EXIDE TECHNOLOGIES
Form 10-Q
February 07, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2013

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

Commission File Number 1-11263

EXIDE TECHNOLOGIES
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	23-0552730 (I.R.S. Employer Identification Number)
13000 Deerfield Parkway, Building 200 Milton, Georgia (Address of principal executive offices)	30004 (Zip Code)

(678) 566-9000
(Registrant’s telephone number, including area code)

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 ý No ¨

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

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

Large accelerated filer	¨	Accelerated filer	ý
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 Exchange Act). Yes ¨ No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
As of January 22, 2014, 79,082,087 shares of common stock were outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

EXIDE TECHNOLOGIES AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per-share data)

	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Net sales	$759,666	$804,879	$2,139,710	$2,210,009
Cost of sales	649,642	684,809	1,856,913	1,892,025
Gross profit	110,024	120,070	282,797	317,984
Selling and administrative expenses	94,668	99,568	275,532	288,968
Restructuring and impairments, net	3,329	15,776	14,653	16,400
Operating income (loss)	12,027	4,726	(7,388)	12,616
Other income, net	(3,648)	(2,268)	(5,990)	(1,971)
Interest expense, net	31,810	18,366	83,694	49,692
Loss before reorganization items, net	(16,135)	(11,372)	(85,092)	(35,105)
Reorganization items, net	16,998	267	75,943	1,068
Loss before income taxes	(33,133)	(11,639)	(161,035)	(36,173)
Income tax provision	1,344	3,644	4,628	99,343
Net loss	(34,477)	(15,283)	(165,663)	(135,516)
Net income attributable to noncontrolling interests	215	160	336	300
Net loss attributable to Exide Technologies	$(34,692)	$(15,443)	$(165,999)	$(135,816)
Loss per share				
Basic	$(0.44)	$(0.20)	$(2.13)	$(1.76)
Diluted	$(0.44)	$(0.20)	$(2.13)	$(1.76)
Weighted average shares				
Basic	78,265	77,344	78,033	77,234
Diluted	78,265	77,344	78,033	77,234

The accompanying notes are an integral part of these statements.

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EXIDE TECHNOLOGIES AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Net loss	$(34,477)	$(15,283)	$(165,663)	$(135,516)
Other comprehensive (loss) income				
Foreign currency translation adjustment	5,422	10,389	24,977	(3,094)
Gain (loss) on derivatives qualifying as hedges, net	—	(975)	—	291
Change in defined benefit liabilities, net	80	(185)	(338)	96
Total comprehensive loss	(28,975)	(6,054)	(141,024)	(138,223)
Comprehensive income attributable to noncontrolling interests	215	172	336	312
Comprehensive loss attributable to Exide Technologies	$(29,190)	$(6,226)	$(141,360)	$(138,535)

The accompanying notes are an integral part of these statements.

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EXIDE TECHNOLOGIES AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except per-share data)

	December 31, 2013	March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$88,336	$104,289
Accounts receivable, net	530,761	504,795
Inventories	524,476	488,221
Prepaid expenses and other current assets	54,009	33,316
Deferred income taxes	11,498	11,470
Total current assets	1,209,080	1,142,091
Property, plant and equipment, net	574,777	558,115
Other assets:		
Goodwill and intangibles, net	143,844	145,310
Deferred income taxes	121,559	107,865
Other noncurrent assets	65,200	51,049
Total other assets	330,603	304,224
Total assets	$2,114,460	$2,004,430
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$4,260	$22,017
Current maturities of long-term debt	285,992	60,131
Accounts payable	256,418	435,736
Accrued expenses	279,085	281,432
Deferred income taxes	8,448	8,721
Total current liabilities	834,203	808,037
Long-term debt	18,261	693,864
Noncurrent retirement obligations	164,630	233,404
Deferred income taxes	22,805	17,171
Other noncurrent liabilities	78,786	98,022
Liabilities not subject to compromise	1,118,685	1,850,498
Liabilities subject to compromise	972,827	—
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value, 1,000 shares authorized, 0 shares issued and outstanding	—	—
Common stock, $0.01 par value, 200,000 shares authorized, 79,082 and 79,253 shares issued and outstanding	791	793
Additional paid-in capital	1,141,600	1,139,030
Accumulated deficit	(1,105,314)	(939,312)
Accumulated other comprehensive loss	(22,800)	(47,439)
Total stockholders' equity attributable to Exide Technologies	14,277	153,072
Noncontrolling interests	8,671	860
Total stockholders' equity	22,948	153,932
Total liabilities and stockholders' equity	$2,114,460	$2,004,430

The accompanying notes are an integral part of these statements.

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EXIDE TECHNOLOGIES AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended	
	December 31, 2013	December 31, 2012
Cash Flows From Operating Activities:		
Net loss	$(165,663)	$(135,516)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	60,129	58,873
Loss (gain) on asset sales / impairments, net	(4,693)	9,534
Non-cash reorganization items	12,301	—
Deferred income taxes	(2,213)	93,523
Provision for doubtful accounts	1,018	948
Non-cash stock compensation	2,566	3,916
Amortization of deferred financing costs	18,074	3,202
Currency remeasurement gain	(4,843)	(1,616)
Changes in assets and liabilities		
Receivables	(5,544)	(44,221)
Inventories	(19,294)	(70,861)
Other current assets	(22,704)	(6,619)
Payables	(111,070)	52,814
Accrued expenses	52,694	9,645
Other noncurrent liabilities	157	(10,214)
Other, net	(10,408)	(1,582)
Net cash used in operating activities	(199,493)	(38,174)
Cash Flows From Investing Activities:		
Capital expenditures	(51,378)	(74,838)
Insurance proceeds	3,461	—
Proceeds from asset sales	4,191	4,359
Net cash used in investing activities	(43,726)	(70,479)
Cash Flows From Financing Activities:		
Increase (decrease) in short-term borrowings	(14,996)	41,137
Increase (decrease) in other debt	270,009	(6,810)
Financing fees and other	(29,221)	(779)
Net cash provided by financing activities	225,792	33,548
Effect of exchange rate changes on cash and cash equivalents	1,474	(248)
Net decrease in cash and cash equivalents	(15,953)	(75,353)
Cash and cash equivalents, beginning of period	104,289	155,368
Cash and cash equivalents, end of period	$88,336	$80,015
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period:		
Interest	$19,188	$35,423
Income taxes (net of refunds)	8,490	7,350

The accompanying notes are an integral part of these statements.

