimate of the costs to remediate identified environmental conditions for which costs can reasonably be estimated. If no point in a range of costs is a better estimate than others, the low end of the range of costs is accrued. The estimated upper end of the range of reasonably possible environmental costs exceeded amounts accrued by approximately $400 million at March 30, 2014.

Actual future losses may be lower or higher given the uncertainties regarding the status of laws, regulations, enforcement policies, the impact of potentially responsible parties, technology and information related to individual sites.

In fiscal 2014, the environmental liability increased $231 million, primarily due to additional investigation of the nature and extent of TIMET environmental liabilities that existed as of the acquisition date. The investigation resulted in an increase to the environmental liability of $259 million, which was partially offset by remediation expenditures applied against the environmental liability of $22 million and other adjustments. The measurement period adjustments did not have a significant impact on our financial position and results of operations and therefore, we did not retrospectively adjust the consolidated financial statements. Due to the nature of its historical operations, TIMET has significant environmental liabilities at its titanium manufacturing plants. It has for many years, under the oversight of government agencies, conducted investigations of the soil and groundwater contamination at its plant sites. TIMET has initiated remedial actions at its properties, including the capping of former on-site landfills, removal of contaminated sediments from on-site surface impoundments, remediation of contaminated soils and the construction of a slurry wall and groundwater extraction system to treat contaminated groundwater as well as other remedial actions. Although it is anticipated that significant remediation will be completed within the next two to three years, it is expected that a substantial portion of the TIMET environmental accruals will be expended within 45 years. Expenditures related to these remedial actions and for resolving TIMET's other environmental liabilities will be applied against existing liabilities. As the remedial actions are implemented at these sites, the liabilities will be adjusted based on the progress made in determining the extent of contamination and the extent of required remediation. While the existing liability generally represents our current best estimate of the costs or range of costs of resolving the identified environmental liabilities, these costs may change substantially due to factors such as the nature and extent of contamination, changes in legal and remedial requirements, the allocation of costs among potentially responsible parties as well as other third parties, and technological changes, among others.

14. Shareholders' equity

Authorized shares of common stock, with no par value and $1 stated value, consisted of 450.0 million shares at March 30, 2014 and March 31, 2013. Authorized and unissued no par serial preferred stock consisted of 1.0 million shares at March 30, 2014 and March 31, 2013.

Shareholder rights plan

The rights agreement, which was adopted in 1998, was renewed on December 16, 2008. The agreement is intended to protect the Company and its shareholders from potentially coercive takeover practices or takeover bids that are inconsistent with the interests of the Company and its shareholders. The agreement is not intended to deter offers that are fair and otherwise in the best interest of the Company's shareholders. Under the renewed rights agreement, each holder of the common stock of the Company at the close of business on December 16, 2008, received a dividend of one right for each share of common stock held entitling the holder to purchase from the Company one one-thousandth of a share of Series A No Par Serial Preferred Stock. Initially, the rights will be represented by the common stock certificates of the Company and will not be exercisable or traded separately from the common stock of the Company. In the absence of further board action, the rights will generally become exercisable if a person or group (i) acquires 15 percent or more of the outstanding common stock of the Company, or (ii) announces or commences a tender or exchange offer that would result in the person or group acquiring 15 percent or more of the outstanding common stock of the Company. Rights held by those that exceed the 15 percent threshold will be void.

In the event that any person or group acquires 15 percent or more of the outstanding common stock of the Company, and the rights are exercisable, each holder of a right (other than holders of rights that have become void) will have the right to receive upon exercise of the right, in lieu of shares of preferred stock, a number of shares of common stock of the Company having a market value of two times the exercise price of the right. If, after a person or group acquires 15 percent or more of the outstanding common stock of the Company, and while the rights are exercisable, (i) the Company is acquired in a merger or other business combination transaction in which the Company is not the surviving corporation or in which shares of the common stock are exchanged for stock or other securities or property, or (ii) 50 percent or more of the Company's assets or earning power is sold or transferred, each holder of a right (other than holders of rights that have become void) shall thereafter have the right to receive, upon exercise of the right, common stock of the acquiring company having a value equal to two times the purchase price of the right.

The rights agreement also includes an exchange option. In general, after a person or group acquires 15 percent or more of the outstanding common stock of the Company and while the rights are exercisable, the board of directors may, at its option, effect an exchange of part or all of the rights (other than rights that have become void) for shares of the common stock or preferred stock of the Company. Under this option, the Company would issue one share of common stock of the Company for each right or one one-thousandth of a share of preferred stock for each right, subject to adjustment in certain circumstances.

The Board of Directors may, at its option, redeem all outstanding rights for $0.001 per right at any time prior to the later of the Stock Acquisition Date and the Distribution Date (as these terms are defined in the Rights Agreement). The rights will expire on December 15, 2018, unless earlier redeemed, exchanged, or amended by the board of directors. The rights do not have voting or dividend rights and, until they become exercisable, have no dilutive effect on our earnings.

Share repurchase program

On January 24, 2013, the Board of Directors approved a $750 million program to repurchase shares of the Company's common stock. On August 13, 2013, the Board of Directors approved an additional $750 million for the Company's stock repurchase program, effective immediately and continuing through June 30, 2015. Repurchases under the Company's program may be made in open market or privately negotiated transactions in compliance with Securities and Exchange Commission Rule 10b-18, subject to market conditions, applicable legal requirements, and other relevant factors. This share repurchase plan does not obligate PCC to acquire any particular amount of common stock, and it may be suspended at any time at the Company's discretion.

During the year ended March 30, 2014, the Company repurchased 2,098,500 shares under this program at an average price paid per share of $232.22 for an aggregate purchase price of approximately $487 million. As of March 30, 2014, the Company had repurchased a total of 2,598,500 shares under this program for an aggregate purchase price of $580 million.

15. Stock-based compensation plans

We account for our stock based compensation plans in accordance with stock-based compensation guidance, which requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements over the vesting period, with the cost measured based on the estimated fair value of the equity or liability instruments issued.

We have three stock incentive plans for certain officers, key salaried employees and directors: the 1994 Stock Incentive Plan, the 1999 Nonqualified Stock Option Plan, and the 2001 Stock Incentive Plan. Shares authorized under these plans totaled approximately 35,192,000 shares. The plans allow for the grant of stock options, stock bonuses, stock appreciation rights, cash bonus rights and restricted stock.

Stock option awards

The Compensation Committee of the Board of Directors determines awards granted under officer and employee stock option plans. To date, all stock option awards under the stock incentive plans have been nonqualified stock option grants. The Compensation Committee fixes the time limit within which options may be exercised and other stock option terms. To date, option grant prices under the three stock incentive plans have been at the fair market value on the date of grant. Generally, options become exercisable at a rate of 25% each year over four years from the date of grant and expire ten years from the date of grant. Total expense recognized was $50 million, $43 million, and $40 million for fiscal 2014, 2013 and 2012, respectively.

Deferred stock unit awards

The Deferred Stock Unit Award Program provides for the grant of deferred stock units ("DSUs") to non-employee directors pursuant to the 2001 Stock Incentive Plan. At a date immediately following the Annual Meeting of Shareholders, each director was granted DSUs in an amount equal to $140,000 in fiscal 2014 and $125,000 in fiscal 2013 and 2012, divided by the closing price of PCC common stock on that date. Under the terms of the program, the units vest over three years, with provisions for accelerated vesting in certain circumstances. The DSUs are settled in shares of common stock equal to the number of units in a director's account at the time of settlement, which is no earlier than upon cessation of board service. At the time of the annual grant, the director will receive the value of the dividends that would have been paid on the stock underlying the DSUs during the year. The value of the dividends is divided by the closing price of PCC common stock to determine the number of units granted. The cost of these awards is determined as the market value of the shares at the date of grant. Total expense recognized was $1 million for each fiscal 2014, 2013 and 2012.

Employee stock purchase plan

We have an Employee Stock Purchase Plan ("ESPP") whereby we are authorized to issue shares of common stock to our full-time employees, nearly all of whom are eligible to participate. Under the terms of the plan, employees can choose to have up to 10 percent of their annual base earnings and bonus withheld to purchase PCC common stock subject to limitations established in the Internal Revenue Code. Employees then have the option to use the withheld funds to purchase shares of PCC common stock at the lower of 85 percent of the fair market value of the stock on the date of grant or on the date of purchase. Total expense recognized was $8 million for each fiscal 2014, 2013 and 2012.

Deferred compensation plan

We have a deferred compensation plan whereby eligible executives may elect to defer up to 100% of their regular cash compensation and cash incentive awards, and non-employee Board members may elect to defer up to 100% of their cash compensation for Board service. The compensation deferred under this plan is credited with earnings and losses as determined by the rate of return on investments selected by the plan participants. Each participant is fully vested in all deferred compensation and those earnings that have been credited to their individual accounts. Our promise to pay amounts deferred under this plan is an unsecured obligation. Balances at March 30, 2014 and March 31, 2013 of approximately $73 million and $68 million, respectively, are reflected in pension and other postretirement benefit obligations in the Consolidated Balance Sheets.

One investment election of the deferred compensation plan is Phantom Stock Units, an investment that tracks the value of PCC common stock. Investments in Phantom Stock Units are permanent for the remaining period of employment at PCC. Payment of investments in Phantom Stock Units following retirement or termination of employment is made only in shares of PCC common stock and therefore, Phantom Stock Units are accounted for as equity awards. The stock-based compensation expense is calculated at the date of purchase of Phantom Stock Units and recorded as additional paid in capital. At March 30, 2014 and March 31, 2013, there was $10 million of deferred compensation related to Phantom Stock Units included in additional paid-in capital.

The total amount of cash received from the exercise of stock options was $84 million, $100 million, and $97 million in fiscal 2014, 2013 and 2012, respectively. The related tax benefit was $32 million, $40 million, and $38 million in fiscal 2014, 2013 and 2012, respectively.

The outstanding options for stock incentive plan shares have expiration dates ranging from fiscal 2015 to fiscal 2024. At March 30, 2014, approximately 1,873,000 stock incentive plan shares were available for future grants.

There were approximately 188,000 shares issued under the 2008 ESPP during the year ended March 30, 2014. At March 30, 2014, there were approximately 1,358,000 shares available for issuance under the 2008 Employee Stock Purchase Plan.

The following table sets forth total stock-based compensation expense and related tax benefit recognized in the Consolidated Statements of Income:

Fiscal	2014	2013	2012
Cost of goods sold	**$ 17**	$ 16	$ 16
Selling and administrative expenses	**43**	36	32
Stock-based compensation expense before income taxes	**60**	52	48
Income tax benefit	**(19)**	(16)	(15)
Total stock-based compensation expense after income taxes	**$ 41**	$ 36	$ 33

No stock-based compensation expense was capitalized in fiscal 2014, 2013 or 2012 as it was not material. As of March 30, 2014, we had $107 million of total unrecognized stock-based compensation expense, net of estimated forfeitures, to be recognized over a weighted average period of 2.9 years.

The fair value of the stock-based awards, as determined under the Black-Scholes valuation model, was estimated using the weighted-average assumptions outlined below:

Fiscal	2014	2013	2012
Stock option plans:			
Risk-free interest rate	**1.1%**	0.5%	0.7%
Expected dividend yield	**0.1%**	0.1%	0.1%
Expected volatility	**26.3%**	38.5%	42.7%
Expected life (in years)	**3.2 – 4.4**	3.0 – 4.4	3.0 – 4.4
Employee Stock Purchase Plan:			
Risk-free interest rate	**0.1%**	0.1%	0.3%
Expected dividend yield	**0.1%**	0.1%	0.1%
Expected volatility	**20.2%**	28.5%	29.9%
Expected life (in years)	**1.0**	1.0	1.0

We use the U.S. Treasury (constant maturity) interest rate as the risk-free interest rate, and we use 4-year historical volatility for stock option plans and 1-year historical volatility for the Employee Stock Purchase Plan as the expected volatility. Our determination of expected terms and estimated pre-vesting forfeitures is based on an analysis of historical and expected patterns.

The weighted-average fair value of stock-based compensation awards granted and the intrinsic value of options exercised during the period were:

Fiscal		2014		2013		2012
Stock option plans:						
Grant date fair value per share	**$**	**56.71**	$	54.92	$	55.81
Total fair value of awards granted	**$**	**63**	$	73	$	56
Total intrinsic value of options exercised	**$**	**104**	$	125	$	120
Employee Stock Purchase Plan:						
Grant date fair value per share	**$**	**45.44**	$	42.83	$	36.95
Total fair value	**$**	**8**	$	8	$	8

Additional information with respect to stock option activity is as follows:

	Option Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)		Aggregate Intrinsic Value (in millions)
Outstanding at April 3, 2011	5,174,000	$	91.88	7.06	$	299
Granted	1,010,000		160.99			
Exercised	(1,323,000)		73.17			
Forfeited or expired	(126,000)		113.21			
Outstanding at April 1, 2012	4,735,000		111.29	7.29		292
Granted	1,333,000		174.55			
Exercised	(1,256,000)		79.68			
Forfeited or expired	(250,000)		145.47			
Outstanding at March 31, 2013	4,562,000		136.70	7.50		242
Granted	1,115,000		245.91			
Exercised	(774,000)		108.42			
Forfeited or expired	(167,000)		179.06			
Outstanding at March 30, 2014	4,736,000		165.57	7.30		389
Vested or expected to vest at March 30, 2014 (1)	2,294,000		198.65	8.71		113
Exercisable at March 30, 2014	2,171,000		125.03	5.60		266

(1) Represents outstanding options reduced by expected forfeitures

16. Accumulated other comprehensive loss

Accumulated other comprehensive loss consists of cumulative unrealized foreign currency translation adjustments, pension and postretirement obligations, unrealized gains (losses) on certain derivative instruments, and unrealized gains (losses) on available-for-sale securities. The components of accumulated other comprehensive loss were as follows (net of tax):

	Cumulative unrealized foreign currency translation gains (losses)	Pension and postretirement obligations	Unrealized gain (loss) on derivatives	Unrealized gain (loss) on available-for-sale securities	Total
Balance at March 31, 2013	$ (79)	$ (489)	$ 1	$ 14	$ (553)
OCI before reclassifications	148	(29)	7	(22)	104
Amounts reclassified from AOCI	—	35	(2)	(2)	31
Net current period OCI	148	6	5	(24)	135
Balance at March 30, 2014	$ 69	$ (483)	$ 6	$ (10)	$ (418)

Reclassifications from accumulated other comprehensive loss for the year ended March 30, 2014 are summarized in the following table:

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in Statement Where Net Income Is Presented
Gain (loss) on cash flow hedges:		
Foreign exchange contracts	$ 3	Sales
Foreign exchange contracts	(1)	Cost of sales
	2	Total before tax
	—	Tax expense
	$ 2	Net of tax
Unrealized gain (loss) on available for sale securities	$ 3	Selling and administrative
	(1)	Tax expense
	$ 2	Net of tax
Amortization of defined benefit pension items:		
Prior-service cost	$ (3)	(a)
Net actuarial loss	(52)	(a)
	(55)	Total before tax
	20	Tax benefit
	$ (35)	Net of tax
Total reclassifications for the period	$ (31)	Net of tax

(a) These AOCI components are included in the computation of net periodic pension cost (see Note 18 for additional details). The net periodic pension cost is included in cost of sales and selling and administrative line items in the Consolidated Statements of Income.

17. Derivatives and hedging activities

We hold and issue derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions and to protect our investments in foreign subsidiaries. In general, the types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates and changes in commodity prices and interest rates. We document our risk management strategy and hedge effectiveness at the inception of and during the term of each hedge.

Derivative financial instruments are recorded in the financial statements and measured at fair value. Changes in the fair value of derivative financial instruments are either recognized periodically in income or shareholders' equity (as a component of accumulated other comprehensive income (loss)) depending on whether the derivative is being used to hedge changes in fair value, cash flows, or a net investment in a foreign operation. In the normal course of business, we execute the following types of hedge transactions:

Fair value hedges

We have sales and purchase commitments denominated in foreign currencies. Foreign currency forward contracts are used to hedge against the risk of change in the fair value of these commitments attributable to fluctuations in exchange rates. We also have exposure to fluctuations in interest rates. Interest rate swaps are used to hedge against the risk of changes in the fair value of fixed rate borrowings attributable to changes in interest rates. Changes in the fair value of the derivative instrument are offset in the income statement by changes in the fair value of the item being hedged.

Net investment hedges

We use foreign currency forward contracts designated as net investment hedges to hedge net investments in certain foreign subsidiaries whose functional currency is the local currency. The effective portion of the gains and losses on net investment hedge transactions are reported in cumulative translation adjustment as a component of shareholders' equity.

Cash flow hedges

We have exposure to fluctuations in foreign currency exchange rates. Foreign currency forward contracts and options are used to hedge the variability in cash flows from forecast receipts or expenditures denominated in currencies other than the functional currency. We also have exposure to fluctuations in commodity prices. Commodity swaps may be used to hedge against the variability in cash flows from forecasted commodity purchases. For cash flow hedge transactions, changes in the fair value of the derivative instruments are reported in accumulated other comprehensive income (loss). The gains and losses on cash flow hedge transactions that are reported in accumulated other comprehensive income (loss) are reclassified to earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item. The ineffective portions of all hedges are recognized in current period earnings.

We formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are designated as hedging instruments have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not, or has ceased to be, highly effective as a hedge, we discontinue hedge accounting prospectively.

As of March 30, 2014, there were $5 million of deferred net gains (pre-tax) relating to derivative activity in accumulated other comprehensive loss that are expected to be transferred to net earnings over the next twelve months when the forecasted transactions actually occur. As of March 30, 2014, the maximum term over which we are hedging exposures to the variability of cash flows for all forecasted and recorded transactions is 15 months. The amount of net notional foreign exchange contracts outstanding as of March 30, 2014 was approximately $710 million. We believe that there is no significant credit risk associated with the potential failure of any counterparty to perform under the terms of any derivative financial instrument.

Derivative instruments are measured at fair value within the consolidated balance sheet either as assets or liabilities. As of March 30, 2014, accounts receivable included foreign exchange contracts of $9 million and accounts payable included foreign exchange contracts of $4 million. As of March 31, 2013, accounts receivable included foreign exchange contracts of $2 million and accounts payable included foreign exchange contracts of $5 million.

For the years ended March 30, 2014, March 31, 2013 and April 1, 2012, we recognized $5 million, $3 million and $4 million of gains, respectively, in the consolidated statements of income for derivatives designated as hedging instruments. For the years ended March 30, 2014, March 31, 2013 and April 1, 2012, we recognized $39 million of gains, $2 million of losses, and $2 million of losses, respectively, in the consolidated statements of income for derivatives not designated as hedging instruments. Gains and losses on derivatives not designated as hedging instruments are primarily offset by losses or gains arising from the revaluation of foreign currency denominated assets and liabilities. The ineffective portion of gains and losses relating to derivatives designated as hedging instruments in fiscal 2014, 2013 or 2012 was not significant.

18. Pension and other postretirement benefit plans

We sponsor many U.S. and non-U.S. defined benefit pension plans. Benefits provided by these plans are generally based on years of service and compensation. Our general funding policy for qualified pension plans is to contribute amounts at least sufficient to satisfy regulatory funding standards. We also provide postretirement medical benefits for certain eligible employees who have satisfied plan eligibility provisions, which include age and/or service requirements.