EXIDE TECHNOLOGIES AND SUBSIDIARIES
DEBTOR-IN-POSSESSION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) PROCEEDINGS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE
Reorganization under Chapter 11 of the U.S. Bankruptcy Code
The Consolidated Financial Statements include the accounts of Exide Technologies (referred to together with its subsidiaries, unless the context requires otherwise, as “Exide” or the “Company”) and all of its majority-owned subsidiaries. On June 10, 2013 ("Petition Date"), Exide Technologies (the "Debtor") filed a voluntary petition for reorganization under Chapter 11 of the federal bankruptcy laws ("Bankruptcy Code" or "Chapter 11") in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") under the caption In re Exide Technologies, case number 13-11482. The Debtor is operating the Company's business as Debtor-in-Possession pursuant to the Bankruptcy Code. The Company's subsidiaries, foreign and domestic, have been excluded from the Chapter 11 proceedings, continue to operate their businesses without supervision from the Bankruptcy Court, and are not subject to the requirements of the Bankruptcy Code.
The Company filed for reorganization under Chapter 11 as it offered the most efficient alternative to restructure the Company's balance sheet and access new working capital while continuing to operate in the ordinary course of business. Factors leading to the reorganization included the Company's significant debt burden, impact of economic conditions on the Company's markets, particularly the U.S. and European markets, ongoing competitive pressures, loss of key customers over several years, the unplanned production shut down of one of the Company's facilities, and higher commodity costs including lead and purchased spent batteries. These factors contributed to higher costs and lower revenues and have resulted in significant operating losses and material adverse reductions in cash flows, severely impacting the Company's financial condition and its ability to make debt payments coming due. Lastly, downgrades of the Company's credit rating and loss of credit insurance used by certain suppliers adversely affected supplier trade credit terms, further impacting the Company's liquidity.
As Debtor-in-Possession, the Debtor is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court.
Exide received Bankruptcy Court approval for, among other things, access to a $500.0 million Debtor-in-Possession financing facility ("DIP Credit Facility") on the terms set forth in the Debtor-in-Possession credit agreement ("DIP Credit Agreement"), the ability to pay pre-petition and post-petition employee wages, salaries and benefits, and to honor customer warranty, sales returns and rebate obligations.
Subsequent to the Petition Date, the Debtor received approval from the Bankruptcy Court to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Debtors' operations including employee obligations, taxes, and from limited available funds, pre-petition claims of certain critical vendors, certain customer programs, limited foreign supplier obligations, adequate protection payments, and certain other pre-petition claims. Additionally, the Debtor has been paying and intends to continue to pay undisputed post-petition obligations in the ordinary course of business.
The DIP Credit Facility is used to supplement cash flows from operations during the reorganization process including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted pre-petition claims, working capital needs, letter of credit requirements, and other general corporate purposes. The DIP Credit Facility contains certain financial covenants. Failure to maintain compliance with these covenants would result in an event of default which would restrict the availability of funds necessary to maintain the Company's operations and assist in funding the Company's reorganization plans.
The Chapter 11 petition triggered defaults on substantially all debt obligations of the Debtor and, as a result, the Company's senior secured notes and convertible senior subordinated notes have been accelerated and are due and payable. Under Section 362 of the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most other pending litigation, are stayed. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization approved by the Bankruptcy Court. There can be no assurance that

a plan will be proposed by the Debtor or confirmed by the Bankruptcy Court or that any such plan will be successfully implemented.

Under the Bankruptcy Code the Debtor may also assume or reject executory contracts, including lease obligations, subject to the approval of the Bankruptcy Court and certain other conditions. Parties affected by these rejections may file claims with the Bankruptcy Court in accordance with the reorganization process. Due to the stage of the Chapter 11 proceedings the Company cannot currently estimate or anticipate what impact the rejection and subsequent claims of executory contracts may have in the reorganization process.

On August 9, 2013, the Company filed with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Debtor as shown by the Company's books and records on the petition date, subject to the assumptions contained in certain notes filed in connection therewith. The schedules and statements of financial affairs are subject to further amendment or modification. On September 13, 2013, the Bankruptcy Court entered an order, which, among other things, established October 31, 2013, as the general bar date for filing claims and December 9, 2013 as the bar date for claims by certain governmental authorities. The claims bar date order was supplemented by a further order on October 24, 2013 extending the bar date to January 31, 2014 solely with respect to personal injury claims related to the Company's secondary lead recycling facility in Vernon, California. As the ultimate number and amount of the allowed claims is not presently known and because the distribution to holders of allowed claims will likely be addressed by a plan of reorganization that has not yet been filed, the amount of distribution with respect to allowed claims is not presently ascertainable.

At this time it is not possible to predict the ultimate effect of the Chapter 11 reorganization on our business, various creditors and security holders, or when it may be possible to emerge from Chapter 11. The Company believes that under any reorganization plan the Company's common stock would likely be substantially diluted or canceled in its entirety. Further, it is also expected that the Company's senior secured notes and convertible senior subordinated notes will suffer substantial impairment.

Reorganization items included in the Consolidated Financial Statements included costs directly related to the Chapter 11 proceedings, as follows:

	Three Months Ended December 31, 2013	Nine Months Ended December 31, 2013
	(In thousands)	
Professional fees	$16,998	$60,243
Write off debt financing costs/other	—	12,301
Other direct costs	—	3,399
	$16,998	$75,943

The amounts of the various liabilities that are subject to compromise are set forth below. These amounts represent the Company's estimate of known or potential pre-petition claims to be resolved in connection with the Chapter 11 proceedings. Such claims remain subject to future adjustments which may result from: (i) negotiations; (ii) actions of the Bankruptcy Court; (iii) disputed claims; (iv) rejection of executory contracts and unexpired leases; (v) the determination as to the value of any collateral securing claims; (vi) proofs of claim; or (vii) other events. Such future adjustments may be material. Liabilities subject to compromise include the following:

	December 31, 2013
	(In thousands)
Debt	$758,770
Accrued interest	25,304
Accounts payable	82,034
Retirement obligations	75,980
Restructuring reserve	8,292
Other accrued liabilities	22,447
	$972,827

While operating as a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code, the Debtor may sell, otherwise dispose of, or liquidate assets, or settle liabilities, subject to the approval of the Bankruptcy Court or otherwise as permitted in the ordinary course of business, in amounts other than those reflected in the Consolidated Financial Statements. Moreover, a plan of reorganization could materially change the amounts and classifications of assets and liabilities in the historical Consolidated Financial Statements.

Basis of Presentation

The Consolidated Financial Statements are presented in accordance with the requirements of Form 10-Q and, consequently, do not include all of the disclosures normally required by U.S. generally accepted accounting principles (“GAAP”) or those disclosures normally made in the Company’s annual report on Form 10-K. Accordingly, the reader of this Form 10-Q should refer to the Company’s annual report on Form 10-K for the fiscal year ended March 31, 2013 for further information.

The financial information has been prepared in accordance with the Company’s customary accounting practices. In the Company’s opinion the accompanying Consolidated Financial Statements include all adjustments of a normal recurring nature necessary for a fair statement of the results of operations, comprehensive loss, financial position, and cash flows for the periods presented. This includes accounting and disclosures related to any subsequent events occurring from the balance sheet date through the date the financial statements were issued.

Unless otherwise indicated or unless the context otherwise requires, references to "fiscal year" or "fiscal" refer to the period ended March 31 of that year (e.g. "fiscal 2014" refers to the period beginning April 1, 2013 and ending March 31, 2014).

The Consolidated Financial Statements have been prepared in accordance with GAAP for entities in Chapter 11 reorganization and on a going concern basis. This contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. Accordingly, the Consolidated Financial Statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

However, as a result of the Chapter 11 proceedings, the realization of assets and satisfaction of liabilities, without substantial adjustments to amounts and/or changes in ownership, are subject to uncertainty. Given this uncertainty there is substantial doubt about our ability to continue as a going concern.

The ability of the Company to continue as a going concern is predicated upon, among other things, the confirmation of a reorganization plan, compliance with the provisions of the DIP Credit Facility, the ability of the Company to generate cash flows from operations, and where necessary, obtaining financing sources sufficient to satisfy future obligations. As a result of the Chapter 11 filing and consideration of various strategic alternatives, including possible assets sales, the Company expects that any reorganization plan will likely result in material changes to the carrying amount of assets and liabilities in the Consolidated Financial Statements.

The accompanying Consolidated Financial Statements do not purport to reflect or provide for the consequences of our Chapter 11 proceedings. In particular, the financial statements do not purport to show (i) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (ii) as to pre-petition liabilities, the amounts that may be allowed for claims or contingencies, or the status and priority thereof; (iii) as to shareholders' equity accounts, the effect of any changes that may be made in the Company's capitalization; or (iv) as to operations, the effect of any changes that may be made to the Company's business.

The financial statements, for periods subsequent to the Chapter 11 filing, have appropriately distinguished transactions and events that are directly associated with the Chapter 11 reorganization from the ongoing operations of the business. Accordingly, certain revenues, expenses (including professional fees), realized gains and losses, and provisions for losses that are realized or incurred in the bankruptcy proceedings are recorded in reorganization items on the accompanying Consolidated Financial Statements. In addition, pre-petition obligations that may be impacted by the bankruptcy reorganization process have been classified on the Consolidated Balance Sheet as liabilities subject to compromise. These liabilities are reported at the amounts expected to be allowed by the Bankruptcy Court, even if they may be settled for lesser amounts.

Recently Issued Accounting Pronouncements

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The amendments in this update provide clarification regarding the release of a cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets within a foreign entity. The guidance will be effective for annual reporting periods beginning after December 15,

2014, and interim periods within those annual periods. The guidance will be applied prospectively. We will adopt this standard in our first quarter ending June 30, 2015. We do not expect the standard to have a material impact on our consolidated financial position or results of operations.

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The amendments in this update provide guidance on the presentation of unrecognized tax benefits and will better reflect the manner in which an entity would settle, at the reporting date, any additional income taxes that would result from the disallowance of a tax position

when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. The guidance will be effective for annual reporting periods beginning after December 15, 2013, and interim periods within those annual periods. The guidance will be applied prospectively. We will adopt this standard in our first quarter ending June 30, 2014. We do not expect the standard to have a material impact on our consolidated financial position or results of operations.

(2) DEBTOR FINANCIAL STATEMENTS

The financial statements reflect the results of operations, financial position, and cash flows of the Debtor only, including certain amounts and activities between Debtor and non-Debtor subsidiaries of the Company, which were eliminated in the Consolidated Financial Statements.

Debtors' Statements of Operations

	Three Months Ended December 31, 2013		Nine Months Ended December 31, 2013	
	(In thousands)			
Net sales	$266,612		$850,442	
Cost of sales	230,420		748,340	
Gross profit	36,192		102,102	
Selling and administrative expenses	38,005		116,711	
Restructuring and impairments, net	(1,239	)	8,692	
Operating loss	(574	)	(23,301	)
Other income, net	(3,671	)	(32,359	)
Loss (gain) in net earnings of subsidiaries	(6,224	)	27,186	
Interest expense, net	27,200		71,375	
Loss before reorganization items, net	(17,879	)	(89,503	)
Reorganization items, net	16,783		74,248	
Loss before income taxes	(34,662	)	(163,751	)
Income tax provision	30		2,248	
Net loss attributable to Debtor	$(34,692	)	$(165,999	)

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Debtors' Balance Sheet

	December 31, 2013 (In thousands)
ASSETS	
Current assets:	
Cash and cash equivalents	$11,259
Accounts receivable, net	114,494
Non-Debtor receivables	57,716
Inventories	228,172
Prepaid expenses and other current assets	44,529
Total current assets	456,170
Property, plant and equipment, net	232,243
Other assets:	
Investments in non-Debtor subsidiaries	416,760
Non-Debtor loans	256,521
Other noncurrent assets	100,744
Total other assets	774,025
Total assets	$1,462,438
LIABILITIES AND DEBTORS' EQUITY	
Current liabilities:	
Current maturities of long-term debt	$284,625
Accounts payable and accrued expenses	109,491
Total current liabilities	394,116
Other noncurrent liabilities	81,218
Liabilities not subject to compromise	475,334
Liabilities subject to compromise	972,827
DEBTORS' EQUITY	
Total Debtors' equity	14,277
Total liabilities and Debtors' equity	$1,462,438

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Debtors' Statements of Cash Flows

	Nine Months Ended December 31, 2013 (In thousands)
Cash Flows From Operating Activities:	
Net cash used in operating activities	$(259,895)
Cash Flows From Investing Activities:	
Capital expenditures	(21,808)
Proceeds from asset sales	111
Net cash used in investing activities	(21,697)
Cash Flows From Financing Activities:	
Increase in other debt	295,653
Financing fees and other	(29,221)
Net cash provided by financing activities	266,432
Net decrease in cash and cash equivalents	(15,160)
Cash and cash equivalents, beginning of period	26,419
Cash and cash equivalents, end of period	$11,259

(3) STOCKHOLDERS' EQUITY

The stockholders' equity accounts for both the Company and noncontrolling interests consisted of the following:

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	(In thousands)					
As of March 31, 2013	$793	$1,139,030	$(939,312)	$ (47,439)	$ 860	$153,932
Net income (loss)	—	—	(165,999)	—	336	(165,663)
Defined benefit plans, net	—	—	—	(338)	—	(338)
Translation adjustment	—	—	—	24,977	—	24,977
Common stock issuance/other	(2)	4	(3)	—	7,475	7,474
Stock compensation	—	2,566	—	—	—	2,566
As of December 31, 2013	$791	$1,141,600	$(1,105,314)	$ (22,800)	$ 8,671	$22,948