Pension and postretirement benefit obligations and funded status

Fiscal	Pension Benefits 2014	Pension Benefits 2013	Other Postretirement Benefits 2014	Other Postretirement Benefits 2013
Change in plan assets:				
Beginning fair value of plan assets	**$ 2,119**	$ 1,719	**$ —**	$ —
Actual return on plan assets	**96**	193	**—**	—
Business acquisition	**—**	247	**—**	—
Company contributions	**78**	69	**8**	8
Plan participants' contributions	**2**	2	**—**	—
Benefits paid	**(112)**	(83)	**(8)**	(8)
Exchange rate and other	**84**	(28)	**—**	—
Ending fair value of plan assets	**$ 2,267**	$ 2,119	**$ —**	$ —
Change in projected benefit obligations:				
Beginning projected benefit obligations	**$ 2,466**	$ 1,919	**$ 106**	$ 91
Service cost	**50**	44	**1**	1
Interest cost	**112**	96	**5**	4
Plan participants' contributions	**2**	2	**—**	—
Amendments/curtailments/settlement	**(1)**	—	**—**	—
Business acquisition/other	**—**	359	**—**	12
Actuarial (gains) losses	**(51)**	158	**(10)**	6
Benefits paid	**(112)**	(83)	**(8)**	(8)
Exchange rate and other	**87**	(29)	**—**	—
Ending projected pension and postretirement benefit obligations	**$ 2,553**	$ 2,466	**$ 94**	$ 106
Funded Status:				
Fair value of plan assets less than projected pension and postretirement benefit obligations	**$ (286)**	$ (347)	**$ (94)**	$ (106)
Amounts recognized in the balance sheets:				
Noncurrent asset	**$ 3**	$ 40	**$ —**	$ —
Current liabilities	**(6)**	(6)	**(7)**	(8)
Noncurrent liabilities	**(283)**	(381)	**(87)**	(98)
Net amount recognized	**$ (286)**	$ (347)	**$ (94)**	$ (106)
Amounts recognized in accumulated other comprehensive loss consist of:				
Net actuarial loss	**$ 698**	$ 718	**$ 9**	$ 21
Prior service cost	**11**	14	**1**	1
Net amount recognized, before tax effect	**$ 709**	$ 732	**$ 10**	$ 22

Of the total amounts included in accumulated other comprehensive loss as of March 30, 2014, we estimate that we will recognize amortization of the following amounts as components of net periodic pension and postretirement benefit cost in fiscal 2015: net actuarial loss of $46 million and prior service cost of $3 million. Several of our defined benefit pension plans have accumulated benefit obligations in excess of plan assets. As of March 30, 2014, the aggregate projected benefit obligation was $913 million, the aggregate accumulated benefit obligation was $848 million, and the aggregate fair value of plan assets was $650 million associated with these defined benefit pension plans.

Components of net periodic pension cost

The net periodic pension cost for our pension plans consisted of the following components:

Fiscal	2014	2013	2012
Service cost	**$ 52**	$ 46	$ 37
Interest cost	**112**	96	92
Expected return on plan assets	**(171)**	(137)	(132)
Amortization of prior service cost	**3**	3	3
Amortization of net actuarial loss	**51**	45	22
Net periodic pension cost	**$ 47**	$ 53	$ 22

The net postretirement benefit cost of our postretirement benefit plans consisted of the following components:

Fiscal	2014	2013	2012
Service cost	**$ 1**	$ 1	$ 1
Interest cost	**5**	4	5
Amortization of net actuarial loss	**1**	1	—
Net postretirement benefit cost	**$ 7**	$ 6	$ 6

Components of amounts recognized in other comprehensive income

The changes in plan assets and benefit obligations recognized in other comprehensive income for our pension plans consisted of the following:

Fiscal	2014	2013	2012
Net actuarial (gain) loss	**$ (23)**	$ 62	$ 284
Amortization of net actuarial loss	**(7)**	(8)	(3)
Prior service cost	**—**	—	4
Amortization of prior service cost	**(3)**	(3)	(3)
Exchange rate loss (gain)	**10**	(7)	(1)
Total recognized in OCI	**$ (23)**	$ 44	$ 281

The changes in plan assets and benefit obligations recognized in other comprehensive income for our postretirement benefit plans consisted of the following:

Fiscal	2014	2013	2012
Net actuarial (gain) loss	**$ (12)**	$ 5	$ 8
Prior service cost	**—**	—	2
Total recognized in OCI	**$ (12)**	$ 5	$ 10

Weighted-average assumptions

The weighted-average assumptions used in determining the pension and postretirement benefit obligations in our pension and postretirement plans in fiscal 2014 and 2013 were as follows:

U.S. Plans	Pension Benefits		Other Postretirement Benefits	
Fiscal	2014	2013	2014	2013
Discount rate	**4.70%**	4.25%	**4.70%**	4.25%
Rate of compensation increase	**3.00%**	3.00%	**3.00%**	3.00%

Non-U.S. Plans	Pension Benefits	
Fiscal	2014	2013
Discount rate	**4.67%**	4.76%
Rate of compensation increase	**2.98%**	2.98%

As of March 30, 2014, the projected U.S. pension benefit obligation was $1,489 million and the non-U.S. pension benefit obligation was $1,064 million.

The weighted-average assumptions used in determining the net periodic pension and postretirement benefit cost in our pension and postretirement plans in fiscal 2014, 2013 and 2012 were as follows:

U.S. Plans	Pension Benefits			Other Postretirement Benefits		
Fiscal	2014	2013	2012	2014	2013	2012
Discount rate	**4.25%**	4.80%	5.75%	**4.25%**	4.85%	5.75%
Expected return on plan assets	**8.00%**	8.00%	8.00%	**—**	—	—
Rate of compensation increase	**3.00%**	3.00%	3.00%	**3.00%**	3.00%	3.00%

Non-U.S. Plans	Pension Benefits		
Fiscal	2014	2013	2012
Discount rate	**4.76%**	4.98%	5.88%
Expected return on plan assets	**7.50%**	7.50%	7.50%
Rate of compensation increase	**2.98%**	2.91%	3.22%

For the year ended March 30, 2014, our U.S. net periodic pension cost was $55 million and our non-U.S. net periodic benefit income was $8 million.

Health care trend rates

The health care cost trend rates used in fiscal 2014 and 2013 were as follows:

	Other Postretirement Benefits	
Fiscal	2014	2013
Health care cost trend assumed for next year	**6.62%**	7.83%
Ultimate trend rate	**4.30%**	4.50%
Year ultimate rate is reached	**2092**	2081

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 percentage point increase	1 percentage point decrease
Effect on total of service and interest cost components	$ —	$ —
Effect on postretirement benefit obligation	$ 3	$ (3)

During fiscal 2014, we contributed $78 million to the defined benefit pension plans, of which $50 million was voluntary. In the first quarter of fiscal 2015, we made $6 million of voluntary contributions to our non-U.S. defined benefit pension plans. We expect to contribute approximately $25 million of required contributions in fiscal 2015, for total contributions to the defined benefit pension plans of approximately $31 million in fiscal 2015. In addition, we contributed $8 million to the other postretirement benefit plans during fiscal 2014. We expect to contribute approximately $7 million to the other postretirement benefit plans during fiscal 2015.

Estimated future benefit payments for our pension and other postretirement benefit plans are expected to be:

Fiscal Year	Pension Benefits	Other Postretirement Benefits
2015	$ 113	$ 8
2016	109	7
2017	113	7
2018	118	7
2019	124	7
2020-2024	715	32

Plan asset allocations

The Company's asset allocation strategy is designed to balance the objectives of achieving the asset return assumption consistently over the long-term in order to fund future payment obligations and broadly diversifying investments across financial markets to protect investment values against adverse movements. In addition, we seek to minimize the volatility of the plans' funded status and the Company's pension expense. Asset classes with differing expected rates of return, return volatility and correlations are utilized to control risk and provide diversification. The asset categories are described below, along with the investment level classification under fair value guidance as defined in Note 12—Fair value measurements.

Public Equity Securities (Long/Hedged)

Long equity investments consist of publicly traded equity securities that are well diversified across managers, styles, sectors and countries. Hedged equity investments typically add short positions in equities or equity futures in order to generate absolute returns regardless of equity market direction. Public equity investments made directly through managed (separate) account structures and valued based upon closing prices reported in active trading markets are classified as Level 1. Equity investments made indirectly via pooled funds offering daily to quarterly liquidity and valued at the net asset value ("NAV") of the fund are classified as Level 2. Such investments are typically valued at the most recently published NAV of the fund, which may be derived from underlying investment values one quarter earlier, unless management believes an adjustment to NAV is warranted based on changes in observable inputs or an expectation that an investment will be sold at a value other than NAV.

Private Equity

Private equity investments consist of investments in limited partnerships or commingled vehicles with managers who purchase interests in non-public companies. Sub-categories of private equity may include venture capital, early stage, special situations or restructuring funds. Private equity funds typically have low liquidity, a 10 year or longer investment commitment, and valuation methodologies that require the use of significant unobservable inputs. Private equity investments are classified as Level 3 and are typically valued at the most recently published NAV of the fund, unless management believes an adjustment is warranted as described above. For the years ended March 30, 2014 and March 31, 2013, no material adjustments were made to fund NAVs. As of March 30, 2014, unfunded capital commitments to private equity investments were $15 million.

Absolute Return (Market Sectors/Arbitrage)

Absolute return strategies are investments with managers who seek specified levels of absolute returns with minimal correlation to market movements. Absolute return managers typically invest in futures, forwards or options on a variety of asset classes. Market sector strategies seek to capitalize on movements in commodity, currency, interest rate and/or other traditional markets while arbitrage strategies focus on credit, volatility or other alternative asset classes. Investments are typically made in limited partnerships and classified Level 2 when funds offer daily to quarterly liquidity at fund NAVs and reported values are based on significant observable inputs. All other investments are classified as Level 3 and are typically valued at the most recently published NAV of the fund, unless management believes an adjustment is warranted as described above. As of March 30, 2014, unfunded capital commitments to absolute return investments were $3 million.

Royalty Investments

Royalty investments are made through a limited partnership which purchases income-producing royalties derived from sales of pharmaceutical products. Valuation of the fund is determined from an independent appraisal process whereby significant observable inputs are used in determining the fund’s NAV. Liquidity is typically arranged in the secondary market with trades occurring at the most recent published NAV. Royalty investments are classified as Level 2 and are typically valued at the most recently published NAV of the fund, unless management believes an adjustment is warranted as described above.

Fixed Income (Investment/Non-Investment Grade)

Fixed income investments consist of public and private fixed income securities of U.S. and non-U.S. government and corporate issuers, fixed income mutual funds and interest rate derivatives intended to hedge a portion of the pension plan's sensitivity to interest changes. As of March 30, 2014, the pension plans held approximately $330 million of notional interest rate derivatives. Fixed income investments made directly through managed (separate) account structures and valued based upon closing prices reported in the active trading markets are classified as Level 1. Over-the-counter derivatives and fixed income investments made indirectly via pooled funds offering daily to quarterly liquidity and valued at the NAV of the fund are classified as Level 2. Fixed income investments with low liquidity and valuation methodologies that require the use of significant unobservable inputs are classified as Level 3. As of March 30, 2014, unfunded capital commitments to fixed income investments were $49 million.

The fair value methods employed by PCC as noted above may not be validated at the time of sale and may not reflect future fair value measurements. The use of different assumptions of valuation methodologies may lead to different fair value measurements.

Cash/Other

Cash and other investments include highly liquid money market securities, demand deposits and other cash equivalents.

The table below sets forth our target asset allocation for fiscal 2014 and the actual allocations at March 30, 2014 and March 31, 2013:

	Target Allocation 2014	Actual Allocation March 30, 2014	Actual Allocation March 31, 2013
Equity	**25% – 60%**	47%	44%
Fixed Income	**5% – 50%**	23%	24%
Absolute Return	**5% – 40%**	18%	20%
Royalties	**0% – 15%**	8%	7%
Cash/Other	**1% – 10%**	4%	5%
Total		100%	100%

The fair value of our pension plan assets at March 30, 2014 by asset category are as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Equity:				
Long	$ 404	$ 224	$ —	$ 628
Hedged	65	136	1	202
Private Equity / Venture Capital	—	—	226	226
Total Equity	469	360	227	1,056
Absolute Return:				
Market Sectors	—	223	—	223
Arbitrage	—	195	3	198
Total Absolute Return	—	418	3	421
Royalties	—	178	—	178
Fixed Income:				
Investment Grade	371	40	—	411
Non-Investment Grade	—	48	66	114
Total Fixed Income	371	88	66	525
Cash/Other	86	1	—	87
Total	$ 926	$ 1,045	$ 296	$ 2,267

The table below sets forth a summary of changes in the fair value of the pension plan's Level 3 assets for the year ended March 30, 2014:

Investment	Balance at March 31, 2013	Realized / Unrealized Gain / (Loss)	Net Purchases / (Redemptions)	Transfers Into / (Out of) Level 3	Balance at March 30, 2014
Hedged Equity	$ 1	$ 1	$ (1)	$ —	$ 1
Private Equity / Venture Capital	241	(18)	3	—	226
Arbitrage	6	(1)	(2)	—	3
Fixed Income - Non-Investment Grade	49	5	12	—	66
Total	$ 297	$ (13)	$ 12	$ —	$ 296

The fair value of our pension plan assets at March 31, 2013 by asset category are as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Equity:				
Long	$ 317	$ 215	$ —	$ 532
Hedged	51	112	1	164
Private Equity / Venture Capital	—	—	241	241
Total Equity	368	327	242	937
Absolute Return:				
Market Sectors	—	216	—	216
Arbitrage	—	197	6	203
Total Absolute Return	—	413	6	419
Royalties	—	152	—	152
Fixed Income:				
Investment Grade	391	29	—	420
Non-Investment Grade	—	41	49	90
Total Fixed Income	391	70	49	510
Cash/Other	100	1	—	101
Total	$ 859	$ 963	$ 297	$ 2,119

The table below sets forth a summary of changes in the fair value of the pension plan's Level 3 assets for the year ended March 31, 2013:

Investment	Balance at April 1, 2012	Realized / Unrealized Gain / (Loss)	Net Purchases / (Redemptions)	Transfers Into / (Out of) Level 3	Balance at March 31, 2013
Hedged Equity	$ 1	$ —	$ —	$ —	$ 1
Private Equity / Venture Capital	166	66	9	—	241
Arbitrage	12	(4)	(2)	—	6
Fixed Income - Non-Investment Grade	32	3	14	—	49
Total	$ 211	$ 65	$ 21	$ —	$ 297

Multi-employer pension plans

We are a participating employer in several trustee-managed multiemployer, defined benefit pension plans for employees who participate in collective bargaining agreements. The risks of participating in these multiemployer plans are different from single-employer plans in that (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be assumed by the remaining participating employers and (iii) if we choose to stop participating in any of our multiemployer plans, we may be required to pay those plans a withdrawal amount based on the underfunded status of the plan. The following table outlines our participation in multiemployer plans:

		Pension Protection Act Zone Status (a)			Contributions of PCC				
Pension Fund	**EIN/Pension Plan Number**	**FY2014**	**FY2013**	**FIP/RP Status (b)**	**FY2014**	**FY2013**	**FY2012**	**Surcharge Imposed**	**Expiration Date of Collective Bargaining Agreement**
IAM National Pension Plan	51-6031295/ 002 (c)	Green	Green	Not Applicable	$ 1	$ 1	$ 1	No	6/30/2017 8/15/2016 2/29/2016
Steelworkers Pension Trust	23-6648508/ 499	Green	Green	Not Applicable	4	3	3	No	8/7/2015 9/17/2017
Boilermaker-Blacksmith National Pension Trust	48-6168020/ 001 (c)(d)	Yellow	Yellow	Implemented	1	1	1	Yes	7/15/2015 7/15/2017
				Total Contributions:	$ 6	$ 5	$ 5		

[(a)] Unless otherwise noted in the table, the most recent Pension Protection Act zone status available in fiscal 2014 and fiscal 2013 is for the plan's year-end at December 31, 2013 and 2012, respectively. The zone status is based on the latest information that we received from the plan and is certified by the plan's actuary.

[(b)] The “FIP/RP Status” column indicates plans for which a Funding Improvement Plan (“FIP”) or a Rehabilitation Plan (“RP”) is either pending or has been implemented.

[(c)] The plan's zone status was calculated after taking into account IRS approval for an "amortization extension", adjusting future benefit accruals, and electing other funding relief measures made available under the Pension Relief Act of 2010.

[(d)] Beginning on January 1, 2010, the minimum contribution rate required to be paid by the employers is equal to the base contribution rate in effect, for the collective bargaining agreement in effect on September 30, 2008, multiplied by the following factors over the following calendar years: 2012 - 205%; 2013 - 240%; after 01/01/2014 - 275%.

Defined contribution plans

The expense related to employer contributions to our defined contribution plans was $35 million, $23 million and $19 million in fiscal 2014, 2013 and 2012, respectively.

19. Segment information

Information regarding segments is presented in accordance with segment disclosure guidance. Based on the criteria outlined in this guidance, our operations are classified into three reportable operating segments: Investment Cast Products, Forged Products and Airframe Products.

Investment Cast Products

The Investment Cast Products segment manufactures investment castings, and provides related investment casting materials and alloys, for aircraft engines, industrial gas turbine engines, airframes, armaments, medical prostheses and other industrial applications.

Forged Products

The Forged Products segment manufactures forged components from sophisticated titanium and nickel-based alloys principally for the aerospace and power markets, and manufactures metal alloys used to produce forged components for aerospace and non-aerospace markets which include products for oil and gas, chemical processing, and pollution control applications. The segment also provides nickel superalloy and titanium revert management solutions, re-melting various material byproducts and reusing them in casting, forging, and fastener manufacturing processes. The Forged Products segment also produces seamless pipe for the power and the oil and gas industries.

Airframe Products

The Airframe Products segment primarily produces highly engineered fasteners, fastener systems, fluid fittings, aerostructures, and precision components for critical applications in the aerospace, automotive and industrial machinery markets. The majority of our Airframe Products sales come from the same aerospace customer base served by our Investment Cast Products and Forged Products segments. The balance of the segment’s sales is derived from automotive and general industrial markets, including farm machinery, construction equipment, machine tools, medical equipment, appliances and recreation.

Our chief operating decision maker evaluates performance and allocates resources based on revenues, operating income and net assets employed. The accounting policies of the reportable segments are the same as those described in Note 1—Summary of significant accounting policies. Segment results are as follows:

Fiscal	2014	2013	2012
Net sales:			
Investment Cast Products	**$ 2,462**	$ 2,480	$ 2,327
Forged Products	**4,272**	3,566	3,177
Airframe Products	**2,882**	2,315	1,698
Consolidated net sales	**$ 9,616**	$ 8,361	$ 7,202
Intercompany sales activity [(1)]:			
Investment Cast Products [(2)]	**$ 276**	$ 303	$ 296
Forged Products [(3)]	**1,771**	991	927
Airframe Products [(4)]	**203**	149	116
Total intercompany sales activity	**$ 2,250**	$ 1,443	$ 1,339
Segment operating income (loss):			
Investment Cast Products	**$ 874**	$ 838	$ 766
Forged Products	**1,088**	777	685
Airframe Products	**863**	687	488
Corporate expense	**(153)**	(145)	(123)
Total segment operating income	**2,672**	2,157	1,816
Interest expense, net	**71**	31	5
Consolidated income before income taxes and equity in earnings of unconsolidated affiliates	**$ 2,601**	$ 2,126	$ 1,811
Depreciation and amortization expense:			
Investment Cast Products	**$ 39**	$ 36	$ 35
Forged Products	**172**	116	88
Airframe Products	**71**	56	41
Corporate	**11**	6	6
Consolidated depreciation and amortization expense	**$ 293**	$ 214	$ 170
Capital expenditures:			
Investment Cast Products	**$ 49**	$ 46	$ 48
Forged Products	**235**	163	75
Airframe Products	**69**	57	39
Corporate	**2**	54	30
Consolidated capital expenditures	**$ 355**	$ 320	$ 192
Total assets:			
Investment Cast Products	**$ 1,516**	$ 1,438	
Forged Products [(5)]	**10,477**	9,567	
Airframe Products	**6,140**	5,143	
Corporate [(6)]	**417**	632	
Discontinued operations	**36**	116	
Consolidated total assets	**$ 18,586**	$ 16,896	

(1) Intercompany sales activity consists of each segment's total intercompany sales activity, including intercompany sales activity within a segment and between segments.
(2) Investment Cast Products: Includes intersegment sales activity of $44 million, $52 million and $48 million for fiscal 2014, 2013 and 2012, respectively.
(3) Forged Products: Includes intersegment sales activity of $124 million, $103 million and $87 million for fiscal 2014, 2013 and 2012, respectively.
(4) Airframe Products: Includes intersegment sales activity of $7 million, $6 million and $5 million for fiscal 2014, 2013 and 2012, respectively.
(5) Forged Products assets include $414 million and $444 million in fiscal 2014 and 2013, respectively, related to investments in unconsolidated affiliates.
(6) Corporate assets consist principally of cash and cash equivalents, property, plant & equipment and other assets.

Net direct sales to General Electric were 13 percent, 15 percent and 15 percent of total sales in fiscal 2014, 2013 and 2012, respectively, as follows:

Fiscal	2014	2013	2012
Investment Cast Products	**$ 736**	$ 697	$ 559
Forged Products	**412**	540	464
Airframe Products	**66**	39	41
	$ 1,214	$ 1,276	$ 1,064

No other customer directly accounted for more than 10 percent of net sales.

Our business is conducted on a global basis with manufacturing, service and sales undertaken in various locations throughout the world. Net sales are attributed to geographic areas based on the location of the assets producing the revenues. Long-lived assets consist of net property, plant and equipment and certain other tangible long-term assets of continuing operations. Geographic information regarding our net sales and long-lived assets is as follows:

Fiscal	2014	2013	2012
United States	**$ 7,742**	$ 6,833	$ 5,953
United Kingdom	**1,087**	873	796
Other countries	**787**	655	453
Net sales	**$ 9,616**	$ 8,361	$ 7,202
United States	**$ 2,100**	$ 1,865	
United Kingdom	**261**	240	
Other countries	**160**	192	
Assets of discontinued operations	**14**	49	
Total tangible long-lived assets (1)	**$ 2,535**	$ 2,346	

(1) Long-lived assets exclude $416 million and $445 million in fiscal 2014 and 2013, respectively, related to investments in unconsolidated affiliates.

20. Subsequent events

On April 25, 2014, we acquired Aerospace Dynamics International ("ADI") for approximately $625 million. ADI is one of the premier suppliers in the aerospace industry, operating a wide range of high-speed machining centers. ADI has developed particular expertise in large complex components, hard-metal machining, and critical assemblies. ADI is located in Valencia, California, and employs approximately 625 people. The ADI acquisition was an asset purchase for tax purposes and operates as part of the Airframe Products segment.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Precision Castparts Corp.
Portland, Oregon

We have audited the accompanying consolidated balance sheets of Precision Castparts Corp. and subsidiaries (the "Company") as of March 30, 2014 and March 31, 2013, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Precision Castparts Corp. and subsidiaries as of March 30, 2014 and March 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 30, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 30, 2014, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated May 29, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Portland, Oregon
May 29, 2014

Quarterly Financial Information [1]

(Unaudited)
(In millions, except per share data)

2014	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	**$ 2,367**	**$ 2,362**	**$ 2,357**	**$ 2,530**
Gross profit	**$ 797**	**$ 805**	**$ 809**	**$ 888**
Net income	**$ 438**	**$ 425**	**$ 435**	**$ 486**
Net income (loss) attributable to PCC shareholders:				
Continuing operations	**$ 424**	**$ 425**	**$ 432**	**$ 479**
Discontinued operations	**12**	**(1)**	**1**	**5**
	$ 436	**$ 424**	**$ 433**	**$ 484**
Net income (loss) per share-basic:				
Continuing operations	**$ 2.90**	**$ 2.92**	**$ 2.97**	**$ 3.30**
Discontinued operations	**0.08**	**(0.01)**	**0.01**	**0.03**
	$ 2.98	**$ 2.91**	**$ 2.98**	**$ 3.33**
Net income (loss) per share-diluted:				
Continuing operations	**$ 2.88**	**$ 2.90**	**$ 2.95**	**$ 3.27**
Discontinued operations	**0.08**	**(0.01)**	**0.01**	**0.04**
	$ 2.96	**$ 2.89**	**$ 2.96**	**$ 3.31**
Cash dividends per share	**$ 0.03**	**$ 0.03**	**$ 0.03**	**$ 0.03**
Common stock prices:				
High	**$ 226.94**	**$ 270.00**	**$ 271.99**	**$ 274.96**
Low	**$ 180.06**	**$ 210.79**	**$ 225.00**	**$ 243.18**
End	**$ 226.01**	**$ 228.09**	**$ 268.72**	**$ 247.58**

2013	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	$ 1,966	$ 1,927	$ 2,034	$ 2,434
Gross profit	$ 635	$ 619	$ 653	$ 785
Net income	$ 342	$ 333	$ 338	$ 417
Net income (loss) attributable to PCC shareholders:				
Continuing operations	$ 344	$ 332	$ 339	$ 415
Discontinued operations	(2)	—	(1)	—
	$ 342	$ 332	$ 338	$ 415
Net income (loss) per share-basic:				
Continuing operations	$ 2.37	$ 2.29	$ 2.32	$ 2.83
Discontinued operations	(0.02)	—	—	—
	$ 2.35	$ 2.29	$ 2.32	$ 2.83
Net income (loss) per share-diluted:				
Continuing operations	$ 2.35	$ 2.27	$ 2.31	$ 2.82
Discontinued operations	(0.02)	—	(0.01)	—
	$ 2.33	$ 2.27	$ 2.30	$ 2.82
Cash dividends per share	$ 0.03	$ 0.03	$ 0.03	$ 0.03
Common stock prices:				
High	$ 179.00	$ 168.94	$ 189.45	$ 196.00
Low	$ 156.84	$ 150.53	$ 160.78	$ 180.60
End	$ 164.49	$ 163.34	$ 185.80	$ 189.62

(1) *Historical amounts have been restated to present certain businesses as discontinued operations.*

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

We maintain disclosure controls and procedures that are designed with the objective of providing reasonable assurance that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply their judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, an evaluation was performed on the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this annual report. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 30, 2014.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal year that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Chief Executive Officer and Chief Financial Officer Certifications

The certifications of our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act have been filed as Exhibits 31.1 and 31.2 to this report.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as this term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting process is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control— Integrated Framework (1992). Based on our assessment using that criteria, our management concluded that, as of March 30, 2014, the Company’s internal control over financial reporting was effective.

During fiscal 2014, PCC acquired seven businesses. Management has excluded these businesses from its assessment of internal control over financial reporting as of March 30, 2014 as it was determined that Management could not complete an assessment of the internal control over financial reporting of the acquired businesses in the period between the acquisition date and the date of management's assessment date. Total assets and revenues of these acquisitions represent approximately 6.9% and 1.8%, respectively, of the related consolidated financial statement amounts as of and for the fiscal year ended March 30, 2014.

Our internal control over financial reporting as of March 30, 2014, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Precision Castparts Corp.
Portland, Oregon

We have audited the internal control over financial reporting of Precision Castparts Corp. and subsidiaries (the "Company") as of March 30, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at seven businesses, which were acquired during the year ended March 30, 2014, and whose financial statements constitute, in aggregate, 6.9% of total assets and 1.8% of revenues of the consolidated financial statement amounts as of and for the year ended March 30, 2014. Accordingly, our audit did not include the internal control over financial reporting at such businesses. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 30, 2014, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 30, 2014 of the Company and our report dated May 29, 2014 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Portland, Oregon
May 29, 2014

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to Directors of the Company is incorporated herein by reference to "Proposal 1: Election of Directors" continuing through "Board of Directors and Committee Meetings and Board Leadership Structure" and to "Audit Committee" and "Report of the Audit Committee" in our Proxy Statement to be filed for the 2014 Annual Meeting of Shareholders of the Registrant. The information required by this item with respect to our executive officers follows Part I, Item 4(a) of this document.

Information with respect to compliance with Section 16(a) of the Exchange Act is incorporated herein by reference to "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement to be filed for the 2014 Annual Meeting of Shareholders of the Registrant.

The Company has adopted a code of ethics that applies to the Registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company has posted this Code of Conduct on the PCC Corporate Center at www.precast.com/PCC/Governance.html. A copy may also be received free of charge by calling Investor Relations at (503) 946-4700 or sending an email to info@precastcorp.com.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to Executive Compensation is incorporated herein by reference to "Compensation Committee Interlocks and Insider Participation," "Compensation of Executive Officers," "Compensation Discussion and Analysis" and "Director Compensation" in the Proxy Statement to be filed for the 2014 Annual Meeting of Shareholders of the Registrant.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters is incorporated herein by reference to "Security Ownership of Certain Beneficial Owners," "Security Ownership of Directors and Executive Officers" and "Equity Compensation Plan Information" in the Proxy Statement to be filed for the 2014 Annual Meeting of Shareholders of the Registrant.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information with respect to Certain Relationships and Related Transactions and Director Independence is incorporated herein by reference to "Proposal 1: Election of Directors, Corporate Governance" and continuing through "Director Independence" and to "Transactions with Related Persons" in the Proxy Statement to be filed for the 2014 Annual Meeting of Shareholders of the Registrant.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to Principal Accounting Fees and Services is incorporated herein by reference to "Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement to be filed for the 2014 Annual Meeting of Shareholders of the Registrant.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following consolidated financial statements of Precision Castparts Corp. are included in Item 8. Financial Statements and Supplementary Data.

Consolidated Statements of Income
Consolidated Statements of Comprehensive Income
Consolidated Balance Sheets
Consolidated Statements of Cash Flows
Consolidated Statements of Equity
Notes to Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm

(a)(2) Financial Statement Schedules

None.

(a)(3) Exhibits

3.1	Restated Articles of Incorporation of Precision Castparts Corp.
3.2	Bylaws of Precision Castparts Corp. (Incorporated herein by reference to Exhibit 3.2 to the Form 8-K filed February 18, 2011.)
4.1	Indenture dated December 17, 1997 between J.P. Morgan Trust Company, National Association (as successor to Bank One Trust Company, N.A., which was the successor to The First National Bank of Chicago) as Trustee and PCC (Incorporated herein by reference to Exhibit (4)A to the Form 10-K filed June 26, 1998.)
4.2	Rights Agreement, dated as of December 12, 2008, between Precision Castparts Corp. and the Bank of New York Mellon (Incorporated herein by reference to Exhibit 4.1 to the Form 8-K filed December 16, 2008.)
4.3	Twenty-Sixth Supplemental Indenture dated December 20, 2012 between Precision Castparts Corp. and U.S. Bank National Association (including forms of Notes) (Incorporated herein by reference to Exhibit 4.1 to the Form 8-K filed December 20, 2012.)
10.1	Credit Agreement, dated December 16, 2013, by and among Precision Castparts Corp., Bank of America, N.A., as Administrative Agent, Citibank, N.A. and Wells Fargo Bank, National Association, as Syndication Agents, Mizuho Bank (USA), PNC Bank, National Association, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and U.S. Bank National Association, as Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Book Managers, and other lenders from time to time party thereto (Incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed December 18, 2013).
10.2	Credit Agreement, dated December 16, 2013, by and among Precision Castparts Corp., Bank of America, N.A., as Administrative Agent, Citibank, N.A. and Wells Fargo Bank, National Association, as Syndication Agents, Mizuho Bank, Ltd., PNC Bank, National Association, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and U.S. Bank National Association, as Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Book Managers, and other lenders from time to time party thereto (Incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed December 18, 2013).
10.3	Non-Employee Directors' Stock Option Plan (Incorporated herein by reference to Exhibit (10)B to the Form 10-Q filed August 8, 1997.)*
10.4	1994 Stock Incentive Plan, as amended (Incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed November 19, 2007.)*
10.5	1999 Non-Qualified Stock Option Plan, as amended (Incorporated herein by reference to Exhibit 10.3 to the Form 8-K filed November 19, 2007.)*
10.6	2001 Stock Incentive Plan, as amended (Incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed August 15, 2013.)*

10.7	2008 Employee Stock Purchase Plan (Incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed February 5, 2010)*
10.8	Non-Employee Directors Deferred Stock Units Program*
10.9	Form of Nonstatutory Stock Option Agreement for SERP Level One and Level Two Participants (Incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed August 14, 2009.)*
10.10	Form of Deferred Stock Units Award Agreement (Incorporated herein by reference to Exhibit 10.12 to the Form 10-K filed May 27, 2010)*
10.11	Executive Performance Incentive Plan (Incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed November 9, 2012.)*
10.12	Incentive Compensation Program for Human Capital Planning Performance (Incorporated herein by reference to Exhibit 10.15 to the Form 10-K filed May 28, 2009.)*
10.13	Executive Deferred Compensation Plan, 2005 Restatement, as amended through Amendment No. 5*
10.14	Nonemployee Directors' Deferred Compensation Plan, 2005 Restatement, as amended through Amendment No. 5*
10.15	Frozen Supplemental Executive Retirement Program, December 31, 2004 Restatement (Incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed December 19, 2006.)*
10.16	Supplemental Executive Retirement Program—Level One Plan—Ongoing, as amended through Amendment No. 3*
10.17	Supplemental Executive Retirement Program—Level Two Plan—Ongoing, as amended through Amendment No. 3*
10.18	Form of Amended and Restated Change of Control Agreement for Executives of Precision Castparts Corp. (Incorporated herein by reference to Exhibit 10.20 to the Form 10-K filed June 2, 2011.)*
10.19	Form of Indemnity Agreement for Executives of Precision Castparts Corp. (Incorporated herein by reference to Exhibit (10)M to the Form 10-K filed June 12, 2001.)*
10.20	Amended and Restated Time Sharing Agreement, dated May 27, 2014, between Precision Castparts Corp. and Mark Donegan*
12.1	Computation of Ratio of Earnings to Fixed Charges
21	Subsidiaries of Precision Castparts Corp.
23.1	Consent of Independent Registered Public Accounting Firm, Deloitte & Touche LLP
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

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* *Management contract or compensatory plan or arrangement.*

(b) See a(3) above.

(c) See a(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRECISION CASTPARTS CORP.

BY: /S/ MARK DONEGAN

Mark Donegan
Chairman and Chief Executive Officer

Dated: May 29, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
As officers or directors of PRECISION CASTPARTS CORP.		
/S/ MARK DONEGAN **Mark Donegan**	Chairman and Chief Executive Officer	May 29, 2014
/S/ SHAWN R. HAGEL **Shawn R. Hagel**	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	May 29, 2014
/S/ DON R. GRABER **Don R. Graber**	Director	May 29, 2014
/S/ LESTER L. LYLES **Lester L. Lyles**	Director	May 29, 2014
/S/ DANIEL J. MURPHY **Daniel J. Murphy**	Director	May 29, 2014
/S/ VERNON E. OECHSLE **Vernon E. Oechsle**	Director	May 29, 2014
/S/ ULRICH SCHMIDT **Ulrich Schmidt**	Director	May 29, 2014
/S/ RICHARD L. WAMBOLD **Richard L. Wambold**	Director	May 29, 2014
/S/ TIMOTHY A. WICKS **Timothy A. Wicks**	Director	May 29, 2014

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PRECISION CASTPARTS CORP.

4650 SW Macadam Avenue, Suite 400
Portland, Oregon 97239

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

August 12, 2014

You are invited to attend the Annual Meeting of Shareholders of Precision Castparts Corp. The meeting will be held on Tuesday, August 12, 2014 at 1:00 p.m., Pacific Time, in the Bella Vista Room of the Aquariva Restaurant, 0470 SW Hamilton Court, Portland, Oregon. The meeting will be held for the following purposes:

1. Elect as directors the eight nominees named in the attached proxy statement, each to serve for a one-year term;
2. Ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending March 29, 2015;
3. Approve, by an advisory vote, compensation of the Company's named executive officers;
4. Vote on a shareholder proposal, if properly presented at the meeting; and
5. Conduct any other business that is properly raised before the meeting.

Only shareholders of record at the close of business on June 10, 2014 will be able to vote at the meeting.

Your vote is important. Please submit a proxy through the internet or, if this proxy statement was mailed to you, by completing, signing and dating the enclosed proxy card and returning it promptly in the enclosed reply envelope. **If you plan to attend the meeting, please mark the appropriate box on the proxy so the Company can prepare an accurate admission list**. If you attend the meeting and prefer to vote in person, you will be able to do so.

By Order of the Board of Directors,

/s/ Ruth A. Beyer

Ruth A. Beyer
Secretary

Portland, Oregon
July 3, 2014

PRECISION CASTPARTS CORP.

4650 SW Macadam Avenue, Suite 400
Portland, Oregon 97239

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

The Board of Directors of Precision Castparts Corp. (the "Company" or "PCC") solicits your proxy in the form enclosed with this proxy statement. The proxy will be used at the 2014 Annual Meeting of Shareholders, which will be held on Tuesday, August 12, 2014 at 1:00 p.m., Pacific Time, in the Bella Vista Room of the Aquariva Restaurant, 0470 SW Hamilton Court, Portland, Oregon. The proxy may also be used at any adjournment of the meeting. You may submit your proxy to us by mail using the enclosed proxy form. The Company intends to mail a printed copy of this proxy statement and the enclosed proxy form and voting instructions to certain shareholders of record on or about July 3, 2014. All other shareholders will receive a Notice Regarding the Availability of Proxy Materials, which will be mailed on or about July 3, 2014.

Shareholders of record at the close of business on June 10, 2014 are entitled to notice of and to vote at the meeting or any adjournment thereof. The Company's outstanding voting securities on June 10, 2014 consisted of 144,670,144 shares of common stock, each of which is entitled to one vote on all matters to be presented at the meeting. The common stock does not have cumulative voting rights.

If you have properly submitted your proxy and have not revoked it prior to the Annual Meeting, we will vote your shares according to your instructions on the proxy. If you do not provide any instructions, we will vote your shares: (a) "for" the nominees listed in Proposal 1; (b) "for" Proposals 2 and 3; (c) "against" Proposal 4; and (d) in accordance with the recommendations of the Company's management on other business that properly comes before the meeting or matters incident to the conduct of the meeting. If you properly submit your proxy but attend the meeting and choose to vote personally, our ability to exercise the proxy will be suspended. You also may revoke your proxy by notifying Ruth A. Beyer, the Secretary of the Company, in writing at the address listed above prior to our exercise of the proxy at the Annual Meeting or any adjournment of the meeting.

PROPOSAL 1: ELECTION OF DIRECTORS

We Recommend a Vote "For" All Nominees

The Board of Directors presently consists of eight directors. All directors serve one-year terms and all current directors are nominees for reelection.

The following table provides the name, age, principal occupation and other directorships of each nominee, and the year in which he became a director of the Company. Except as otherwise noted, each has held his principal occupation for at least five years. The table also includes a summary of the specific experience, qualifications, attributes or skills that led to the conclusion that each nominee or continuing director is qualified to serve on the Board.

We will treat "broker non-votes" as shares present but not voting. Each nominee for director will be elected if the number of votes cast "for" the nominee exceeds the number of votes cast "against" the nominee. An "abstain" vote will have no effect on the outcome of the election but will be counted for purposes of determining whether a quorum is present. Under Oregon law, an incumbent director nominee who is not re-elected continues to serve on the Board of Directors until his or her successor is elected and qualified. Any such incumbent director nominee would be subject to the policy in PCC's Corporate Governance Guidelines that requires a director nominee who is not re-elected to tender his or her resignation for consideration by the Nominating & Corporate Governance Committee.