The accumulated other comprehensive (loss) income, net of tax, consisted of the following:

	Benefit Plans	Currency Translation	Total
	(In thousands)		
As of March 31, 2013	$(83,662)	$36,223	$(47,439)
Other comprehensive income before reclassifications	(338)	24,977	24,639
As of December 31, 2013	$(84,000)	$61,200	$(22,800)

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(4) GOODWILL AND INTANGIBLES, NET

Goodwill and intangible assets, net consisted of the following:

	Goodwill (not subject to amortization)	Trademarks and Tradenames (not subject to amortization)	Trademarks and Tradenames	Customer Relationships	Technology	Total
	(In thousands)					
As of December 31, 2013						
Gross amount	$890	$61,363	$13,958	$107,985	$25,940	$210,136
Accumulated amortization	—	—	(10,656)	(43,231)	(12,405)	(66,292)
	$890	$61,363	$3,302	$64,754	$13,535	$143,844
As of March 31, 2013						
Gross amount	$1,014	$60,105	$13,671	$104,534	$25,411	$204,735
Accumulated amortization	—	—	(9,627)	(38,591)	(11,207)	(59,425)
	$1,014	$60,105	$4,044	$65,943	$14,204	$145,310

Amortization of finite-lived intangible assets for the nine months ended December 31, 2013 and 2012 was $5.1 million and $5.3 million, respectively. Excluding the impact of any future acquisitions, the Company anticipates annual amortization of intangible assets for each of the next five years will be approximately $7.0 million. Intangible assets have been recorded at the legal entity level and are subject to foreign currency fluctuation.

(5) INVENTORIES

Inventories, valued using the first-in, first-out (“FIFO”) method, consisted of the following:

	December 31, 2013	March 31, 2013
	(In thousands)	
Raw materials	$103,277	$89,925
Work-in-process	139,889	106,194
Finished goods	281,310	292,102
	$524,476	$488,221

(6) OTHER NONCURRENT ASSETS

Other noncurrent assets consisted of the following:

	December 31, 2013	March 31, 2013
	(In thousands)	
Deposits (a)	$4,340	$3,885
Deferred financing costs	21,851	16,080
Investment in affiliates	545	1,877
Capitalized software, net	3,129	3,993
Retirement plans	25,066	17,655
Other	10,269	7,559
	$65,200	$51,049

(a) Deposits principally represent amounts held by beneficiaries as cash collateral for the Company’s contingent obligations with respect to certain environmental matters, workers' compensation insurance, and operating lease

commitments.

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(7) DEBT

At December 31, 2013 and March 31, 2013 short-term borrowings of $4.3 million and $22.0 million, respectively, consisted of borrowings under various operating lines of credit and working capital facilities maintained by certain of the Company's non-U.S. subsidiaries.

Certain of these borrowings are collateralized by receivables, inventories, and/or property. These borrowing facilities are typically for one-year renewable terms and generally bear interest at current local market rates plus up to one percent per annum. The weighted average interest rate on short-term borrowings was 7.1% at December 31, 2013 and 5.5% at March 31, 2013.

Total long-term debt consisted of the following:

	December 31, 2013	March 31, 2013
	(In thousands)	
DIP credit facility	$284,625	$—
8 5/8% senior secured notes due 2018 (a)	—	675,000
Floating rate convertible senior subordinated notes due 2013 (a)	—	55,750
Other, including capital lease obligations and other loans at interest rates generally ranging up to 6.2% due in installments through 2018	19,628	20,457
	304,253	751,207
Fair value adjustments on hedged debt	—	2,788
	304,253	753,995
Less: current maturities	285,992	60,131
Total long-term debt	$18,261	$693,864

(a) The pre-petition debt of the Debtor was reclassified to liabilities subject to compromise.

Total debt, including short-term borrowings, at December 31, 2013 and March 31, 2013 was $308.5 million and $776.0 million, respectively.

In connection with the Chapter 11 Case, the Bankruptcy Court has approved the DIP Credit Facility on the terms set forth in the DIP Credit Agreement. The DIP Credit Agreement provides for senior secured super-priority Debtor-in-Possession financing facilities in an aggregate amount of up to $500.0 million, consisting of a $225.0 million senior secured asset-based revolving credit facility (the "ABL revolving credit facility"), subject to a borrowing base, and a $275.0 million "last out" term loan facility. Effective July 12, 2013, the DIP Credit Agreement was amended and restated to provide a $25.0 million swingline facility sub-limit, as well as the creation of two separate tranches in the $225.0 million revolver facility: (i) a $110.0 million facility under which only advances denominated in U.S. Dollars can be drawn; and (ii) a $115.0 million facility under which advances denominated in U.S. Dollars or Euros can be drawn.

Effective July 24, 2013, the DIP Credit Agreement was amended to permit an increase in the quarterly maximum capital expenditure limits of $25.0 million by $2.5 million should the preceding quarter's EBITDA exceed 110.0% of the DIP budget, with the rolling four quarter maximum capital expenditures increased to $90 million for the four quarters ending after March 31, 2014. Effective October 9, 2013, a second amendment provided additional flexibility to the Company with regard to certain non-core asset transactions and further clarified certain terms of the Amended DIP Credit Agreement. The amendment revised the definition of "Permitted Liens" to permit contractual encumbrances in connection with certain permitted dispositions under the Amended DIP Credit Agreement. The amendment further changed the definition of "Total Adjusted Operating Cash Flow" to exclude the effect of Frisco Escrow Account receipts from "Total Adjusted Operating Cash Flow."

The maturity date of the loans made under the DIP Credit Agreement is the earliest to occur: (i) the date occurring 16 months following the closing date; (ii) the effective date of the Debtor plan of reorganization; and (iii) the acceleration of such loans. The revolving loans bear interest at the rate of LIBOR plus 3.25% and the term loan bears interest at a rate of 9.0%. The obligations of the Borrowers under the DIP Credit Agreement are unconditionally guaranteed by certain material foreign subsidiaries. In addition, the U.S. Borrower unconditionally guarantees the obligations of the

Foreign Borrower. Subject to certain exceptions, the obligations of the Borrowers and the guarantors under the DIP Credit Agreement and the other loan documents are secured by first priority liens on specified assets of the Borrowers and the foreign guarantors and 100.0% pledge of the equity interests of certain of the Borrowers' direct and indirect subsidiaries. The DIP Credit Agreement requires the Borrowers to comply with financial covenants as defined by the agreement relating to minimum liquidity, maximum capital expenditures, cumulative total adjusted operating cash flow, minimum cumulative EBITDA, and minimum twelve-month trailing EBITDA.