Name, Age, Principal Occupation, Other Directorships, Qualifications, Skills and Expertise	Director Since
Mark Donegan—57 Chairman and Chief Executive Officer of the Company. Mr. Donegan came to PCC from General Electric Company in 1985. He held numerous management positions with the Company before becoming Chairman. Prior to assuming his current responsibilities, Mr. Donegan was President of the Company and was elected to the position of Chairman following the Annual Meeting of Shareholders in August 2003. Mr. Donegan was a director of Rockwell Collins, Inc. within the past five years. Mr. Donegan's in-depth knowledge of the Company's operations and leadership experience with the Company make him well qualified to serve as Chairman of the Board.	2001
Don R. Graber—70 President and Chief Executive Officer of Colleton Enterprises LLC, a private consulting and investment company located in Dayton, Ohio, since March 2005. From 1997 to 2004, Chairman, President and Chief Executive Officer of Huffy Corporation, a manufacturer of wheeled products; retired from Huffy in January 2004. In October 2004, Huffy Corporation filed a petition for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code. Mr. Graber's background as a chief executive officer and chairman makes him well qualified to serve as a member of the Board and Chair of the Company's Nominating & Corporate Governance Committee.	1995
Gen. Lester L. Lyles (Ret.)—68 Independent consultant since 2003. Prior to that time, Mr. Lyles served in the U.S. Air Force for over 35 years, most recently as Commander of the U.S. Air Force Materiel Command from 2000 to 2003. Mr. Lyles is also a director of General Dynamics Corporation and KBR, Inc. Mr. Lyles was a director of DPL Inc. within the past five years. Mr. Lyles' technological and executive expertise from the U.S. Air Force and his current service on the boards of directors of other publicly-traded companies make him well qualified to serve as a member of the Board.	2008

Name, Age, Principal Occupation, Other Directorships, Qualifications, Skills and Expertise	Director Since
Daniel J. Murphy—66 . . . . Retired; from October 2003 until November 2009, Chief Executive Officer of Alliant Techsystems Inc. ("ATK"), a supplier of aerospace and defense products and ammunition, and Chairman of ATK from April 2005 until November 2009. Prior to his leadership at ATK, Mr. Murphy achieved the rank of Vice Admiral as part of a 30-year career with the U.S. Navy. His experience as a chief executive officer of an aerospace products supplier and executive military experience makes Mr. Murphy well qualified to serve as a member of the Board.	2007
Vernon E. Oechsle—71 . . . . Retired; until May 2001, Chairman and Chief Executive Officer of Quanex Corporation, a manufacturer of steel bars, aluminum shapes and steel tubes and pipes. Prior to joining Quanex, Mr. Oechsle was an Executive Vice President with AlliedSignal, Inc., and his many years of CEO and other executive leadership experience in the manufacturing sector make Mr. Oechsle well qualified to serve as a member of the Board and Chair of the Company's Compensation Committee.	1996
Ulrich Schmidt—64 . . . . Retired; from August 2005 until October 2009, Executive Vice President and Chief Financial Officer of Spirit AeroSystems Holdings, Inc., a designer and manufacturer of aerostructures; from October 2000 until August 2005, Executive Vice President and Chief Financial Officer of Goodrich Corporation, a supplier of products and services to the commercial and general aviation airplane markets and the global defense and space markets. Mr. Schmidt is well qualified to serve as a member of the Board and Chair of the Company's Audit Committee based on his extensive experience supervising the finance and accounting functions for publicly-traded companies in the aerospace industry.	2007
Richard L. Wambold—62 . . . . Retired; from November 1999 until February 2011, Chief Executive Officer of Pactiv Corporation, a producer of consumer and foodservice/food packaging products, and Chairman of Pactiv from March 2000 until November 2010. Mr. Wambold is also a director of Cooper Tire and Rubber Company and Sealed Air Corporation. Mr. Wambold is well qualified to serve as a member of the Board based on his leadership and corporate governance experience as chairman and chief executive officer of a NYSE-listed company.	2009
Timothy A. Wicks—49 . . . . Executive Vice President of Industry and Network Relations of OptumRx, one of the largest pharmacy benefits managers in the United States and an operating division of UnitedHealth Group Incorporated ("UHG"), a diversified health care company. From May 2010 until May 2013, Mr. Wicks held several management positions with OptumInsight, also an operating division of UHG, most recently as Executive Vice President, Operations. From October 2008 to April 2010, Mr. Wicks served as an executive officer of YRC Worldwide, Inc., a transportation service provider, initially as Executive Vice President of Finance and Chief Financial Officer and subsequently as President and Chief Operating Officer. Mr. Wicks is also a former non-executive chairman of GenCorp Inc. Mr. Wicks' senior management and non-executive chairman experience makes him well qualified to serve as a member of the Board.	2010

Board of Directors and Committee Meetings and Board Leadership Structure

Under Oregon law, PCC is managed under the direction of the Board of Directors. The Board establishes broad corporate policies and authorizes various types of transactions, but it is not involved in day-to-day operational details. During fiscal 2014, the Board held 4 regular meetings and 1 special meeting. PCC encourages but does not require members of the Board to attend the Annual Meeting. Last year, all continuing directors attended the Annual Meeting.

The Board has three standing committees. The table below shows the number of committee meetings conducted in fiscal 2014 and the directors who currently serve on these committees. The functions of the committees are described in subsequent sections.

Director	Board Committees: Audit	Compensation	Nominating & Corporate Governance
Mr. Donegan			
Mr. Graber		X	X (Chair)
Mr. Lyles			X
Mr. Murphy		X	
Mr. Oechsle	X	X (Chair)	
Mr. Schmidt	X (Chair)		
Mr. Wambold			X
Mr. Wicks	X		
Fiscal 2014 Meetings	7	4	3

During fiscal 2014, each incumbent director attended at least 75% of the aggregate of the total number of meetings of the Board during the period for which he was a director and the total number of meetings held by all committees on which and during the period that he served.

The Board has determined that the appropriate leadership structure for the Board at this time is for Mr. Donegan, the Chief Executive Officer of the Company, to serve as Chairman of the Board. The non-management directors believe that Mr. Donegan's in-depth knowledge of each of the Company's businesses and the competitive challenges each business faces makes him the best-qualified director to serve as Chairman.

A lead non-management director—currently, Mr. Oechsle—presides over the regular executive sessions of the non-management directors and acts as chair at Board meetings when the Chairman is not present. The lead director for these sessions is elected on an annual basis by vote of the non-management directors. The lead non-management director develops the agenda of matters for the non-management directors to consider and follows up on any actions that result from the executive session. The lead director also is available to consult with shareholders when appropriate and may call meetings of the non-management directors.

Director Compensation

Non-employee directors received the following fees for fiscal 2014 to the extent applicable to the individual director: (i) an annual cash retainer of $80,000 for board service; (ii) an annual cash retainer of $17,000 for service on the audit committee and an annual cash retainer of $12,000 for service on a committee other than the audit committee; and (iii) a $15,000 annual fee for service as chair of the audit committee and a $10,000 annual fee for service as chair of a committee other than the audit committee. The cash fees are payable in quarterly increments in arrears subject to deferral elections. In addition, each non-employee director who was a director immediately following the Company's 2013 Annual Meeting received a deferred stock unit award with a value of $140,000. These awards vest ratably over three years (subject to accelerated vesting in certain circumstances) and are payable in shares of Company common stock on cessation of Board service.

The Board believes that in order to better align the interests of individual Board members with those of the Company's shareholders, it is important for Board members to own Company common stock. Accordingly, all Board members are required to own stock, deferred stock units or other equivalents equal to five times their annual retainer within five years of joining the Board. All directors have met the current stock ownership guidelines in accordance with the implementation schedule.

The Company maintains an unfunded Non-Employee Director Deferred Compensation Plan (the "NDDC"). The NDDC allows participants to elect to defer directors' fees and credit the amounts to an account under the

NDDC. There is not a minimum or maximum deferral limit. Investment results are determined by performance options selected by the participant, which in fiscal 2014 included a phantom stock fund and certain investment funds specified in the NDDC. In fiscal 2014, participants could select performance options and change an existing selection on any business day, except for selections made with respect to the phantom stock fund. One time each calendar year, a participant who is currently serving on the Board may change his performance option selection for previously deferred compensation to select the phantom stock fund performance option. NDDC benefits are ordinarily paid pursuant to the time of payment election made by the participant prior to earning the compensation or at termination of Board service. The form of payment is either a cash lump sum, installments from 2 to 20 years or, with respect to the phantom stock fund performance option only, in shares of Company common stock.

The following table shows compensation earned by the non-employee directors of the Company in fiscal 2014.

Name	Fees Earned Or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Don R. Graber	114,000	140,000	254,000
Lester L. Lyles	92,000	140,000	232,000
Daniel J. Murphy	92,000	140,000	232,000
Vernon E. Oechsle	114,000	140,000	254,000
Steven G. Rothmeier	38,250	—	38,250
Ulrich Schmidt	112,000	140,000	252,000
Richard L. Wambold	92,000	140,000	232,000
Timothy A. Wicks	97,000	140,000	237,000

(1) Represents the grant date fair value of deferred stock units granted in fiscal 2014 computed in accordance with accounting guidance applicable to stock-based compensation. The grant date fair value is based on the closing market price of the Company's common stock on the grant date. Immediately following the 2013 Annual Meeting on August 13, 2013, each non-employee director was awarded 636 deferred stock units with an aggregate grant date fair value of $140,000. Mr. Rothmeier retired in connection with the 2013 Annual Meeting and therefore did not receive this deferred stock unit award. As of March 30, 2014, non-employee directors held the following numbers of unvested deferred stock units: each of Messrs. Graber and Oechsle, 1,439 unvested deferred stock units; each of Messrs. Murphy and Schmidt, 1,437 unvested deferred stock units; Mr. Lyles, 1,436 unvested deferred stock units; and each of Messrs. Wambold and Wicks, 1,435 unvested deferred stock units.

Corporate Governance

PCC maintains a corporate governance page on its website that includes key information about its corporate governance initiatives, including PCC's Corporate Governance Guidelines, its Code of Conduct and the charters for the Audit, Nominating & Corporate Governance and Compensation Committees of the Board of Directors. The corporate governance page can be found at *www.precast.com*, by clicking on "Investor Relations" and then "Corporate Governance."

PCC's policies and practices reflect corporate governance initiatives that are compliant with SEC rules, the listing requirements of the New York Stock Exchange ("NYSE") and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

- The Board of Directors has adopted corporate governance policies;
- A majority of the Board members are independent of PCC and its management;
- All members of the Board committees are independent;

- The non-management members of the Board of Directors meet regularly without the presence of management;
- PCC has a code of conduct and a financial code of professional conduct that apply to all of its officers; and
- PCC's Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal controls or auditing matters that are incorporated into a web-based and telephonic reporting program.

Director Independence

No member of the Board is considered independent unless the Board of Directors affirmatively determines that the member has no material relationship with PCC or any of its subsidiaries (either directly or as a partner, shareholder or officer of an entity that has a relationship with PCC or any of its subsidiaries). The Board has reviewed the relationships between each of the directors and PCC and its subsidiaries and has determined that Messrs. Graber, Lyles, Murphy, Oechsle, Schmidt, Wambold and Wicks are independent under the NYSE corporate governance listing standards and have no material relationships with PCC or its subsidiaries (other than being a director or shareholder of PCC). Mr. Donegan is not an independent director because he is an executive officer of PCC.

Shareholder Communications

Shareholders and other interested parties may communicate with the non-management directors by written inquiries sent to Precision Castparts Corp., Attention: Non-Management Directors, 4650 SW Macadam Avenue, Suite 400, Portland, Oregon 97239-4262. PCC's General Counsel will review these inquiries or communications. Communications other than advertising or promotions of a product or service will be forwarded to the lead non-management director. Shareholders and other interested parties may send communications to the Board of Directors or to specified individual directors using the same procedures.

Nominating & Corporate Governance Committee

The Nominating & Corporate Governance Committee of the Board operates pursuant to a charter and is responsible for, among other things, recommending the size of the Board within the boundaries imposed by the Company's bylaws, recommending selection criteria for nominees for election or appointment to the Board, conducting independent searches for qualified nominees and screening the qualifications of candidates recommended by others, recommending to the Board for its consideration one or more nominees for appointment to fill vacancies on the Board as they occur and the slate of nominees for election at the Annual Meeting, and reviewing and making recommendations to the Board with respect to corporate governance.

When assessing a director candidate's qualifications, the Nominating & Corporate Governance Committee will consider, among other factors and irrespective of whether the candidate was identified by the Nominating & Corporate Governance Committee or recommended by a shareholder, an analysis of the candidate's qualification as independent as well as the candidate's integrity and moral responsibility, experience at the policy-making level, ability to work constructively with the Chief Executive Officer and other members of the Board, capacity to evaluate strategy, availability of and willingness to devote time to the Company, and awareness of the social, political and economic environment. The charter of the Nominating & Corporate Governance Committee reflects the Company's commitment to a policy of Board inclusiveness, and specifies that it is a duty of the Committee to assist in promoting diversity on the Board by taking reasonable steps to ensure that new director nominees are drawn from a pool that includes diverse candidates, including women and minority candidates. Consistent with this policy, the Committee considers a candidate's qualifications in light of the expertise and background of the existing directors with the goal of achieving a Board with diverse skills and professional or personal backgrounds. From time to time the Nominating & Corporate Governance Committee uses a third-party executive search firm to identify candidates, review potentially eligible candidates and conduct background and reference checks and interviews with the candidates and others.

The Nominating & Corporate Governance Committee will consider qualified candidates for director properly submitted by a shareholder of the Company. Shareholders who wish to submit names to the Nominating & Corporate Governance Committee for consideration at the 2015 Annual Meeting of Shareholders should do so in writing between April 14, 2015 and May 14, 2015, addressed to the Nominating & Corporate Governance Committee, Precision Castparts Corp., 4650 SW Macadam Avenue, Suite 400, Portland, Oregon 97239-4262, setting forth (a) as to each nominee whom the shareholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the number of shares of common stock of the Company beneficially owned by the nominee and (iv) any other information concerning the nominee that would be required, under the rules of the Securities and Exchange Commission, in a proxy statement soliciting proxies for the election of such nominee, or that the shareholder is required to provide to the Company pursuant to the Company's bylaws; and (b) as to the shareholder giving the notice, (i) the name and record address of the shareholder, (ii) the number of shares of common stock of the Company beneficially owned by the shareholder and (iii) any other information that the shareholder is required to provide to the Company pursuant to the Company's bylaws.

Audit Committee

The Audit Committee of the Board operates pursuant to a charter and is responsible for, among other things, the appointment of the independent registered public accounting firm for the Company, reviewing with the independent registered public accounting firm the plan and scope of the audit, approving audit fees, monitoring the adequacy of reporting and internal controls, reviewing the performance, budget and adequacy of the Company's internal audit function, and meeting periodically with the internal auditor and independent registered public accounting firm. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls.

Consistent with the rules of the NYSE, all members of the Audit Committee are independent and financially literate. The Board of Directors has determined that Messrs. Oechsle, Schmidt and Wicks are audit committee financial experts as defined by the Securities and Exchange Commission.

Compensation Committee

The Compensation Committee of the Board operates pursuant to a charter and is responsible for, among other things, determining the compensation to be paid to the Chief Executive Officer and to each of the other executive officers of the Company and developing the Company's executive compensation policies and program. The Committee may not delegate this authority. Consistent with NYSE rules, all members of the Compensation Committee are independent. The Compensation Committee Report appears on page 18. Additional information on the Committee's consideration and determination of executive officer compensation is provided in the Compensation Discussion and Analysis beginning on page 11.

Compensation Committee Interlocks and Insider Participation

The directors who served on the Compensation Committee in fiscal 2014 are identified in the table on page 4. No member of the Compensation Committee during fiscal 2014 is a current or former officer or employee of the Company, or had a relationship that requires disclosure as a related party transaction or a Compensation Committee interlock.

Risk Oversight

It is management's responsibility to manage risk and bring to the Board's attention the most material risks to the Company. The Board has oversight responsibility of the processes established to monitor and report material risks. The full Board or a committee of the Board receives reports from the member of management with direct authority over the relevant matter. When a committee of the Board receives these reports, the committee chair reports to the full Board on the substance of the matter and the committee's analysis of management's report. The Audit Committee regularly reviews treasury risks, financial and accounting matters, legal and compliance risks, information technology risks, tax and environmental risks, and other risk management functions. The Nominating & Corporate Governance Committee annually reviews enterprise-wide risk management. The Compensation Committee annually considers risks arising from the Company's employee compensation policies and practices. The Board's role in the risk oversight of the Company has no effect on the Board's leadership structure.

Report of the Audit Committee

The Audit Committee reports as follows with respect to fiscal 2014:

- The Audit Committee reviewed the Company's quarterly earnings press releases, audited financial statements, and related periodic reports filed with the SEC and discussed them with management. Management represented to the Audit Committee that the Company's audited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The Audit Committee also reviewed and discussed the audited consolidated financial information with management and Deloitte & Touche LLP, the Company's independent registered public accounting firm for fiscal 2014, including a discussion of the quality, and not just the acceptability, of the accounting principles and the reasonableness of significant judgments.
- The Audit Committee discussed with the Company's internal auditor and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee met quarterly with the internal auditor and independent registered public accounting firm, with and without management present, to discuss the results of their examinations and the overall quality of the Company's financial reporting. Prior to every regular Board meeting, the Chair of the Audit Committee also met separately, and without management present, with the independent registered public accounting firm.
- The Audit Committee's quarterly meetings with internal audit included reviews of the risk assessment process used to establish the annual audit plan, the internal control status at newly acquired locations, and the activities of the internal audit function in conducting readiness assessments for information technology systems implementations and testing of the Company's Sarbanes-Oxley compliance procedures.
- The Audit Committee applied oversight of the Company's information technology risks. This oversight included quarterly monitoring of major information technology projects and review of the information technology environments at recently-acquired businesses and selected factory locations. The Audit Committee also focused on the Company's disaster recovery preparedness and IT security procedures.
- The Audit Committee discussed with management on a quarterly basis the details of the Company's legal and environmental reserves, certain judgmental accounting transactions occurring within the quarter, and reports received through the Company's anonymous reporting program.
- The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed under Public Company Accounting Oversight Board standards.
- The Audit Committee received from the independent registered public accounting firm the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications concerning independence. The Audit Committee discussed with the independent registered public accounting firm the firm's independence from the Company and its management.
- Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended March 30, 2014.

The Audit Committee also has appointed Deloitte & Touche LLP to be the Company's independent registered public accounting firm for fiscal 2015, subject to shareholder ratification.

Ulrich Schmidt, Chairman
Vernon E. Oechsle
Timothy A. Wicks

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table, which was prepared on the basis of information furnished by the persons described, shows ownership of the Company's common stock as of June 1, 2014 by the Chief Executive Officer, by the Chief Financial Officer, by each of the other three most highly compensated executive officers, by each director and director nominee, and by the directors and executive officers of the Company as a group. Unless otherwise indicated, each of the named individuals has sole voting and investment power with respect to the shares shown. The beneficial ownership of each director and executive officer is less than 1% of the outstanding shares.

Name	Number of Shares Beneficially Owned (excluding shares subject to options)(1)(2)	Options Exercisable Within 60 Days	Total(3)
Ruth A. Beyer	6,000	6,250	12,250
Mark Donegan	226,258	393,498	619,756
Don R. Graber	18,071	—	18,071
Steven G. Hackett	13,954	15,000	28,954
Shawn R. Hagel	20,028	80,000	100,028
Lester L. Lyles	4,388	—	4,388
Andrew V. Masterman	129	15,000	15,129
Daniel J. Murphy	6,530	—	6,530
Vernon E. Oechsle	19,815	—	19,815
Ulrich Schmidt	5,181	—	5,181
Richard L. Wambold	4,672	—	4,672
Timothy A. Wicks	1,840	—	1,840
All directors and executive officers as a group (14 persons)	376,171	705,248	1,081,419

(1) Includes the following number of vested deferred stock units: each of Messrs. Graber and Oechsle, 9,016; each of Messrs. Murphy and Schmidt, 5,181; Mr. Lyles, 4,388; and each of Messrs. Wambold and Wicks, 1,840.

(2) Includes the following number of phantom stock units under the Non-Employee Director Deferred Compensation Plan: Mr. Graber, 7,047; Mr. Murphy, 1,349; and Mr. Wambold, 1,832.

(3) In addition to the ownership shown in the table, as of June 1, 2014 the individuals listed above held phantom stock units under the Company's Executive Deferred Compensation Plan as follows: Ms. Beyer, 856; Mr. Hackett, 11,260; Ms. Hagel, 12,760; and Mr. Masterman, 879.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis presents information about the compensation of the Company's executive officers, including the named executive officers listed in the Summary Compensation Table on page 19 (the "NEOs"). Pursuant to authority delegated by the Board of Directors, the Compensation Committee (the "Committee") determines the compensation to be paid to the Chief Executive Officer and each of the other executive officers of the Company. The Committee also is responsible for developing the Company's executive compensation policies and program.

The Company's executive compensation program is designed to:

- Provide incentives for the Company's executive officers to achieve high levels of job performance and enhance shareholder value (the "Performance Objective"); and
- Attract and retain key executives who are important to the long-term success of the Company (the "Retention Objective").

Focus on Performance Objective

The Company's compensation program for executive officers reflects the belief that executive compensation must, to a significant extent, depend on achieving Company or operating unit performance objectives that are intended to enhance shareholder value and otherwise align an executive officer's interests with those of the Company's shareholders. Accordingly:

- Annual performance-based cash bonuses reflect performance criteria that match the annual business plan metrics of the portion of the Company's operations for which an NEO is responsible;
- Long-term incentive compensation consists entirely of stock options and therefore only has realizable value for executive officers if the price of the Company's stock increases after the options are granted;
- The Company's stock ownership guidelines require that executive officers be significantly invested in the Company's long-term performance. For example, the required ownership level for Mr. Donegan is 100,000 shares of the Company's common stock. Mr. Donegan's actual ownership level is approximately 226,000 shares, which based on the closing price of the Company's common stock on the last trading day of fiscal 2014 is equal to roughly 36 times Mr. Donegan's annual base salary;
- All executive officers must comply with guidelines for retaining shares equal to up to 50% of the net proceeds of any stock option exercise until such time as the executive officer has exceeded 125% of his or her stock ownership requirement;
- Executive officers do not have employment agreements; and
- There are no severance programs other than in the event of an involuntary termination or "good cause" resignation following a change in control, and change of control severance agreements contain no excise tax gross-up provisions.

Elements of Executive Compensation Program

In order to achieve the Performance Objective and the Retention Objective, the Committee has selected the following elements to be included in the Company's compensation program for executive officers:

- Base salary
- Annual performance-based cash bonuses
- Stock options

- Retirement plans, deferred compensation and perquisites
- Change in control severance benefits

The Company's compensation program for executive officers implements the Performance Objective by rewarding executive officers for the achievement of the Company's annual performance targets and the realization of long-term increases in the price of the Company's stock. The Company's executive compensation program implements the Retention Objective by offering base pay, incentives and benefits that are competitive with that provided to executive officers of companies with which the Company competes for executive talent. Please see the sections below for more information about the Company's implementation of the Performance and Retention Objectives.

Compensation Consultant and Role of Chief Executive Officer

The Committee directly retains the services of a consulting firm. The Committee has retained Exequity, LLP in this capacity since 2010. In fiscal 2014, Exequity assisted the Committee in selecting the companies that constitute the Peer Group and provided the report that is described in the "Base Salaries" section of this Compensation Discussion and Analysis. Exequity does not provide any other services to the Company. The Committee has assessed Exequity's independence under the standards specified in SEC and NYSE rules, and the Committee has determined that Exequity is independent in providing the Committee with compensation consulting services and that Exequity's work for the Committee during fiscal 2014 did not raise any conflicts of interest.

The Chief Executive Officer makes recommendations to the Committee regarding the compensation of all executive officers other than himself and attended a portion of each Committee meeting in fiscal 2014.

Consideration of Say-on-Pay Vote Results

The advisory vote regarding compensation of the Company's named executive officers submitted to shareholders at the 2013 Annual Meeting was approved by over 93% of the votes cast. The Committee considered this favorable vote of the shareholders to be a strong endorsement of the Company's compensation program for executive officers and therefore has neither made, nor intends to make, any changes to the Company's executive compensation program in response to that vote.

Comparator Groups of Companies and Alignment of Compensation to Benchmarks

The Committee utilizes compensation data from selected groups of publicly-traded companies to assist in the Committee's decisions on base salaries and long-term incentive compensation for the Company's executive officers. For fiscal 2014, the Committee reviewed compensation information from (i) a peer group of U.S.-based complex manufacturing companies (with a focus on aerospace and defense firms with highly technical manufacturing processes and diverse product offerings) with annual revenues between approximately $4 billion and $24 billion and with median annual revenues of approximately $10.8 billion as of the Company's benchmark review date (the "Peer Group"), as a reference in compensation decisions regarding the Company's Chief Executive Officer and Chief Financial Officer, and (ii) general industry companies with annual revenues between $5 billion and $20 billion and with median annual revenues of $9.6 billion (the "General Industry Group"), as a reference in compensation decisions regarding the other NEOs because the Peer Group data lacked consistent comparability for roles beyond the CEO and CFO positions. The Company's fiscal 2014 revenue was approximately $9.6 billion. The Peer Group consisted of the 19 companies listed in Exhibit A to this Proxy Statement. The General Industry Group consisted of the 135 general industry companies listed in Exhibit B to this Proxy Statement.

The alignment of NEO compensation to the Peer Group and General Industry Group benchmarks is discussed below under "Base Salaries" and "Stock Options."

Base Salaries, Annual Performance-Based Cash Bonuses and Stock Options

Base Salaries. The Committee sets for each NEO a base salary that is targeted to be between the 50th and 75th percentiles of the base salary established for similarly situated executive officers of the Peer Group, in the case of the Company's Chief Executive Officer and Chief Financial Officer, or of the General Industry Group, in the case of the other NEOs. The Committee establishes base salaries for executive officers each February that are effective as of January 1 of that year.

The Committee identifies the 50th and 75th percentiles of base salary for each executive officer based upon an annual report provided by a consultant retained by the Committee, with prior year salary data trended forward at a 3% rate in fiscal 2014. The most recent report was provided by Exequity and interpreted survey data from the Peer Group and the General Industry Group. For each Company executive officer who is an operating unit President at the time base salaries are established, including Mr. Masterman, the market survey data was regressed based on projected external and intercompany sales to adjust for the size of the applicable Company operating unit. Given the breadth of Mr. Hackett's responsibilities, the market survey data was regressed based on a composite of benchmark jobs within the survey database that the Committee believes best approximated Mr. Hackett's responsibilities. Ms. Beyer joined the Company as Senior Vice President and General Counsel in April 2013 at a starting salary identical to the salary of her predecessor in the position.

For each NEO other than Mr. Donegan, the Committee established, based on Mr. Donegan's recommendation, a base salary for calendar 2014 that was between the 50th and 75th percentiles or, in the case of Ms. Hagel, slightly above the 75th percentile, of the General Industry Group or the Peer Group, as applicable. Ms. Hagel's base salary was set at a higher percentile level for her position in order to maintain approximate internal pay parity with the other most senior Executive Vice Presidents of the Company. The Committee set the calendar 2014 base salary for the Chief Executive Officer following the Committee's review of the compensation information from the Peer Group. Mr. Donegan's existing base salary was above the 75th percentile of the Peer Group. Accordingly, despite the effectiveness of Mr. Donegan's continuing leadership, the Committee did not increase Mr. Donegan's base salary for 2014, thereby holding his base salary flat for a third consecutive year.

Performance-Based Cash Bonuses. The Company utilizes annual performance-based cash bonuses to motivate and reward executive officers for the achievement of Company or operating unit annual performance targets. The performance criteria applicable to each NEO differ based on the portion of the Company's operations for which the NEO is responsible. Target bonus levels as a percentage of base salary are pre-determined based on NEOs' positions with the Company. No bonus is payable under any of the Company's bonus plans if the performance result is less than 80% of targeted performance, and the maximum bonus payout is 250% of an individual's target bonus. All performance criteria under the Company's bonus plans are adjusted to eliminate the effects of acquisitions not included in the fiscal year budget, accounting changes, the difference between planned and actual currency exchange rates, and restructuring and asset impairment charges (referred to below as the "Standard Adjustments"). Additional information regarding the 2014 bonus plans applicable to the NEOs is presented below.

The Company's bonus programs also allow the Chief Executive Officer to recommend (other than in regard to himself), and the Committee to award, additional discretionary bonuses to employees, including executive officers, based on qualitative considerations that emerge during the fiscal year. Discretionary bonuses, if any, are awarded at the May Committee meeting following the end of the applicable fiscal year. For fiscal 2014, NEOs were awarded the following discretionary bonuses: Mr. Donegan, $200,000; Mr. Hackett, $37,995; and Mr. Masterman, $20,339. In awarding this discretionary bonus to Mr. Donegan, the Compensation Committee considered Mr. Donegan's strong operational leadership that was reflected in the Company's record consolidated segment operating margins in fiscal 2014, and the successful execution of the Company's integration of TIMET that has outperformed the synergies and other improvement goals that were established following the acquisition. In awarding these discretionary bonuses to Mr. Hackett and Mr. Masterman, the Compensation Committee considered the significant mid-year increases in their operational responsibilities that were not contemplated at the time their target bonus levels were established. In addition to his prior responsibility for the TIMET operating unit, Mr. Hackett assumed leadership mid-year of the Investment Cast Products segment and the Carlton Forge Works operating unit. Around the middle of the fiscal year, Mr. Masterman added responsibility for the Aerostructures operating unit to his prior responsibility for the Fasteners operating unit.

Mark Donegan, Shawn Hagel and Ruth Beyer. The performance criteria from the Corporate bonus plan are applicable to Mr. Donegan, Ms. Hagel and Ms. Beyer, who are the Company's Chief Executive Officer, Chief Financial Officer and General Counsel, respectively. The target bonus payouts for fiscal 2014 as a percentage of fiscal year-end salary were 130% for Mr. Donegan, 100% for Ms. Hagel and 80% for Ms. Beyer. In connection with his base salary having been held flat for the past three years, Mr. Donegan's target bonus was increased from 115% of fiscal year-end salary in fiscal 2013 to 130% of fiscal year-end salary for fiscal 2014 in order to weight a larger proportion of his cash compensation to the achievement of Company performance objectives. Ms. Hagel's target bonus percentage was increased from 90% to 100% during the fiscal year to position her target bonus percentage at the 75th percentile of the Peer Group data for her position. Ms. Beyer's initial target bonus percentage was established at the same level as her predecessor in her position. The threshold bonus payout for each of Mr. Donegan, Ms. Hagel and Ms. Beyer, which is payable upon achievement of 80% of targeted Corporate performance, was 30% of the target bonus payout. The bonuses were based on achievement with respect to two performance criteria for the Company as set forth in the table below.

Performance Criteria	Weighting (% of target bonus subject to each criteria)	Performance for 30% Threshold Bonus Payout	Performance for 100% Target Bonus Payout	Above or Below Targeted Performance
Adjusted Earnings per Share*	75%	$9.15*	$11.44*	95% of targeted performance results in 90% bonus payout and 105% of targeted performance results in 110% bonus payout; each additional percentage point below 95% or over 105% of target results in a 4 percentage point decrease or increase in bonus payout, subject to the maximum bonus payout of 250% of an individual's target bonus
Return on Net Assets**	25%	40.2%	50.2%	

* Net income per share (diluted) after application of the Standard Adjustments.

** Return on Net Assets equals (i) net income as adjusted to eliminate interest expense, non-controlling interest, LIFO expense/benefit and amortization of intangibles, and to apply the Standard Adjustments, divided by (ii) the average of net assets employed at the beginning and end of the fiscal year, with net assets as of any date being equal to total assets less cash and marketable securities, LIFO reserve, goodwill, intangibles and non-interest-bearing liabilities, as adjusted by the Standard Adjustments and excluding changes in pension assets and liabilities that are reflected in other comprehensive income or loss.

In fiscal 2014, the Company achieved adjusted earnings per share of $11.72 and a return on net assets of 50.5%, in each case as calculated under the bonus plan. This performance resulted in Mr. Donegan, Ms. Hagel and Ms. Beyer receiving bonuses for fiscal 2014 equal to approximately 103.9% of their target bonuses.

Steven Hackett. Mr. Hackett was responsible for the TIMET operating unit during all of fiscal 2014, and beginning October 15, 2013 and January 6, 2014 he was also responsible for the Investment Cast Products segment and the Carlton Forge Works operating unit, respectively. Mr. Hackett's fiscal 2014 bonus was based entirely on achievement with respect to performance criteria for the TIMET operating unit. Mr. Hackett's target bonus was 90% of fiscal year-end salary. The threshold bonus payout for Mr. Hackett, which was payable upon achievement of 80% of targeted performance, was 60% of the target bonus payout. Mr. Hackett's bonus was based on the achievement of the TIMET operating unit with respect to two performance criteria, as set forth in the table below and described in each case as the percentage improvement from the relevant results for fiscal 2013.

Performance Criteria	Weighting (% of target bonus subject to each criteria)	Performance for 60% Threshold Bonus Payout	Performance for 100% Target Bonus Payout	Above or Below Targeted Performance
Adjusted Operating Income*	70%	14.2% improvement	42.7% improvement	2 percentage point decrease or increase in bonus payout for each incremental percentage point of actual performance below or above targeted performance, subject to the maximum bonus payout of 250% of an individual's target bonus
Operating Working Capital Percentage**	30%	12.6% improvement	27.2% improvement	

* Operating income after application of the Standard Adjustments.

** Operating working capital percentage equals (i) accounts receivable plus FIFO/average cost inventories less accounts payable and customer deposits as of each quarter-end, divided by (ii) annualized sales for the quarter, with the fiscal year result being the average of the percentages for the four quarters, in each case after application of the Standard Adjustments.

In fiscal 2014, the results of the TIMET operating unit for adjusted operating income were a 130.6% improvement and for operating working capital percentage were a 19.2% improvement, in each case as described above and calculated under the bonus plan. This performance resulted in Mr. Hackett earning a bonus for fiscal 2014 equal to 179.6% of his target bonus.

Andrew Masterman. Mr. Masterman was responsible for the Fasteners operating unit during all of fiscal 2014, and beginning October 15, 2013 he was also responsible for the Aerostructures operating unit. Mr. Masterman's fiscal 2014 bonus was based entirely on achievement with respect to performance criteria for the Fasteners operating unit. Mr. Masterman's target bonus was 90% of fiscal year-end salary. The threshold bonus payout for Mr. Masterman, which was payable upon achievement of 80% of targeted performance, was 60% of the target bonus payout. Mr. Masterman's bonus was based on the achievement of the Fasteners operating unit with respect to two performance criteria, as set forth in the table below and described in each case as the percentage improvement from the relevant results for fiscal 2013.

Performance Criteria	Weighting (% of target bonus subject to each criteria)	Performance for 60% Threshold Bonus Payout	Performance for 100% Target Bonus Payout	Above or Below Targeted Performance
Adjusted Operating Income*	70%	-7.5% improvement	15.6% improvement	2 percentage point decrease or increase in bonus payout for each incremental percentage point of actual performance below or above targeted performance, subject to the maximum bonus payout of 250% of an individual's target bonus
Operating Working Capital Percentage**	30%	-9.9% improvement	8.4% improvement	

* Operating income after application of the Standard Adjustments and excluding bonus expense.

** Operating working capital percentage equals (i) accounts receivable plus FIFO/average cost inventories less accounts payable and customer deposits as of each quarter-end, divided by (ii) annualized sales for the quarter, with the fiscal year result being the average of the percentages for the four quarters, in each case after application of the Standard Adjustments.

In fiscal 2014, the results of the Fasteners operating unit for adjusted operating income were a 8.5% improvement and for operating working capital percentage were a 3.4% improvement, in each case as described above and calculated under the bonus plan. This performance resulted in Mr. Masterman earning a bonus for fiscal 2014 equal to 88.1% of his target bonus prior to application of the HCP Program and the TOC Adjustment as discussed below.

Mr. Masterman was also subject to the Company's Incentive Compensation Program (the "HCP Program") for Human Capital Planning Performance ("HCP") and to a possible reduction to his bonus award based on consistency of To Dock Production Performance (the "TOC Adjustment"). The purpose of the HCP Program is to reward the development, addition, retention and sharing of high potential employees among the Company's manufacturing plants. The HCP Program functioned in fiscal 2014 by adding up to 10 percentage points to or subtracting up to 10 percentage points from the bonus award otherwise payable to a participant under the applicable Company executive incentive plans. In fiscal 2014, the most significant criteria included in the HCP Program formulaic scorecard were the number of high potential employees transferred from one plant to another to support talent development throughout PCC, the percentage retention rate of high potential employees, the number of strategic positions filled with high potential employees and supported with an identified and qualified successor, and talent development program participation rates. The purpose of the TOC Adjustment is to encourage week-to-week consistency in manufacturing output. The TOC Adjustment is calculated by a formulaic scorecard that functioned in fiscal 2014 by subtracting up to 25 percentage points from the bonus award otherwise payable to a participant under the applicable Company executive incentive plans. It is not possible for the TOC Adjustment to add to an executive's bonus award. In fiscal 2014, the percentage of target bonus earned by Mr. Masterman was increased by 1.5 percentage points based on HCP Performance and was decreased by 6.3 percentage points based on the TOC Adjustment.

In total, the performance of the Fasteners operating unit in fiscal 2014 under the measures described above resulted in Mr. Masterman receiving a bonus for fiscal 2014 equal to 83.3% of his target bonus.

Stock Options. The Committee has selected stock options as the Company's form of long-term incentive compensation for two reasons: stock options strongly and directly align the interests of the Company's executive officers with those of the Company's shareholders because options only have realizable value if the price of the Company's stock increases after the options are granted, and the Committee believes that options are the best mechanism for optimizing executive officers' long-term performance incentives given the cyclical nature of the Company's industry. All stock option grants vest in equal annual installments over a four-year period contingent upon the executive officer's continued employment with the Company, with vesting subject to acceleration in limited circumstances as discussed under the Potential Payments upon Termination or Change in Control section beginning on page 26. The exercise price of all stock options granted to executive officers is the closing market price of the Company's common stock on the date of grant.

Option awards for executive officers other than new hires or in connection with significant promotions are typically made only once per year on the day of the November meeting of the Board of Directors. The Chief Executive Officer recommended to the Committee the size of the stock option award to be granted to each executive officer other than himself in November 2013. As a reference in making his recommendations, he considered a comparison of each executive officer's target cash compensation (base salary in effect at the time and resulting target performance-based cash bonus) to the total compensation (base salary, target cash bonus and Black-Scholes value of long-term incentive awards) reported by Exequity as the 50th and 75th percentiles for similarly situated executive officers in the Peer Group or the General Industry Group, as applicable. This comparison established the Black-Scholes value of the stock option award that would need to be granted to each executive officer in order for his or her combined base salary, target bonus and option grant value to be in the 50th to 75th percentile range. In other words, stock option awards were the compensation element generally used, after taking into account the previously established base salary and target cash bonus, to adjust and locate an executive officer's total compensation at the level (relative to the compensation information from the Peer Group or the General Industry Group) the Chief Executive Officer and the Committee deemed appropriate based on a determination of whether the officer was meeting the performance expectations for that officer. Based on a Black-Scholes value of $56.35, the options granted to Messrs. Donegan, Hackett and Masterman and Ms. Beyer positioned their total compensation between the 50th and 75th percentiles for their respective positions. Also based on a Black-Scholes value of $56.35, the option granted to Ms. Hagel positioned her total compensation approximately 20% above the total compensation amount that corresponds to the 75th percentile for her position. The enhanced option grant to Ms. Hagel was made in order to maintain approximate internal pay parity with the other most senior Executive Vice Presidents of the Company. Ms. Beyer received an additional option grant at commencement of employment in April 2013 in an amount approximately equal to the annual grant she would have received if she had been employed the previous November.