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Events of default under the DIP Credit Agreement include, among others, failure to pay any principal, interest or other amount due under the applicable credit agreement, breach of specific covenants, and a change of control of the Company. Upon an event of default, the requisite lenders may declare the outstanding obligations under the DIP Credit Agreement to be immediately due and payable and exercise other rights and remedies provided for thereunder.

(8) INTEREST EXPENSE, NET

Interest income is netted against interest expense. Such interest income amounted to $0.3 million for the three months ended December 31, 2013 compared to $0.2 million for the three months ended December 31, 2012 and $0.7 million for the nine months ended December 31, 2013 compared to $0.8 million for the nine months ended December 31, 2012.

(9) OTHER INCOME, NET

Other income, net consisted of:

	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(In thousands)			
Currency remeasurement gain (a)	$(3,509)	$(1,868)	$(4,843)	$(1,616)
Other	(139)	(400)	(1,147)	(355)
	$(3,648)	$(2,268)	$(5,990)	$(1,971)

(a) The currency remeasurement gain related primarily to intercompany loans to foreign subsidiaries denominated in Euros, Australian dollars, and various other foreign currencies.

(10) EMPLOYEE BENEFITS

The components of the Company’s net periodic pension and other post-retirement benefit costs were as follows:

	Pension Benefits			
	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(In thousands)			
Components of net periodic benefit cost:				
Service cost	$568	$603	$1,681	$1,776
Interest cost	7,173	7,423	21,344	22,112
Expected return on plan assets	(7,603)	(7,252)	(22,663)	(21,621)
Amortization of:				
Prior service cost	16	15	48	46
Actuarial loss	782	504	2,342	1,508
Net periodic benefit cost	$936	$1,293	$2,752	$3,821

	Other Post-Retirement Benefits			
	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(In thousands)			

Components of net periodic benefit cost:				
Service cost	$189	$175	$572	$522
Interest cost	245	262	740	782
Amortization of:				
Prior service cost	(122)	(122)	(367)	(367)
Actuarial loss	169	161	508	481
Net periodic benefit cost	$481	$476	$1,453	$1,418

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The fiscal 2014 pension plan and other post-retirement plan contributions are estimated to be $14.8 million and $1.9 million, respectively. The Company has funded $13.7 million during the nine months ended December 31, 2013.

(11) COMMITMENTS AND CONTINGENCIES

Claims Reconciliation

On April 15, 2002, the "2002 Petition Date", Exide Technologies, together with certain of its subsidiaries (the "2002 Debtors"), filed voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Previous Cases" and the "2002 Bankruptcy Court"). The 2002 Debtors, along with the Official Committee of Unsecured Creditors in the Previous Cases, filed a Joint Plan of Reorganization (the "2002 Plan") with the Bankruptcy Court on February 27, 2004 and, on April 21, 2004, the Bankruptcy Court confirmed the 2002 Plan.

Under the 2002 Plan, holders of general unsecured claims were eligible to receive collectively 2.5 million shares of common stock and warrants to purchase up to approximately 6.7 million shares of common stock at $29.84 per share. Approximately 13.4% of such common stock and warrants were initially reserved for distribution for disputed claims. As general unsecured claims were allowed in the Previous Cases, the Company distributed approximately one share of common stock per $383.00 in allowed claim amount. These rates were established based upon the assumption that the common stock allocated to holders of general unsecured claims on the effective date, including the reserve established for disputed claims, would be fully distributed so that the recovery rates for all allowed unsecured claims would comply with the 2002 Plan without the need for any redistribution or supplemental issuance of securities.

Currently, there is one claim remaining open in the Previous Cases that has not been settled, adjudicated or otherwise resolved. In addition, there is a pending adversary proceeding in which a settlement agreement to allow a general unsecured, non-priority claim has been approved by the 2002 Bankruptcy Court, but is awaiting final approval from a state court to become effective. In the event that the general unsecured claims made against the 2002 Debtors in the Previous Cases were settled, adjudicated or otherwise resolved on a final basis for an aggregate amount so that all of the shares of common stock held in reserve were not distributed, the 2002 Plan required such shares to be redistributed on a pro rata basis to the holders of such allowed general unsecured claims. Because of the filing of In re Exide Technologies, Case No. 13-11482, it is not certain whether any more shares of common stock will be distributed to the few remaining unsecured creditors who have not yet received a distribution in the Previous Cases or whether surplus shares, if any, of common stock, held in the distribution reserve will be distributed to the holders of allowed general unsecured claims in the Previous Cases.

Private Party Lawsuits and other Legal Proceedings

In 2003, the Company served notices in the U.S. Bankruptcy Court for the District of Delaware to reject certain contracts with EnerSys, which the Company contended were executory, including a 1991 Trademark and Trade Name License Agreement (the "Trademark License"), pursuant to which the Company had licensed to EnerSys use of the "Exide" trademark on certain industrial battery products in the United States and 80 foreign countries. EnerSys objected to the rejection of certain of those contracts, including the Trademark License. In 2006, the Bankruptcy Court granted the Company's request to reject certain of the contracts, including the Trademark License. EnerSys appealed those rulings. On June 1, 2010, the Third Circuit Court of Appeals reversed the Bankruptcy Court ruling, and remanded to the lower courts, holding that certain of the contracts, including the Trademark License, were not executory contracts and, therefore, were not subject to rejection. On August 27, 2010, acting on the Third Circuit's mandate, the Bankruptcy Court vacated its prior orders and denied the Company's motion to reject the contracts on the grounds that the agreements are not executory. On September 20, 2010, the Company filed a complaint in the Bankruptcy Court seeking a declaratory judgment that EnerSys did not have enforceable rights under the Trademark License under Bankruptcy Code provisions which the Company believed were relevant to non-executory contracts. EnerSys filed a motion to dismiss that complaint, which the Bankruptcy Court granted on January 8, 2013.

On June 7, 2013, EnerSys Delaware Inc., f/k/a EnerSys, Inc. filed suit against the Company in the Court of Chancery for the State of Delaware seeking an accounting and restitution for alleged benefits received by the Company and

alleged losses incurred by EnerSys allegedly as the result of the granting by the Bankruptcy Court in 2006 of an Order which allowed the Company to reject the Trademark License and use the licensed "Exide" trademark for industrial battery products and the Bankruptcy Court's subsequent August 2010 Order - vacating the 2006 Order and denying the Company's request to reject the Trademark License. On June 10, 2013, the Company filed a voluntary petition for reorganization pursuant to Chapter 11 of the U.S. Bankruptcy Code in the District of Delaware, and the suit filed by EnerSys Delaware Inc. was automatically stayed pursuant to Section 362(a)(1) of the Bankruptcy Code.