Important Policies Regarding Executive Officer Compensation

The following components of the Company's compensation program for executive officers are designed to further implement the Performance Objective:

Stock Ownership Guidelines. The Company requires that all executive officers comply with specified stock ownership guidelines. Under these guidelines, executive officers are required to own a number of shares of the Company's common stock (or units in the Company phantom stock account under the Executive Deferred Compensation Plan) ranging from 15,000 to 100,000 shares, with the number increasing in accordance with the executive officer's responsibilities within the Company. Executive officers are given an implementation schedule to achieve the required ownership levels. All executive officers have met their stock ownership guidelines in accordance with the implementation schedule.

Requirements for Retaining Stock Acquired Upon Exercise of Options. The Company requires that all executive officers comply with guidelines for retaining shares equal to up to 50% of the net proceeds of any stock option exercise until such time as the executive officer has exceeded 125% of the stock ownership requirement for such officer.

No Employment Agreements. The Company's executive officers do not have employment agreements and serve at the will of the Board of Directors and the Chief Executive Officer.

Clawback Policy. Each of the Company's bonus programs provides that any employee who knowingly falsifies any financial or other certification, knowingly provides false information relied on by others in a financial or other certification, engages in other fraudulent activity, or knowingly fails to report any such conduct by others, will not earn a bonus for the applicable year and may also face legal action by the Company to recover any bonus improperly received.

Retirement Plans, Deferred Compensation and Perquisites

Consistent with the Retention Objective, the Company's standard benefit package for executive officers includes ERISA-qualified retirement benefits, nonqualified supplemental retirement benefits, compensation deferral opportunities and perquisites that the Committee believes are reasonable and competitive with benefits provided to executive officers of companies with which the Company competes for executive talent.

The Company sponsors various retirement pension plans covering a majority of Company employees, including most of the Company's executive officers. Supplemental retirement benefits are provided to each executive officer of the Company under supplemental executive retirement plans. For details regarding the determination and payment of benefits under the applicable retirement pension plans and supplemental executive retirement plans and the present value of accumulated benefits for each NEO, please see the Pension Benefits section beginning on page 23.

The Company maintains tax qualified retirement savings plans (each a "401(k) Plan") under which substantially all U.S.-based employees, including all of the Company's executive officers, are able to make pre-tax contributions from their cash compensation, subject to limitations imposed by the Internal Revenue Code. The Company makes specified matching contributions or other contributions (including supplemental profit sharing contributions for certain employees who are not eligible under qualified pension plans) for a substantial majority of participants each year. The size of these Company contributions varies depending on the applicable 401(k) Plan. Any Company contributions for the benefit of the NEOs are included under the "All Other Compensation" column in the Summary Compensation Table on page 19.

To further assist its executive officers in saving for retirement, the Company makes available the PCC Executive Deferred Compensation Plan to allow executive officers to voluntarily defer the receipt of salary and earned cash bonuses. In fiscal 2014, deferred amounts could be invested into a variety of notional accounts that mirror the gains or losses of several different investment funds similar to those available through the 401(k) Plans, as well as a Company phantom stock account. Please see the Nonqualified Deferred Compensation section beginning on page *25* for details about the deferred compensation plan and accumulated balances for each NEO.

In fiscal 2014, the Company provided perquisites to the NEOs and selected other executive officers. Total perquisite costs for the NEOs for fiscal 2014 are included under the "All Other Compensation" column in the Summary Compensation Table on page 19.

Change in Control Severance Benefits

In furtherance of the Retention Objective, the Company provides change in control severance protection to its executive officers. The specific terms of the Company's change in control severance agreements and the potential benefits payable upon specified terminations following a change in control are discussed in the Potential Payments upon Termination or Change in Control section beginning on page 26. These benefits are designed to provide executive officers with a strong incentive to remain with the Company if the Company engages in, or is threatened with, a change in control transaction, and to maintain an executive compensation program that is competitive with companies with which the Company competes for executive talent.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally limits the Company's federal income tax deduction to $1 million per person for compensation paid to the Company's Chief Executive Officer and certain other highly compensated executive officers in any year. Qualifying performance-based compensation is not subject to this limit on deductibility. The Committee considers the impact of Section 162(m) when developing and implementing the Company's executive compensation program. To this end, for fiscal 2014 the annual performance-based cash bonuses and stock options described above were designed to meet the deductibility requirements. Accordingly, there should be no limit on the deductibility of compensation in 2014 other than the portion of Mr. Donegan's base salary, discretionary bonus, and perquisites that is in excess of $1 million.

Compensation and Risk

The Compensation Committee has considered risks arising from the Company's employee compensation policies and practices and has concluded that any risks from such policies and practices are not reasonably likely to have a material adverse effect on the Company. This conclusion is based on the Committee's belief that the Company has selected pay elements and performance metrics that have strong correlation with shareholder value. The Company's stock option awards, which make up all of the Company's long-term incentive compensation, only have realizable value if the price of the Company's stock increases after the options are granted. In addition, the Company's annual performance-based cash bonuses relate to broad-based performance criteria that are reliable indicators of Company- or operating unit-wide performance. These performance criteria do not reward narrow achievements that may involve inappropriate utilization of resources or priorities.

Compensation Committee Report

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed it with management. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended March 30, 2014 and the Company's proxy statement for the 2014 Annual Meeting.

Vernon E. Oechsle, Chairman
Don R. Graber
Daniel J. Murphy

Summary Compensation Table

The following table shows fiscal 2014 compensation earned by the Chief Executive Officer, the Chief Financial Officer, and the three other most highly compensated executive officers who were serving as executive officers of the Company on March 30, 2014 (the "NEOs").

Fiscal 2013 and 2012 compensation is presented for executives who were NEOs in those years (Mr. Donegan and Ms. Hagel). In accordance with SEC rules, fiscal 2013 and 2012 compensation is not presented for Messrs. Hackett and Masterman and Ms. Beyer because they were not NEOs in those years.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)	Total ($)
Mark Donegan	2014	1,530,000	200,000	5,662,150	2,066,571	0	241,155	9,699,876
Chairman and Chief Executive	2013	1,530,000	455,787	4,152,100	1,537,803	3,330,182	347,013	11,352,885
Officer	2012	1,530,000	—	4,071,320	1,453,500	4,171,205	304,407	11,530,432
Shawn R. Hagel	2014	665,000	—	2,535,543	706,520	487,664	34,496	4,429,223
Executive Vice President and	2013	622,500	154,044	2,216,304	519,156	967,146	23,203	4,502,353
Chief Financial Officer	2012	581,500	—	2,272,812	521,550	917,268	31,464	4,324,594
Steven G. Hackett . . . . Executive Vice President	2014	625,692	37,995	2,654,951	1,131,480	45,642	27,434	4,523,194
Andrew V. Masterman . . . . Executive Vice President and President–Airframe Products	2014	488,991	27,967	2,359,956	416,462	17,379	37,664	3,348,419
Ruth A. Beyer . . . . Senior Vice President, General Counsel and Secretary	2014	541,750	—	2,297,708	467,135	0	25,701	3,332,294

(1) Annual performance-based cash bonuses earned by the NEOs are reported in the Non-Equity Incentive Plan Compensation column, except that the following amounts for fiscal 2014 are reported in the Bonus column: (a) discretionary bonuses, and (b) the amount paid to Mr. Masterman under the Company's Incentive Compensation Program for Human Capital Planning Performance. See "Compensation Discussion and Analysis."

(2) Amounts for fiscal 2014 represent the grant date fair value of options granted in the fiscal year based on a value of $56.35 per share in the case of options granted to Ms. Hagel and Ms. Beyer on November 13, 2013, a value of $59.00 per share in the case of options granted to Messrs. Hackett and Masterman on November 13, 2013, a value of $46.83 per share in the case of options granted to Ms. Beyer on April 1, 2013, and a value of $45.30 per share in the case of options granted to Mr. Donegan on November 13, 2013, in each case calculated using the Black-Scholes option pricing model. In determining the grant date fair value, the expected term is 3.2 years for Mr. Donegan's options, 4.2 years for the options granted to Ms. Hagel and Ms. Beyer, and 4.4 years for the options granted to Messrs. Hackett and Masterman. Other assumptions made in determining these grant date fair values are disclosed under the caption "Stock-based compensation plans" in Note 15 of Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended March 30, 2014.

(3) Represents changes in the actuarial present value of accumulated benefits under defined benefit pension plans. For Mr. Donegan, the actual change in pension value was a decrease of $543,458, but applicable disclosure rules do not permit inclusion of negative amounts in the above table.

(4) For Mr. Donegan, amounts in fiscal 2014 include (a) the cost of Company-paid disability and term life insurance premiums, (b) the cost of Company-paid financial and tax return preparation services, (c) reimbursement of club dues, (d) $41,248 for payment or reimbursement of automobile lease and operating expenses, and (e) $169,992 for unreimbursed incremental cost of personal use of Company

aircraft. Incremental cost of personal use of Company aircraft is calculated based on the variable operating cost per flight hour, which covers fuel and a reserve for ongoing maintenance and repairs, plus direct out of pocket expenses such as crew costs for overnight lodging and meals, any customs and foreign permit fees, the cost of in-flight meals, and landing, parking and hangar storage expenses. Mr. Donegan pays taxes on his personal use of Company aircraft based on IRS guidelines. For Ms. Hagel, amounts in fiscal 2014 include (a) the cost of Company-paid disability and term life insurance premiums, (b) Company matching contributions under 401(k) plans, (c) the cost of Company-paid financial and tax return preparation services, and (d) payment or reimbursement of automobile lease and operating expenses. For Mr. Hackett, amounts in fiscal 2014 include (a) the cost of Company-paid disability and term life insurance premiums, (b) Company matching contributions under 401(k) plans, (c) the cost of Company-paid financial and tax return preparation services, and (d) payment or reimbursement of automobile lease and operating expenses. For Mr. Masterman, amounts in fiscal 2014 include (a) the cost of Company-paid disability and term life insurance premiums, (b) Company matching contributions under 401(k) plans, (c) reimbursement of club dues, and (d) payment or reimbursement of automobile lease and operating expenses. For Ms. Beyer, amounts in fiscal 2014 include (a) the cost of Company-paid disability and term life insurance premiums, (b) Company matching contributions and supplemental profit sharing contributions under 401(k) plans, (c) the cost of Company-paid financial and tax return preparation services, and (d) payment or reimbursement of automobile lease and operating expenses.

Grants of Plan-Based Awards in Fiscal 2014

The following table contains information concerning the fiscal 2014 bonus opportunities for the NEOs and the stock options granted to the NEOs in fiscal 2014.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Option Awards ($)(3)
		Threshold ($)(1)	Target ($)(1)	Maximum ($)(1)			
Mark Donegan							
Non-equity incentive		$596,700	$1,989,000	$4,972,500			
Option	11/13/13				125,000	$248.20	$5,662,150
Shawn R. Hagel							
Non-equity incentive		$204,000	$ 680,000	$1,700,000			
Option	11/13/13				45,000	$248.20	$2,535,543
Steven G. Hackett							
Non-equity incentive		$378,000	$ 630,000	$1,575,000			
Option	11/13/13				45,000	$248.20	$2,654,950
Andrew V. Masterman							
Non-equity incentive		$305,100	$ 508,500	$1,271,250			
Option	11/13/13				40,000	$248.20	$2,359,956
Ruth A. Beyer							
Non-equity incentive		$134,880	$ 449,600	$1,124,000			
Option	04/01/13				25,000	$186.77	$1,170,800
Option	11/13/13				20,000	$248.20	$1,126,908

(1) Represents bonus awards for fiscal 2014 and estimated threshold, target and maximum bonus payouts. The actual amount earned by each NEO for fiscal 2014 is set forth in the Summary Compensation Table. See "Compensation Discussion and Analysis" for a discussion of the terms of these awards.

(2) Represents stock option grants made under the Company's 2001 Stock Incentive Plan. The exercise price of all options is equal to the closing market price of the Company's common stock on the grant date. The options vest 25% per year, beginning one year after the date of grant, based on continued employment. Vesting may also be accelerated in certain circumstances as described below under "Potential Payments upon Termination or Change in Control." Each option has a maximum term of 10 years, subject to earlier termination in the event of the optionee's termination of employment.

(3) Represents the grant date fair value of options granted in fiscal 2014 based on a value of $56.35 per share in the case of options granted to Ms. Hagel and Ms. Beyer on November 13, 2013, a value of $59.00 per share in the case of options granted to Messrs. Hackett and Masterman on November 13, 2013, a value of $46.83 per share in the case of options granted to Ms. Beyer on April 1, 2013, and a value of $45.30 per share in the case of options granted to Mr. Donegan on November 13, 2013, in each case calculated using the Black-Scholes option pricing model. In determining the grant date fair value, the expected term is 3.2 years for Mr. Donegan's options, 4.2 years for the options granted to Ms. Hagel and Ms. Beyer, and 4.4 years for the options granted to Messrs. Hackett and Masterman. Other assumptions made in determining these grant date fair values are disclosed under the caption "Stock-based compensation plans" in Note 15 of Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended March 30, 2014.

Outstanding Equity Awards at March 30, 2014

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Mark Donegan	150,000	—	$140.74	11/14/2017
	139,500	—	$101.41	11/11/2019
	112,500	37,500(1)	$137.56	11/10/2020
	50,000	50,000(2)	$161.62	11/16/2021
	31,250	93,750(3)	$173.30	11/14/2022
	—	125,000(4)	$248.20	11/13/2023
Shawn R. Hagel	20,000	—	$140.74	11/14/2017
	30,000	10,000(1)	$137.56	11/10/2020
	20,000	20,000(2)	$161.62	11/16/2021
	10,000	30,000(3)	$173.30	11/14/2022
	—	45,000(4)	$248.20	11/13/2023
Steven G. Hackett	—	7,500(1)	$137.56	11/10/2020
	5,000	10,000(2)	$161.62	11/16/2021
	10,000	30,000(3)	$173.30	11/14/2022
	—	45,000(4)	$248.20	11/13/2023
Andrew V. Masterman	2,500	7,500(5)	$171.26	04/23/2022
	10,000	30,000(3)	$173.30	11/14/2022
	—	40,000(4)	$248.20	11/13/2023
Ruth A. Beyer	—	25,000(6)	$186.77	04/01/2023
	—	20,000(4)	$248.20	11/13/2023

(1) Vest 100% on November 10, 2014.
(2) Vest 50% on November 16, 2014 and 50% on November 16, 2015.
(3) Vest one-third on November 14, 2014, one-third on November 14, 2015 and one-third on November 14, 2016.
(4) Vest 25% on November 13, 2014, 25% on November 13, 2015, 25% on November 13, 2016 and 25% on November 13, 2017.
(5) Vest one-third on April 23, 2014, one-third on April 23, 2015 and one-third on April 23, 2016.
(6) Vest 25% on April 1, 2014, 25% on April 1, 2015, 25% on April 1, 2016 and 25% on April 1, 2017.

Option Exercises in Fiscal 2014

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)
Mark Donegan	—	$ —
Shawn R. Hagel	43,750	$6,919,790
Steven G. Hackett	15,000	$1,949,925
Andrew V. Masterman	—	$ —
Ruth A. Beyer	—	$ —

Pension Benefits as of March 30, 2014

The Precision Castparts Corp. Retirement Plan (the "PCC RP") is the Company's qualified pension plan in which Messrs. Donegan, Hackett and Masterman and Ms. Hagel participate. Mr. Donegan served as President of Wyman-Gordon Company for 20 months after the Company acquired it in 1999 and therefore has accrued a benefit under its qualified pension plan, the Wyman-Gordon Company Retirement Income Plan (the "WG RP"). Ms. Beyer does not participate in a Company qualified pension plan. All of the NEOs participate in the Company's Supplemental Executive Retirement Program—Level One Plan—Ongoing (the "SERP").

The following table provides information regarding accumulated benefits under the Company's various pension plans as of March 30, 2014:

Name	Age	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit ($)(2)
Mark Donegan	57	SERP	28.6667	$20,647,110
		PCC RP	27.0000	896,026
		WG RP	1.6667	51,590
Shawn R. Hagel	48	SERP	18.3333	3,297,054
		PCC RP	18.3333	404,504
Steven G. Hackett	56	SERP	23.0833	5,635,700
		PCC RP	19.2496	603,007
Andrew V. Masterman	45	SERP	2.0000	0
		PCC RP	1.9583	36,261
Ruth A. Beyer	58	SERP	1.0000	0

(1) Reflects an additional three years and five months of service credit under the SERP for Mr. Hackett. This was granted to Mr. Hackett in February 2007 and gives him credit for a break in his employment with the Company in the mid-1990s, resulting in uninterrupted service credit under the SERP from his original hire date in March 1991. The present value of Mr. Hackett's accumulated benefit under the SERP as of March 30, 2014 is higher by $279,959 than it would have been without this additional service credit.

(2) The Present Value of Accumulated Benefit in the above table represents the actuarial present value as of March 30, 2014 of the NEO's pension benefit calculated based on years of service and final average pay as of that date but assuming retirement at the earliest age at which benefits are unreduced (age 64 for Mr. Donegan under the WG RP and age 65 under all other plans). The actuarial present values were calculated using a discount rate of 4.70% and the RP2000 Combined Healthy Mortality Table, the same assumptions used in the pension benefit calculations reflected in the Company's audited balance sheet for the year ended March 30, 2014.

Qualified Pension Plans

The Company and certain of its subsidiaries maintain tax-qualified defined benefit retirement plans (the "Pension Plans") to provide an income replacement mechanism for retirees. NEOs participate in the Pension Plans on the same terms as all other participating employees. In general, eligible employees in participating entities participate in the Pension Plans after completing one year of service, and benefits become 100% vested after five years of service. Employees hired by participating entities after June 30, 2012, including Ms. Beyer, are not eligible to participate in the PCC RP or the WG RP and instead are eligible to receive supplemental profit sharing contributions under the applicable 401(k) Plan. The PCC RP and the WG RP are typical pension plans that provide a monthly benefit following retirement based on years of service and final average pay. Final average pay for purposes of calculating benefits under the PCC RP and the WG RP generally consists of a participant's highest average base salary for any 60 consecutive months of employment with the Company or any of its subsidiaries, with a limited amount of bonus also included under the WG RP. However, as of March 30, 2014, the Internal Revenue Code limited the amount of annual pay considered for purposes of calculating benefits under the Pension Plans to $260,000.

Under the PCC RP, a normal retirement benefit is payable upon retirement at age 65 and is equal to the participant's years of service (up to 35) multiplied by the sum of (a) 1.2% of the participant's final average pay, plus (b) 0.6% of the excess of the participant's final average pay over an amount referred to as Social Security covered compensation, which generally consists of the average of the Social Security maximum taxable wage bases for the 35 years ending with the participant's Social Security normal retirement age. For years of service in excess of 35 years, the normal retirement benefit includes an additional 0.5% of final average pay for each such additional year. Under the WG RP, a normal retirement benefit is payable to Mr. Donegan upon retirement at age 64 and is equal to years of service applicable to that plan (up to 35) multiplied by the sum of (a) 1.1% of final average pay, plus (b) 0.4% of the excess of final average pay over Social Security covered compensation (as defined above).

Under the PCC RP, a participant who is age 55 or older with at least 10 years of service is eligible to elect an early retirement benefit, which is the normal retirement benefit after reduction for early commencement of benefits. Under the WG RP, early retirement is available for participants who are 55 or older with 5 years of service. Under both the PCC RP and the WG RP, for each year that a participant's early retirement benefits start prior to the unreduced normal retirement age, the participant's monthly retirement benefit is reduced by 6%. As of March 30, 2014, Mr. Donegan was eligible for early retirement benefits under the PCC RP and the WG RP, and Mr. Hackett was eligible for early retirement benefits under the PCC RP. If they had retired on March 30, 2014 and elected to immediately start benefits at that time, the present value of accumulated benefits for each of them under the Pension Plans as reflected in the Pension Benefits table above would be higher by the following amounts: Mr. Donegan—each of PCC RP and WG RP, $0; and Mr. Hackett—PCC RP, $0.