On April 15, 2013, David M. Loritz filed a purported class action lawsuit against the Company, James R. Bolch, Phillip A. Damaska, R. Paul Hirt, Jr., and Michael Ostermann alleging violations of certain federal securities laws. On May 3, 2013,

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Trevor Knopf filed a nearly identical complaint against the same named defendants in the same court. These cases were filed in the United States District Court for the Central District of California purportedly on behalf of purchasers of the Company's stock between February 9, 2012 and April 3, 2013. On June 4, 2013, James Cassella and Sandra Weitsman filed a substantially similar action in the same court, purportedly on behalf of those who purchased the Company's stock between June 1, 2011 and April 24, 2013, against the Company, Messrs. Bolch, Damaska, Hirt, and Louis E. Martinez. On July 9, 2013, Judge Stephen V. Wilson consolidated these cases under the Loritz v. Exide Technologies, Inc. caption, lead docket number 2:13-02607-SVW-E, and appointed Sandra Weitsman and James Cassella Lead Plaintiffs of the putative class of former Exide stockholders. Judge Wilson ordered Lead Plaintiffs to file their consolidated amended complaint on or before August 23, 2013. On July 17, 2013, Lead Plaintiffs voluntarily dismissed their claims against the Company, without prejudice, to re-file at a future date. Lead Plaintiffs have indicated that they intend to pursue their claims against the individual defendants during the pendency of Exide's bankruptcy and may seek to reinstate their claims against the Company when it emerges from bankruptcy.

On September 6, 2013, pursuant to an order extending the previous deadline, Lead Plaintiffs filed their Consolidated Amended Complaint, naming as defendants Messrs. James R. Bolch, Phillip A. Damaska, R. Paul Hirt, Jr., Louis E. Martinez, John P. Reilly, Herbert F. Aspbury, Michael R. D'Appolonia, David S. Ferguson, John O'Higgins, and Dominic J. Pilleggi. In the Consolidated Amended Complaint Lead Plaintiffs purport to state claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of purchasers of the Company's stock during the period June 1, 2011 and May 24, 2013. In addition, Lead Plaintiffs purport to state claims under Sections 10(b) and 20(a) of the Securities Exchange Act and Sections 11 and 15 of the Securities Act of 1933 on behalf of purchasers of the Company's senior secured notes during the period August 8, 2011 through May 24, 2013. Lead Plaintiffs allege that certain public statements made by the Company and its officers during these periods were materially false and misleading. The Consolidated Amended Complaint does not specify an amount of damages sought. Defendants deny all allegations against them and intend to vigorously pursue their defense. Defendants moved to dismiss all claims against them and, on December 19, 2013, Judge Wilson granted defendants' motion to dismiss in its entirety, without prejudice. Judge Wilson gave Lead Plaintiffs leave to file their Consolidated Second Amended Complaint on or before January 30, 2014. On January 30, 2014, Lead Plaintiffs filed their Consolidated Second Amended Complaint, which is nearly identical in every material respect to the Consolidated Amended Complaint. The Consolidated Second Amended Complaint does not specify an amount of damages sought. Defendants deny all allegations against them and intend to vigorously pursue their defense. Defendants intend to file a motion to dismiss all claims against them on or before February 13, 2014 and briefing on their motion is expected to be complete by March 13, 2014. Discovery is currently stayed pursuant to the discovery-stay provisions of the Private Securities Litigation Reform Act of 1995.

The Company's Netherlands subsidiary received notice from the Dutch antitrust authorities that it was the subject of an investigation of a local trade association's members in the traction/motive power batteries segment. On July 9 and July 16, 2013, the authorities conducted an on-site inspection and has since requested additional information and documentation, which the company has provided. The Company is cooperating with the authorities and is currently unable to assess the ultimate outcome of the investigation, the entity or entities that could be affected or the amount of any fines that may result.

Environmental Matters

As a result of its multinational manufacturing, distribution and, recycling operations, the Company is subject to numerous federal, state, and local environmental, occupational health, and safety laws and regulations, as well as similar laws and regulations in other countries in which the Company operates (collectively, "EH&S laws").

The Company is exposed to liabilities under such EH&S laws arising from its past handling, release, storage, and disposal of materials now designated as hazardous substances and hazardous wastes. The Company previously has received notification from the EPA, equivalent state and local agencies or others alleging or indicating that the Company is or may be responsible for performing and/or investigating environmental remediation, or seeking the repayment of the costs spent by governmental entities or others performing investigations and/or remediation at certain U.S. sites under the Comprehensive Environmental Response, Compensation and Liability Act or similar state laws.

The Company monitors and responds to inquiries from the EPA, equivalent state and local agencies and others at approximately 50 federally defined Superfund or state equivalent sites. While the ultimate outcome of the environmental matters described in this paragraph is uncertain due to several factors, including the number of other parties that may also be responsible, the scope of investigation performed at such sites and the remediation alternatives pursued by such federal and equivalent state and local agencies, the Company presently believes any liability for these matters, individually and in the aggregate, will not have a material adverse effect on the Company's financial condition, cash flows or results of operations.

The Company is also involved in the assessment and remediation of various other properties, including certain currently and formerly owned or operating facilities. Such assessment and remedial work is being conducted pursuant to applicable EH&S laws with varying degrees of involvement by appropriate regulatory authorities. In addition, certain environmental matters concerning the Company are pending in various courts or with certain environmental regulatory agencies with respect

to these currently or formerly owned or operating locations. While the ultimate outcome of the environmental matters described in this paragraph is uncertain, the Company presently believes the resolution of these known environmental matters, individually and in the aggregate, will not have a material adverse effect on the Company’s financial condition, cash flows or results of operations.

The Company has established liabilities for on-site and off-site environmental remediation costs where such costs are probable and reasonably estimable and believes that such liabilities are adequate. As of December 31, 2013 and March 31, 2013, the amount of such liabilities on the Company’s Consolidated Balance Sheets was approximately $26.9 million and $25.4 million, respectively. Because environmental liabilities are not accrued until a liability is determined to be probable and reasonably estimable, not all potential future environmental liabilities have been included in the Company’s environmental liabilities. Therefore, changes in estimates or future findings could have a material adverse effect on the Company’s financial condition, cash flows, or results of operations.

On April 12, 2013, the Company was served with a notification of violation and 60 day intent to sue regarding the Company's Vernon, California facility from the California Communities Against Toxics (CCAT). CCAT alleges the Company violated the warning requirement of the State of California's Proposition 65, the Safe Drinking Water and Toxic Enforcement Act, regarding alleged community exposure to the chemical, 1,3-butadiene.