The basic benefit form for normal and early retirement under the PCC RP and the WG RP is a monthly annuity for life. A participant may choose among different benefit forms that are the actuarial equivalent of the basic benefit form, but a lump sum is not available.

Supplemental Executive Retirement Program

The Company maintains the SERP to provide for retirement benefits above amounts available under the Company's Pension Plans. All of the NEOs, as well as certain other executive officers and key employees designated by the Compensation Committee, are eligible to participate in the SERP. Participants have no vested SERP benefit unless they remain employed until they qualify for an early retirement benefit under the SERP. Vested benefits are forfeited if the participant's employment is terminated for certain misconduct or if the participant engages in competition with the Company or other detrimental conduct during the three years following termination of employment.

To calculate normal retirement benefits under the SERP, a target monthly retirement benefit is determined for each participant based on final average pay and years of service, which is then reduced by (a) the participant's estimated monthly Social Security benefit assuming commencement at age 65, (b) the participant's monthly benefit under the PCC RP or the WG RP, as applicable, assuming commencement at age 65 and converted to a 50% joint and survivor annuity if the participant is married, and (c) the amount determined by assuming that the participant had received the maximum matching contribution and any supplemental profit sharing contributions available to him or her each year under the Company's 401(k) plans and that such amounts earned interest at an annual rate of 8% to age 65, with the assumed balance at age 65 being converted to an actuarially equivalent monthly benefit in the form of a life annuity if the participant is unmarried or a 50% joint and survivor annuity if the participant is married. Final average pay for purposes of calculating SERP target benefits generally consists of the average of the salary and bonus paid to the participant in the highest three calendar years out of any five calendar years of employment.

The target SERP retirement benefit upon retirement at age 65 is equal to (a) the participant's years of service (up to 20) multiplied by 3.0% of the participant's final average pay, plus (b) the participant's years of service in excess of 20 years multiplied by 0.5% of the participant's final average pay.

A participant whose age plus years of service totals at least 70 and who has at least 10 years of service is vested and eligible for early retirement benefits under the SERP. For each year that a participant terminates employment prior to age 65, the normal retirement benefit is reduced by 3% under the SERP. At the time Ms. Beyer was hired, the Company agreed to modify the SERP for her to provide that she will be vested and eligible for retirement benefits under the SERP after two years of service with the Company and that her normal SERP retirement benefit will not be reduced for retirement prior to age 65.

Messrs. Donegan and Hackett are currently eligible for early retirement benefits under the SERP. If they had retired on March 30, 2014, the present value of accumulated benefits for each of them under the SERP as reflected in the Pension Benefits table above would be higher by the following amounts: Mr. Donegan, $5,028,921; and Mr. Hackett, $1,630,449.

The normal or early retirement benefit under the SERP determined as described above is paid as a monthly annuity for life if the participant is not married, and is paid as a 50% joint and survivor annuity if the participant is married, providing a significant benefit enhancement for married participants. Subject to certain timing limitations, married participants may elect to receive an actuarially equivalent 100% joint and survivor annuity, and all participants may elect to receive an actuarially equivalent lump sum benefit.

Disability Benefits under Pension Plan

Under the PCC RP, if the employment of a participant terminates as the result of disability, the participant will continue to be credited with years of service while disabled and will be deemed to have continued to receive base salary at the rate in effect on the date of disability. If the NEOs had terminated employment on March 30, 2014 as a result of disability and then elected to commence receiving benefits at age 65, the present value of accumulated benefits for each of them under the PCC RP calculated using the RP-2000 Disabled Retiree Mortality Table and otherwise as reflected in the Pension Benefits table above would be higher by the following amounts: Mr. Donegan, $0; Ms. Hagel, $53,003; Mr. Hackett, $0; and Mr. Masterman, $99,532.

Nonqualified Deferred Compensation in Fiscal 2014

Name	Executive Contributions in Fiscal 2014 ($)(1)	Aggregate Earnings in Fiscal 2014 ($)	Aggregate Balance at March 30, 2014 ($)(2)
Mark Donegan	$ —	$ —	$ —
Shawn R. Hagel	—	740,717	3,208,643
Steven G. Hackett	—	654,442	4,237,622
Andrew V. Masterman	46,545	7,232	65,369
Ruth A. Beyer	107,000	53	107,053

(1) Amounts reported in the Executive Contributions column are also included in the Summary Compensation Table in the Salary column (for 2014), the Bonus column (for 2013) or the Non-Equity Incentive Plan Compensation column (for 2013).

(2) Amounts reported in the Aggregate Balance column that have been reported as compensation in the Summary Compensation Table in this proxy statement or in prior year proxy statements are as follows: Ms. Hagel, $580,149; Mr. Hackett, $1,166,507; Mr. Masterman, $46,545; and Ms. Beyer, $107,000.

All of the NEOs are eligible to participate in the Company's Executive Deferred Compensation Plan (the "EDC"), which is an unfunded plan for SERP participants and other management or highly compensated employees who are designated for participation by the Chief Executive Officer. The EDC enables participants to defer receipt of compensation. The EDC allows participants to elect in advance of earning salary and bonuses to defer a whole number percentage of the participant's salary or bonuses or both and have the deferred amount credited to an EDC account to which reference investment performance results are credited (or charged, if there are negative results). The maximum allowed deferral percentage is 100%, applicable to salary or bonuses or both.

Investment reference performance results are determined by performance options selected by the participant, which in fiscal 2014 included a Company phantom stock fund (annual return of 30.6% in fiscal 2014) and 5 investment funds similar to the investment choices available to participants in the Company's 401(k) plans (with annual returns in fiscal 2014 ranging from 0.06% to 28.5%). In fiscal 2014, participants could select performance options and change an existing selection on any business day, except for selections made with respect to the Company phantom stock fund. Once each year, a participant who is a current employee or officer may select into (but not out of) the Company phantom stock fund as a performance option with respect to previously deferred compensation.

Benefits are generally paid pursuant to the time of payment election made by the participant prior to earning the compensation. The form of payment is specified in the participant's deferral election and is either a cash lump sum, installments from 2 to 20 years, or in shares of Company common stock (only with respect to the Company phantom stock fund performance option). Participants may withdraw the portion of their accounts attributable to deferrals prior to January 1, 2005 and investment returns thereon at any time subject to forfeiture of 10% of the balance. These same pre-2005 balances will generally be distributed to participants in a lump sum if their employment is involuntarily terminated within 24 months of a change in control, while account balances attributable to deferrals after December 31, 2004 and investment returns thereon will generally be distributed to participants in a lump sum upon a change in control whether or not employment terminates, except that in each case distribution of amounts credited to the phantom stock fund prior to 2009 will not be accelerated due to a change in control.

Potential Payments Upon Termination or Change-in-Control

Benefits Potentially Payable Upon a Change in Control

The Company has agreed to provide specified benefits to the NEOs under certain circumstances in connection with a "change in control" of the Company. Most of the benefits are only payable if the NEO's employment is terminated by the Company without "cause" or by the officer for "good reason" within 24 months after the change in control. The change of control severance agreements contain no excise tax gross-up provisions.

The following table shows the estimated change in control severance benefits that would have been payable to the NEOs if a change in control had occurred on March 30, 2014 and each officer's employment was terminated on that date either by the Company without "cause" or by the officer with "good reason."

	Mark Donegan	Shawn R. Hagel	Steven G. Hackett	Andrew V. Masterman	Ruth A. Beyer
Cash Severance Benefits(1)	$10,557,000	$ 4,080,000	$3,990,000	$3,220,500	$3,034,800
Insurance Continuation(2)	45,641	29,005	35,469	42,096	21,941
Acceleration of Stock Options(3)	15,387,500	5,047,800	3,913,150	2,800,876	1,520,250
Relocation Expenses(4)	250,000	250,000	250,000	250,000	250,000
Acceleration of SERP Vesting(5)	—	3,633,978	—	0	0
Lump Sum Payout of Additional Pension and SERP Benefits(6)	1,766,907	715,026	227,954	387,393	638,618
Financial and tax return preparation services(7)	19,735	19,735	19,735	19,735	19,735
Total	$28,026,783	$13,775,544	$8,436,308	$6,720,600	$5,485,344

(1) **Cash Severance Benefits**. A cash severance benefit is payable by the Company under the change of control severance agreements if the officer's employment is terminated by the Company without "cause" or by the officer for "good reason" within 24 months after a change in control. The cash severance payment for each NEO is equal to (a) three times the annual base salary plus (b) three times the greater of the average of the last three annual bonuses or the target bonus as in effect at the time of the change in control. If any payments to an NEO in connection with a change of control would be subject to the 20% excise tax on "excess parachute payments" as defined in Section 280G of the Internal Revenue Code, then, if it would result in a greater net after-tax benefit for the NEO to have the payments that would otherwise be made reduced by the amount necessary to prevent them from being "parachute payments," the NEO will be paid such reduced benefits. No Cash Severance Benefits amounts in the table above have been reduced in accordance with this provision. Cash severance benefits are payable in a lump sum following termination and only if the executive officer has executed a release of claims, which also includes obligations of the officer regarding confidentiality of proprietary or trade secret information and non-disparagement.

(2) **Insurance Continuation**. If cash severance benefits are triggered, the change of control severance agreement for each NEO also provides for continuation of life, accident and health insurance benefits paid by the Company for up to 36 months following termination of employment, but not to the extent similar benefits are provided by a subsequent employer. The amounts in the table above represent 36 months of life, accident and health insurance benefit payments at the rates paid by the Company for each officer as of March 30, 2014.

(3) **Stock Option Acceleration**. The stock option agreements covering options held by the NEOs provide that upon a change in control all outstanding unexercisable options immediately become exercisable in full. Information regarding outstanding unexercisable options held by each NEO is set forth in the Outstanding Equity Awards table above. Amounts in the table above represent the aggregate value as of March 30, 2014 of each NEO's outstanding unexercisable options based on the positive spread (if any) between the exercise price of each option and a stock price of $247.58, which was the closing price of the Company's common stock on the last trading day of fiscal 2014.

(4) **Relocation**. If cash severance benefits are triggered, the change of control severance agreement for each NEO also provides for reimbursement of certain relocation expenses if the officer moves his or her residence in order to pursue other business opportunities within one year after the date of termination. Amounts in the table above represent the estimated cost of a typical executive officer relocation.

(5) **Acceleration of SERP Vesting**. Under the terms of the SERP, on a change in control (as defined in the SERP), all SERP participants will be fully vested and the actuarial present value of their accrued age 65 normal retirement benefits will immediately be paid as a lump sum payment. Ms. Hagel, Mr. Masterman and Ms. Beyer were not vested in the SERP as of March 30, 2014, and the amounts in the table above represent the lump sum payments they would have received under the terms of the SERP if a change in control had occurred on that date.

(6) **Lump Sum Payout of Additional Pension and SERP Benefits**. If cash severance benefits are triggered, the change of control severance agreement for each NEO also provides for a lump sum payment equal to the actuarial present value of the additional age 65 normal retirement benefit the NEO would have received if the NEO had been credited with three additional years of service and compensation under the SERP and any pension plan in which he or she participates. The amounts in the table represent the lump sum payments the NEOs would have received under this provision if a change in control and employment termination had occurred on March 30, 2014.

(7) **Financial and tax return preparation services**. The Company's arrangements regarding Company-paid financial and tax return preparation services specify that after a change in control the Company will pay for financial and tax return preparation services for each NEO pertaining to the calendar year in which the change in control occurred. The amounts in the table above represent the approximate rate that the Company would have paid for such services in March 2014.

In the change of control severance agreements, "change in control" is generally defined to include: the acquisition by any person of 20% or more of the Company's outstanding common stock; the nomination (and subsequent election) in a 2 year period of a majority of the Company's directors by persons other than the incumbent directors; and shareholder approval of a sale of all or substantially all of the Company's assets or an acquisition of the Company through a merger or consolidation. Under the change of control severance agreements, "cause" includes willful and continued failure to substantially perform duties after notice and willful conduct that is demonstrably and materially injurious to the Company. "Good reason" includes the assignment of duties inconsistent with the NEO's position before the change in control, a reduction in compensation or benefits, or a relocation of the NEO's principal place of employment by more than 50 miles.

Other Benefits Triggered on Certain Employment Terminations

Stock options in the event of retirement

The stock option agreements covering options held by the NEOs provide that if an NEO's employment terminates when the NEO is eligible for early retirement (age 55 or older with at least 10 years of service) the period for exercising options following termination of employment is extended from 6 months to 12 months, but not beyond each option's original 10-year term. No accelerated vesting of unexercisable options is provided on early retirement. Messrs. Donegan and Hackett are currently eligible for early retirement. The increase in value of outstanding exercisable options resulting from the extension of the post-termination exercise period from six months to 12 months, with the option values as of March 30, 2014 for six-month and 12-month remaining terms calculated using the Black-Scholes option pricing model with assumptions consistent with those used by the Company for valuing options under applicable accounting guidance, would be as follows: Mr. Donegan, $470,370; and Mr. Hackett, $33,696.

The stock option agreements also provide that if an NEO's employment terminates when the NEO is eligible for normal retirement (age 65 or older), all outstanding unexercisable options will become exercisable in full and, instead of terminating in 12 months, all outstanding options will remain exercisable either for their full ten-year terms, in the case of stock option agreements issued prior to November 2009, or for five years following retirement (but not beyond each option's original 10-year term), in the case of stock option agreements issued in or after November 2009. Each of the following NEOs holds options that could be outstanding at his or her 65th birthday but which based on the expected terms are not anticipated to be outstanding at that time: Mr. Donegan, 350,000 shares in 2021; Mr. Hackett, 85,000 shares in 2022; and Ms. Beyer, 45,000 shares in 2020.

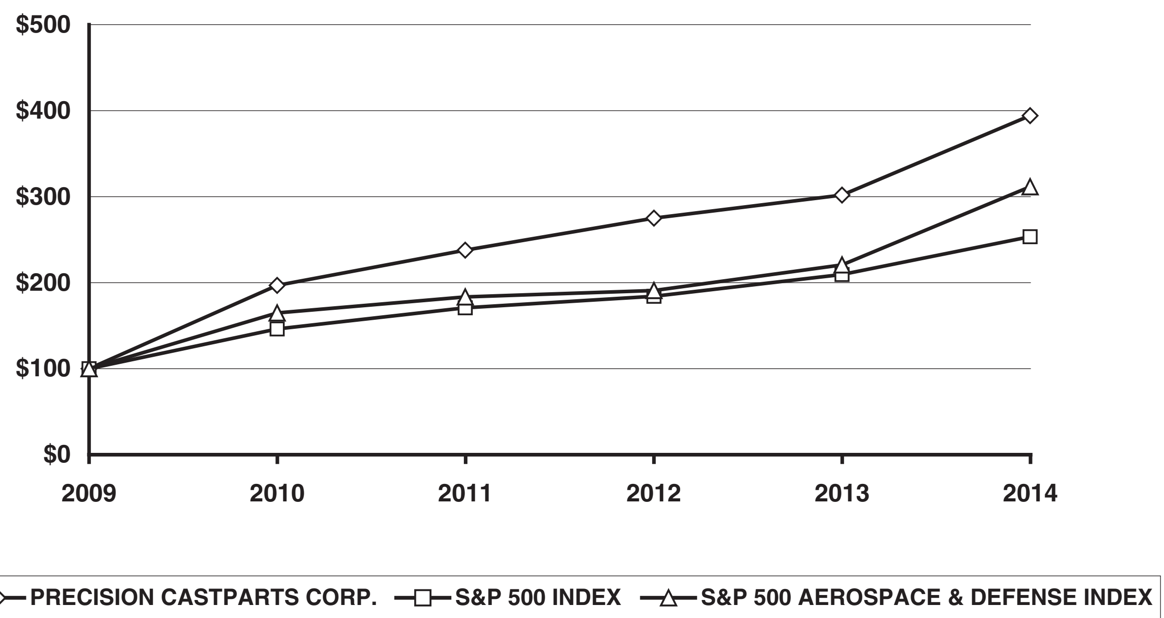
Stock options in the event of death or disability

The stock option agreements covering options held by the NEOs provide that upon the death or disability of an NEO, all unexercisable options become fully exercisable and the period for exercising options following termination of employment is extended to 12 months, but not beyond each option's original 10-year term. The aggregate value as of March 30, 2014 of options that would have become exercisable if death or disability had occurred on that date based on the positive spread (if any) between the exercise price of each option and a stock price of $247.58, which was the closing price of the Company's common stock on the last trading day of fiscal 2014, is as set forth in the "Acceleration of Stock Options" row of the "Benefits Potentially Payable Upon a Change in Control" table above. In addition, the increase in value of outstanding options resulting from the extension of the post-termination exercise period from six months to 12 months, with the option values as of March 30, 2014 for six-month and 12-month remaining terms calculated using the Black-Scholes option pricing model with assumptions consistent with those used by the Company for valuing options under applicable accounting guidance, would be as follows: Mr. Donegan, $1,841,426; Ms. Hagel, $588,989; Mr. Hackett, $498,826; Mr. Masterman, $449,131; and Ms. Beyer, $254,257.

RETURN TO SHAREHOLDERS PERFORMANCE GRAPH

The following line graph provides a comparison of the annual percentage change in the Company's cumulative total shareholder return on its common stock to the cumulative total return of the S&P 500 Index and the S&P 500 Aerospace & Defense Index. The comparison assumes that $100 was invested on March 31, 2009 in the Company's common stock and in each of the foregoing indices and, in each case, assumes the reinvestment of dividends.

Comparison of Cumulative Five Year Total Return



Company / Index	Mar 09	Mar 10	Mar 11	Mar 12	Mar 13	Mar 14
Precision Castparts Corp.	100	196.41	237.54	274.72	301.50	393.86
S&P 500 Index	100	146.09	170.20	183.82	209.49	253.26
S&P 500 Aerospace & Defense Index	100	164.41	182.94	190.32	220.76	311.61

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information regarding the number of shares of common stock of the Company that were subject to outstanding stock options or other compensation plan grants and awards at March 30, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	4,782,027	$165.10	6,873,088(1)
Equity compensation plans not approved by security holders	109,104(2)	N/A	N/A
Total	4,891,131	$165.10	6,873,088

(1) 6,873,088 shares of common stock remain available for issuance under the Company's 2001 Stock Incentive Plan (the "2001 Plan"). At this time, no awards other than options have been issued to executive officers or other employees under the 2001 Plan. The 2001 Plan is also used for the annual deferred stock unit awards

to non-employee directors. 1,357,597 shares of common stock remain available for issuance under the Company's 2008 Employee Stock Purchase Plan.

(2) Equity compensation plans not approved by shareholders that are included in the table are the Executive Deferred Compensation Plan and the Non-Employee Director Deferred Compensation Plan, which allow for voluntary deferral of certain cash compensation. Investment options under these plans include a Company phantom stock account, which is settled in shares of Company common stock when payments are made to participants. The amount in the table represents the aggregate number of shares of Company common stock credited to phantom stock accounts under these plans. Additional information regarding these plans is provided under Director Compensation on page 4 and Nonqualified Deferred Compensation on page 25.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors Recommends a Vote "For" Proposal 2

The Audit Committee of the Board of Directors has appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending March 29, 2015.

The Audit Committee is directly responsible for the appointment, compensation, retention, termination and oversight of the Company's independent registered public accounting firm and the annual review of the firm's independence. The Audit Committee and its Chair are also directly involved in the selection of the audit firm's new lead engagement partner for the Company in connection with periodic mandated rotations of the lead engagement partner. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP to serve as the Company's independent registered public accounting firm is in the best interests of the Company's shareholders.

Although not required, the Board of Directors is requesting ratification by the shareholders of this appointment. If ratification is not obtained, the Audit Committee will reconsider the appointment.