On May 28, 2013, the Company was served with a Notice of Intent to Sue by CCAT pursuant to the federal Resource Conservation and Recovery Act's ("RCRA") citizens suit provision at 42 USC Section 6972, alleging that the Company has created an imminent and substantial endangerment to health and the environment in and around the Company's Vernon, California facility.

On April 25, 2013, Zach Hernandez filed a purported class action lawsuit in the California Superior Court for the County of Los Angeles against the Company and Does 1-100 seeking damages and medical monitoring for an alleged class consisting of all Los Angeles County residents who allegedly have sustained physical or neurological injury or toxic exposure allegedly as the result of the release of allegedly hazardous waste or chemicals from the Company's facility located in Vernon, California. On June 10, 2013, the Company filed a voluntary petition for reorganization pursuant to Chapter 11 of the U.S. Bankruptcy Code in the District of Delaware, and the case is stayed.

On October 18, 2013, the South Coast Air Quality Management District ("SCAQMD") filed a petition seeking the suspension of operations at the Vernon facility for alleged violation of an SCAQMD rule and related furnace control equipment permit conditions until compliance is achieved. The Company is contesting the SCAQMD's petition. A hearing on the SCAQMD’s petition commenced on December 14, 2013 and is continuing into calendar 2014.

On January 10, 2014, the SCAQMD also adopted an amended rule that contains new emissions criteria and equipment requirements with varying compliance dates, including an April 10, 2014 deadline relating to furnace equipment operations that is the subject of the SCAQMD petition. The Company will file for a limited administrative variance and a judicial legal challenge to the amended rule's April 10, 2014 equipment deadline by February 10, 2014.

If the Company is unable to prevail with regard to the SCAQMD’s petition, obtain a variance to certain provisions of the amended rule, or fail in a contest to the amended rule and is subsequently forced to suspend operations at the Vernon facility, the Company will need to find alternative sources of lead to ensure adequate supply of this critical raw material component in its products while it evaluates appropriate measures to meet the SCAQMD's demands. If the Company is unable to find such sources of lead, if it procures such sources of lead at significantly higher cost, or further risk reduction efforts require significant capital expenditures, such circumstances could result in a material adverse effect on the Company's results of operations and cash flows.

On January 16, 2014, the Company, along with unnamed individuals (“ DOE Defendants”), were named as defendants in a civil lawsuit brought by the SCAQMD in the case captioned as People of the State of California, ex rel South Coast Air Quality Management District, a Public Entity v. Exide Technologies, Inc., and DOES 1 through 50. The SCAQMD alleges that the Company and the DOE Defendants failed to comply with several of the SCAQMD's rules related to lead and arsenic emissions at the Company's Vernon, California lead recycling facility. The SCAQMD is seeking penalties in an amount not less than $40 million. The Company denies the allegations in the lawsuit and intends to vigorously defend itself against such allegations.

The sites that currently have the largest environmental reserves include the following:

Tampa, Florida

The Tampa site is a former secondary lead recycling plant, lead oxide production facility, and sheet lead-rolling mill that operated from 1943 to 1989. Under a RCRA Part B Closure Permit and a Consent Decree with the State of Florida, Exide is required to investigate and remediate certain historic environmental impacts to the site. Cost estimates for remediation (closure and post-closure) are expected to range from $13.0 million to $20.0 million depending on final State of Florida requirements. The remediation activities are expected to occur over the course of several years.

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Columbus, Georgia

The Columbus site is a former secondary lead recycling plant that was taken out of service in 1999, but remains part of a larger facility that includes an operating lead-acid battery manufacturing facility. Groundwater remediation activities began in 1988. Costs for supplemental investigations, remediation and site closure are currently estimated at $6.0 million to $8.5 million.

Asset Sale Contract

In June 2012, the Company announced an agreement to sell approximately 180 acres of undeveloped land surrounding the Company’s Frisco, Texas recycling facility. The Company believes the sale, which is subject to certain pre-closing actions, will provide net cash proceeds, after deducting closure related costs, of approximately $25.0 million to $30.0 million. The buyer has fully funded an escrow account with the purchase price, a portion of which is currently available to the Company for certain demolition and remediation activities related to the parcel of property being sold. At the request of regulators and others, the Company will allow interested parties to provide input on pre-closure remedial activities, which may include one or more notice and comment periods. Accordingly, the Company currently believes that the net cash proceeds will be received in fiscal 2015. Under the Company's indenture for the senior secured notes, these proceeds were required to be invested in future U.S. capital expenditures or toward the repurchase of any senior secured notes outstanding. Under the DIP Credit Agreement, these proceeds will be used to repay outstanding borrowings under the ABL revolving credit facility. In connection with resolution of objections by the City of Frisco and the Texas Commission on Environmental Quality to the Company's efforts to obtain final approval of the DIP Credit Agreement, the Company agreed to set aside $5.0 million of the purchase price into a separate account to fund any required remedial activities related to the parcel of the Frisco property retained by the Company. Any unused funds following completion of remediation of the retained property will be returned to the Company.

Guarantees

At December 31, 2013, the Company had outstanding letters of credit with a face value of $61.8 million and surety bonds with a face value of $55.2 million. The majority of the letters of credit and surety bonds have been issued as collateral or financial assurance with respect to certain liabilities that the Company has recorded, including but not limited to environmental remediation obligations and self-insured workers’ compensation reserves. Failure of the Company to satisfy its obligations with respect to the primary obligations secured by the letters of credit or surety bonds could entitle the beneficiary of the related letter of credit or surety bond to demand payments pursuant to such instruments. The letters of credit generally have terms up to one year. Collateral held by the surety in the form of letters of credit at December 31, 2013, pursuant to the terms of the various surety agreements, was $53.0 million. Certain of the Company’s European and Asia Pacific subsidiaries have bank guarantees outstanding as collateral or financial assurance in connection with environmental obligations, income tax claims and customer contract requirements. At December 31, 2013, bank guarantees with an aggregate face value of $12.6 million were outstanding.

(12) INCOME TAXES

The effective tax rate for the nine months ended December 31, 2013 and 2012 is (2.9)% and (274.6)%, respectively. The effective tax rate for the nine months ended December 31, 2013 includes the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United States, Spain and the United Kingdom, on which full valuation allowances are recorded.