The Company incurred the following fees for services performed by Deloitte & Touche for fiscal 2014 and 2013:

2014	
Audit Fees	$9,275,002
Audit Related Fees	287,421
Tax Fees	167,000
All Other Fees	—
2013	
Audit Fees	$8,092,498
Audit Related Fees	281,269
Tax Fees	143,956
All Other Fees	—

Audit Fees include annual audit of the Company's consolidated financial statements and review of interim financial statements in the Company's Quarterly Reports on Form 10-Q. Audit Related Fees include audits of the Company's employee benefit plans, acquisition due diligence, review of registration statements and issuance of comfort letters and other audit reports required by regulation or contract. Tax fees include tax advice and planning for income and other taxes for various legal entities of the Company and tax-related acquisition due diligence.

The Audit Committee appoints and approves the fee to be paid to the independent registered public accounting firm. The Audit Committee is also responsible for reviewing and approving engagements of significant non-audit work performed by the independent registered public accounting firm, and the Audit Committee approved all audit related fees and tax fees. Representatives of Deloitte & Touche LLP are expected to be present at the 2014 Annual Meeting of Shareholders, will have an opportunity to make any statements they desire, and will also be available to respond to appropriate questions from shareholders.

The Board of Directors recommends a vote FOR Proposal 2.

PROPOSAL 3: ADVISORY VOTE REGARDING COMPENSATION OF NAMED EXECUTIVE OFFICERS

The Board of Directors Recommends a Vote "For" Proposal 3

The rules of the Securities and Exchange Commission require the Company to submit to its shareholders a nonbinding advisory resolution regarding the compensation of the Company's named executive officers disclosed in this Proxy Statement. As discussed above under "Compensation Discussion and Analysis," the Company has designed and implemented its executive compensation program to provide incentives for the Company's executive officers to achieve high levels of job performance and enhance shareholder value, and to attract and retain key executives who are important to the long-term success of the Company. The Board believes that the Company's executive compensation program has played a key role in the Company consistently delivering strong financial performance to its shareholders and improving that performance over the long-term. This consistently strong financial performance has provided investment returns to the Company's shareholders that are well-above the performance of relevant market indices, as indicated in the "Return to Shareholders Performance Graph" on page 29. Accordingly, the Board recommends that you vote FOR the following resolution:

> "RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2014 Annual Meeting of Shareholders pursuant to the rules of the Securities and Exchange Commission, including in the Compensation Discussion and Analysis and the compensation tables and accompanying narrative discussion, is hereby approved."

Approval of this proposal would require the affirmative vote of at least a majority of the votes cast on this proposal at the Annual Meeting. Abstentions and broker nonvotes are counted for purposes of determining whether a quorum exists at the Annual Meeting but are not counted as votes cast and have no effect on the results of the vote on this proposal.

This say-on-pay vote is advisory and will not be binding on the Company, the Board of Directors or the Compensation Committee. The Board and the Compensation Committee will, however, consider the outcome of this advisory vote in connection with future executive compensation decisions.

The Board of Directors recommends a vote FOR Proposal 3.

PROPOSAL 4: SHAREHOLDER PROPOSAL

The following shareholder proposal will be voted on at the Annual Meeting only if it is properly presented by or on behalf of the shareholder proponent.

The AFL-CIO Reserve Fund, 815 Sixteenth Street, N.W., Washington, D.C. 20006, has advised the Company that it intends to present the following resolution at the Annual Meeting. Approval of this proposal would require the affirmative vote of at least a majority of the votes cast on this proposal at the Annual Meeting. Abstentions and broker nonvotes are counted for purposes of determining whether a quorum exists at the Annual Meeting but are not counted as votes cast and have no effect on the results of the vote on this proposal.

Shareholder Resolution

RESOLVED, the shareholders urge the Board of Directors of Precision Castparts Corp. (the "Company") to adopt a policy that in the event of a change in control as defined under any applicable employment agreement, equity incentive plan or other plan, there shall be no acceleration of vesting of any equity award granted to any senior executive. However, under this policy, the Compensation Committee may provide in an applicable grant or purchase agreement that any unvested award will vest on a partial, pro rata basis up to the time of the senior executive's termination, with such qualifications for an award as the Compensation Committee may determine.

For purposes of this Policy, an “equity award” means an award granted under an equity incentive plan as defined by the Securities and Exchange Commission’s Item 402 of Regulation S-K, which addresses executive compensation to be disclosed to shareholders. This policy shall be implemented so as to not affect any contractual rights in existence on the date adopted. The policy shall apply only to equity awards made under equity incentive plans or plan amendments that shareholders approve after the date of the 2014 annual meeting.

Supporting Statement

Precision Castparts Corp. allows senior executives to receive an accelerated award of unearned equity under certain conditions after a change in control of the Company. These accelerated equity awards can significantly increase the total value of senior executives’ “golden parachute” severance payments after a change in control.

We do not question that a reasonable amount of severance payments may be appropriate for senior executives. We are concerned, however, that current practices at the Company may permit windfall awards that have nothing to do with a senior executive’s performance.

According to the Company’s 2013 proxy statement, Chairman and CEO Mark Donegan had $11.6 million in stock options subject to acceleration if a change in control had occurred on March 31, 2013. These stock options would have vested even if he was not terminated from employment. This amount is more than half of the total value of the $22.2 million golden parachute that he could have received following a change in control.

We do not believe that executives deserve to receive accelerated vesting of all unvested equity awards following a change in control. We do believe, however, that an affected executive should be eligible to receive an accelerated vesting of equity awards on a pro rata basis as of his or her termination date, with the details of any pro rata award to be determined by the Compensation Committee.

Other major corporations, including Apple, Chevron, ExxonMobil, IBM, Intel, Microsoft, and Occidental Petroleum, limit the accelerated vesting of unearned equity, such as providing pro rata awards or forfeiting unearned awards. Research from James Reda & Associates found that more than a third of the largest 200 companies now prorate, forfeit, or only partially vest performance shares upon a change of control.

The AFL-CIO Reserve Fund urges you to vote FOR this proposal.

Board of Directors’ Statement in Opposition

The Board is committed to a thoughtful and disciplined application of the Performance and Retention objectives (in each case as described in the “Overview” section of the Compensation Discussion and Analysis on page 11) to all elements of the Company’s executive compensation program. Consistent with this commitment, the Board has determined for many years that these objectives are best-implemented in regard to stock options and a potential change in control by providing that outstanding unexercisable options for all Company employees who receive stock option awards will become exercisable upon a change in control. Accordingly, the Board recommends that you vote AGAINST Proposal 4 for the reasons discussed below.

Shareholder and Employee Interests Should Be Aligned

The Board is concerned that pro-rata vesting might bias employees against an otherwise beneficial change in control transaction by forcing the employees to face the prospect of losing their previously granted stock option compensation. In contrast, full vesting of stock option awards upon a change in control aligns the interests of employees and shareholders by providing employees an equitable opportunity to realize along with the shareholders a portion of the enterprise value created prior to and in connection with the change in control transaction. That value is primarily attributable to the talents and dedicated efforts of the Company’s employees, and the Board strongly disagrees with the assertion in the proposal that the sharing of a portion of this value would somehow be a “windfall” to Company employees who hold stock options.

All Employees Should be on Equal Footing in Regard to the Effect on Stock Options of a Change in Control

The terms regarding acceleration on change in control in the Company's stock option awards are the same for all employees at all levels of the Company. Adopting the proposal would treat senior executives worse than all other Company employees who receive stock option awards, which the Board believes would undermine the shareholder/employee alignment objective discussed above, as well as degrade the retention objective (discussed below) for some of the key individuals who typically are most at risk of departure in connection with a potential change in control.

Shareholders Benefit from Employees Having a Strong Incentive to Remain with the Company in Uncertain Times

It is the view of the Board that retaining key employees during the uncertainty of a pending change in control transaction is particularly important. If the transaction is to continue to completion, then their efforts are needed to maintain stability and the Company's financial performance so that the potential transaction can advance in a manner that will serve the best interests of the Company's shareholders. If the proposed transaction is not completed, then the efforts of these key employees will be critical in helping the Company return its focus to ordinary business operations and its strategic growth plan. The Board therefore agrees with the belief that seems to be held by most public companies that providing some form of accelerated vesting upon a change in control is important in attracting and retaining key employees.

An Independent Compensation Committee Should be Permitted to Properly Exercise its Fiduciary Duties

The Board believes that the Compensation Committee, which is composed entirely of independent directors, should have the autonomy to develop the details of an executive compensation program that the Committee members, in the exercise of their fiduciary duties, feel is in the best interests of the Company and its shareholders. The inflexible policy that would be imposed by the proposal should not displace the careful and well-informed business judgment of a Compensation Committee that is deeply familiar with calibrating the consistent application of the Performance and Retention objectives across the various components of the Company's executive compensation program.

The Board Recommends a Vote AGAINST Proposal 4

In conclusion, the Board firmly believes that the Company's longstanding structure of providing for the vesting of stock option awards upon a change in control accurately aligns shareholder and employee interests, puts all Company employees who receive stock options on equal footing in regard to the effect of a change in control on their stock option awards, and provides employees with a strong incentive consistent with market practice to remain with the Company while the Company is considering a change in control transaction. The Board also asks that shareholders be appropriately respectful of the directors' fiduciary role in determining the details of the Company's executive compensation program. For these reasons the Board of Directors recommends a vote AGAINST Proposal 4.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table shows information about those persons known to the Company to be beneficial owners of more than five percent of the Company's outstanding common stock as of December 31, 2013. The information listed below is based entirely on information filed by the beneficial owners with the Securities and Exchange Commission.

Name and Address of Beneficial Owner	Shares Beneficially Owned	% of Class
T. Rowe Price Associates, Inc. 100 E. Pratt Street, Baltimore, Maryland 21202	13,277,433	9.1%
BlackRock, Inc. 40 East 52nd Street, New York, New York 10022	9,476,699	6.5%

TRANSACTIONS WITH RELATED PERSONS

The Board of Directors has adopted a written policy with respect to related party transactions. The policy requires that the Audit Committee approve all transactions or series of similar transactions between the Company and a related party, which includes all executive officers and directors and their immediate family members, that exceed $120,000 and in which the related party has a direct or indirect material interest. The policy also applies to transactions between the Company and an entity (i) owned or controlled by a director, executive officer or their immediate family members or (ii) for which a director, executive officer or their immediate family member serves as a senior officer or director. The policy provides that the Audit Committee will take into account whether the interested transaction is on terms no less favorable to the Company than the terms generally made available by the Company to an unaffiliated third party under similar circumstances and the extent of the related party's interest in the transaction.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, as well as persons who own more than 10 percent of the Company's common stock, to file initial reports of ownership and reports of changes in ownership of common stock of the Company with the Securities and Exchange Commission. Based solely on a review of the copies of such forms received by the Company and on written representations from certain reporting persons that they have complied with the relevant filing requirements, the Company believes that all Section 16(a) filing requirements applicable to its executive officers and directors were complied with in fiscal 2014.

ANNUAL REPORT AND FORM 10-K; INTERNET AVAILABILITY OF PROXY MATERIALS

We have included with this proxy statement a copy of the Company's 2014 Annual Report that includes the Company's Annual Report on Form 10-K. Upon written request, the Company will furnish without charge additional copies of the Company's Annual Report. Such requests should be directed to Ms. Ruth A. Beyer, Secretary, Precision Castparts Corp., 4650 SW Macadam Avenue, Suite 400, Portland, OR 97239-4262.

Important Notice Regarding the Availability of Proxy Materials for the Precision Castparts Corp. 2014 Annual Meeting of Shareholders to Be Held on August 12, 2014: the Proxy Statement and the Annual Report on Form 10-K are available at http://www.precast.com.

METHOD AND COST OF SOLICITATION

The Company will pay the cost of soliciting proxies. In addition to soliciting proxies by mail, the Company's employees may request the return of proxies in person or by telephone. The Company has also hired The Proxy Advisory Group, LLC to assist with Annual Meeting procedures and to solicit proxies for a fee of $14,000. Brokers and persons holding shares for the benefit of others may incur expenses in forwarding proxies and accompanying materials and in obtaining permission from beneficial owners to execute proxies. On request, the Company will reimburse those expenses.

HOUSEHOLDING

The Company has adopted a procedure approved by the Securities and Exchange Commission called "householding." Under this procedure, shareholders of record who have the same address receive only one copy of the Notice Regarding the Availability of Proxy Materials or the Proxy Statement and Annual Report, as applicable. Shareholders who participate in householding continue to receive separate proxy forms. Householding does not affect dividend check mailings.

Any shareholder who would prefer to have a separate copy of the Notice Regarding the Availability of Proxy Materials, Proxy Statement or Annual Report delivered to him or her at the shared address for this and future years may elect to do so by calling (503) 946-4778 or by writing to Ms. Ruth A. Beyer, Secretary, Precision Castparts Corp., 4650 SW Macadam Avenue, Suite 400, Portland, OR 97239-4262. A copy of the materials will be sent promptly to the shareholder following receipt of such notice.

DISCRETIONARY AUTHORITY

While the Notice of Annual Meeting of Shareholders provides for transaction of such other business as may properly come before the Annual Meeting, the Board of Directors has no knowledge of any matters to be presented at the meeting other than those referred to in this proxy statement. However, the enclosed proxy gives discretionary authority in the event that any other matters should be presented.

SHAREHOLDER PROPOSALS

Shareholders wishing to present proposals for action at an Annual Meeting must do so in accordance with the Company's bylaws. For purposes of the Company's 2015 Annual Meeting, such notice, to be timely, must be received by the Company between April 14, 2015 and May 14, 2015. In addition, SEC rules require that any shareholder proposal to be considered for inclusion in next year's Annual Meeting proxy materials be received at the Company's principal office by March 5, 2015. The Company's mailing address is 4650 SW Macadam Avenue, Suite 400, Portland, Oregon 97239-4262.

Whether you plan to attend the Annual Meeting or not, please submit a proxy through the internet or sign and return the enclosed proxy form in the enclosed, stamped envelope if this proxy was received by mail.

/s/ Ruth A. Beyer

Ruth A. Beyer
Secretary

Portland, Oregon
July 3, 2014

EXHIBIT A

PEER GROUP

Alcoa Inc.
Allegheny Technologies Incorporated
Alliant Techsystems Inc.
B/E Aerospace, Inc.
Danaher Corporation
Dover Corporation
Eaton Corporation plc
Illinois Tool Works Inc.
Ingersoll-Rand plc
L-3 Communications Holdings, Inc.
Parker-Hannifin Corporation
Pentair Ltd.
Raytheon Company
Rockwell Collins, Inc.
Spirit AeroSystems, Inc.
SPX Corporation
Stanley Black & Decker, Inc.
Textron Inc.
Triumph Group, Inc.

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EXHIBIT B

GENERAL INDUSTRY GROUP

AbbVie Pharmaceuticals
Advanced Micro Devices, Inc.
Agilent Technologies, Inc.
Air Products and Chemicals, Inc.
Allergan, Inc.
Altria Group, Inc.
Ameren Corporation
American Electric Power Company, Inc.
Amgen Inc.
Automatic Data Processing, Inc.
AutoNation, Inc.
Avery Dennison Corporation
Avis Budget Group, Inc.
Avon Products, Inc.
Ball Corporation
Baxter International Inc.
Becton Dickinson and Company
Biogen Idec Inc.
BorgWarner Inc.
Boston Scientific Corporation
Bristol-Myers Squibb Company
Calpine Corporation
Campbell Soup Company
Celgene Corporation
CenterPoint Energy, Inc.
Chicago Bridge & Iron Company N.V.
Cliffs Natural Resources Inc.
The Clorox Company
CMS Energy Corporation
Colgate-Palmolive Company
Con-way Inc.
ConAgra Foods, Inc.
Covidien Public Limited Company
Cummins Inc.
Dana Holding Corporation
Danaher Corporation
Darden Restaurants, Inc.
Dean Foods Company
Delphi Automotive PLC
Dollar General Corporation
Dominion Resources, Inc.
Dover Corporation
Dr Pepper Snapple Group, Inc.
DTE Energy Company
Duke Energy Corporation
Eastman Chemical Company
Eaton Corporation
Ecolab Inc.

Edison International
The Estee Lauder Companies Inc.
Federal-Mogul Corporation
FirstEnergy Corp.
FMC Technologies, Inc.
General Mills, Inc.
Genuine Parts Company
H. J. Heinz Company
Harley-Davidson, Inc.
The Hershey Company
Hormel Foods Corporation
Huntington Ingalls Industries
Illinois Tool Works Inc.
Ingersoll-Rand plc
J. C. Penney Company, Inc.
Jabil Circuit, Inc.
Jacobs Engineering Group Inc.
Jarden Corporation
Joy Global Inc.
KBR, Inc.
Kellogg Company
Kelly Services, Inc.
Kinder Morgan, Inc.
Kraft Foods Group
L-3 Communications Holdings, Inc.
The Lubrizol Corporation
Marriott International, Inc.
Masco Corporation
Mattel, Inc.
McJunkin Red Man Corporation
MeadWestvaco Corporation
Medtronic, Inc.
Micron Technology, Inc.
Mohawk Industries, Inc.
The Mosaic Company
Navistar International
NCR Corporation
Newell Rubbermaid Inc.
NextEra Energy, Inc.
NiSource Inc.
Nordstrom, Inc.
Norfolk Southern Corporation
NRG Energy, Inc.
NuStar Energy LP
Office Depot, Inc.
OfficeMax Incorporated
ONEOK, Inc.
Owens Corning
Owens-Illinois, Inc.
PACCAR Inc
Parker-Hannifin Corporation
PetSmart, Inc.

PG&E Corporation
PPG Industries, Inc.
PPL Corporation
Public Service Enterprise Group Incorporated
PVH Corp.
Qualcomm Inc.
Reynolds American Inc.
Rockwell Automation, Inc.
Ross Stores, Inc.
Ryder System, Inc.
SAIC, Inc.
SanDisk Corporation
Seagate Technology, Inc.
Sempra Energy
The Sherwin-Williams Company
Spectra Energy Corp
Starbucks Corporation
Stryker Corporation
SUPERVALU INC.
TE Connectivity Ltd.
Tenneco Inc.
Texas Instruments Incorporated
Textron Inc.
Thermo Fisher Scientific Inc.
TRW Automotive Holdings Corp.
Tyco International, Ltd.
United Stationers Inc.
VF Corporation
Visteon Corporation
Waste Management, Inc.
The Western Union Company
Whirlpool Corporation
The Williams Companies, Inc.
Windstream Communications
YUM Brands, Inc.

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Annual Meeting
Date: Tuesday, August 12, 2014
Time: 1:00 pm (PDT)
Location: Aquariva Restaurant
Bella Vista Room
0470 SW Hamilton Court
Portland, OR 97239

Financial Information
Shareholders may receive copies of the Company's financial information (10-K, 10-Q, proxy) filed with the Securities and Exchange Commission, as well as quarterly earnings releases, free of charge by calling Investor Relations at (503) 946-4850 or sending an email to info@precastcorp.com. This information may also be downloaded from the PCC Corporate Center at www.precast.com.

Common Stock
Precision Castparts Corp. common stock is listed on the New York Stock Exchange under the symbol PCP.

Corporate Headquarters
Precision Castparts Corp.
4650 SW Macadam Avenue, Ste 400
Portland, OR 97239-4254
(503) 946-4800

Investor Relations
Jay Khetani
Vice President, Investor Relations

Transfer Agent
Computershare
Address shareholder inquiries to:
Dedicated PCC Line: 1 (877) 205-0966
Outside U.S.: 1 (781) 575-4591
Mailing Address:
Computershare
P.O. Box 30170
College Station, TX 77842-3170
Shareholder Website:
www.computershare.com/investor
Shareholder Online Inquiries:
www-us.computershare.com/investor/contact

Independent Auditors
Deloitte & Touche LLP

Outside Counsel
Stoel Rives LLP

Home Page Address
www.precast.com

Affirmative Action Statement
Precision Castparts Corp. is an equal opportunity affirmative action employer committed to recruit, hire, upgrade, train, and promote in all job categories without regard to race, color, religion, sex, sexual orientation, national origin, age, disability, or status as a disabled veteran or a veteran of the Vietnam Era.