Valuation allowances have been recognized in the U.S. and certain foreign tax jurisdictions to reduce the deferred tax assets for loss carry-forwards and deductible temporary differences for which it is more likely than not that the tax benefits associated with those assets will not be realized. In other jurisdictions (primarily France and Germany), the Company's net deferred tax assets include loss carry-forwards and deductible temporary differences which management believes are realizable through future taxable income. Each quarter, the Company reviews the need to report the future realization of tax benefits of deductible temporary differences or loss carry-forwards on its financial

statements. All available evidence is considered to determine whether a valuation allowance should be established against these future tax benefits or previously established valuation allowances should be released. This review is performed on a jurisdiction by jurisdiction basis. As global market conditions and the Company's financial results in certain jurisdictions change, the continued release and establishment of related valuation allowances may occur.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years ended before March 31, 2011. With respect to state and local jurisdictions and countries outside of the United States, with limited exceptions, the

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Company and its subsidiaries are no longer subject to income tax audits for years ended before March 31, 2007. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties have been provided for any adjustments that could result from these years.
The Company's unrecognized tax benefits increased from $35.0 million to $36.3 million during the nine months ended December 31, 2013 due to the effects of foreign currency translation, less unrecognized tax benefits released during the period due to expiration of statute of limitations. The amount, if recognized, that would affect the Company's effective tax rate at December 31, 2013 is $30.7 million.
The Company classifies interest and penalties on uncertain tax benefits as income tax expense. At December 31, 2013 and March 31, 2013, before any tax benefits, the Company had $1.1 million and $1.2 million, respectively, of accrued interest and penalties on unrecognized tax benefits.
During the next twelve months, the Company does not expect the resolution of any tax audits which could potentially reduce unrecognized tax benefits by a material amount. However, expiration of the statute of limitations for a tax year in which the Company has recorded an uncertain tax benefit will occur in the next twelve months. The removal of this uncertain tax benefit would affect the Company's forecasted annual effective tax rate by $0.1 million.

(13) RESTRUCTURING AND IMPAIRMENTS, NET
During the nine months ended December 31, 2013, the Company continued to implement operational changes to streamline and rationalize its structure in an effort to simplify the organization and eliminate redundant and/or unnecessary costs.
Summarized restructuring reserve activity and impairment expense were as follows:

	Severance Costs	Closure Costs	Total Restructuring	Gain on Asset Sales / Impairments, net	Total Restructuring / Impairments, net
	(In thousands)				
As of March 31, 2013	$6,050	$3,576	$9,626		
Expenses	11,942	7,404	19,346	$(4,693)	$ 14,653
Payments and currency translation	(12,050)	(3,291)	(15,341)		
Sub-total	5,942	7,689	13,631		
Reclassify to liabilities subject to compromise			(8,292)		
As of December 31, 2013			$5,339		

Remaining restructuring expenditures principally represent: (i) severance and related benefits payable per employment agreements and/or regulatory requirements; (ii) lease and contractual commitments for certain closed facilities, branches and offices, as well as leases for excess and permanently idled equipment payable in accordance with contractual terms; and (iii) certain other closure costs including dismantlement and costs associated with removal obligations incurred in connection with the exit of facilities..

Summarized restructuring and impairments, by segment, were as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(In thousands)			
Transportation Americas	$(1,306)	$4,025	$7,973	$4,165
Transportation Europe & ROW	3,160	7,713	877	7,868
Industrial Energy Americas	77	27	233	436
Industrial Energy Europe & ROW	1,258	3,927	4,917	3,890

Unallocated corporate	140	84	653	41
	$3,329	$15,776	$14,653	$16,400

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(14) LOSS PER SHARE

The Company computed basic loss per share by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing net loss, after adding back the after-tax amount of interest recognized in the period associated with the Company's Floating Rate Convertible Senior Subordinated Notes, by diluted weighted average shares outstanding, if dilutive. For the three and nine months ended December 31, 2013 and 2012, market rates were below the level at which interest payments for these notes are required.

Potentially dilutive shares include the assumed exercise of stock options and the assumed vesting of restricted stock and stock unit awards (using the treasury stock method) as well as the assumed conversion of the convertible debt, if dilutive (using the if-converted method).

Due to a net loss for the three and nine months ended December 31, 2013 and 2012 certain potentially dilutive shares were excluded from the diluted loss per share calculation because their effect would be antidilutive. Potentially dilutive shares consisted of the following:

	December 31, 2013	December 31, 2012
	(In thousands)	
Shares associated with convertible debt (assumed conversion)	3,697	3,697
Employee stock options	1,649	2,872
Restricted stock awards (non-vested)	469	1,839
	5,815	8,408

(15) FAIR VALUE MEASUREMENTS

The Company used available market information and other methodologies believed to be appropriate to estimate the fair value of its financial instruments. Considerable judgment is required in interpreting market data to develop these estimates. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Certain of these financial instruments were with major financial institutions and expose the Company to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. The creditworthiness of counterparties is continually reviewed and full performance is currently anticipated.

The Company's cash and cash equivalents, accounts receivable, accounts payable, and short-term borrowings all have carrying amounts that were a reasonable estimate of their fair values. The carrying values and estimated fair values of the Company's long-term obligations and other financial instruments were as follows:

	December 31, 2013		March 31, 2013	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In thousands)			
(Liability) Asset:				
Senior secured notes (a)	$(704,109)	$(502,558)	$(675,000)	$(580,500)
Convertible senior subordinated notes (a)	(51,900)	(11,548)	(55,750)	(52,864)
Foreign currency forwards (b)	—	—	25	25
Commodity swaps (b)	—	—	141	141

(a) Classified as liabilities subject to compromise

(b) These financial instruments were required to be measured at fair value, and were based on inputs as described in the three-tier hierarchy that prioritizes inputs used in measuring fair value as of the reported date:

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets and liabilities;
- Level 2 –

Inputs other than quoted prices in active markets that were observable either directly or indirectly; and

- Level 3 – Inputs from valuation techniques in which one or more key value drivers were not observable, and must be based on the reporting entity’s own assumptions.

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At December 31, 2013, the Company had no financial instruments to be measured at fair value. The following table represents the Company's financial instruments that were measured at fair value at March 31, 2013 and the basis for that measurement:

	Total Fair Value Measurement	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
As of March 31, 2013				
(Liability) Asset:				
Foreign currency forwards	$25	$—	$25	$—
Commodity swaps	141	—	141	—

The Company used a market approach to determine the fair values of all of its derivative instruments subject to recurring fair value measurements. The fair value of each financial instrument was determined based upon observable forward prices for the related underlying financial index or commodity price, and each has been classified as Level 2 based on the nature of the underlying markets in which those derivatives were traded.

(16) SEGMENT INFORMATION

The Company reports its results in four business segments: Transportation Americas; Transportation Europe and Rest of World ("ROW"); Industrial Energy Americas; and Industrial Energy Europe and ROW. The Company is a global producer and recycler of lead-acid batteries. The Company's four business segments provide a comprehensive range of stored electrical energy products and services for transportation and industrial applications.

Transportation markets include original-equipment and aftermarket batteries for cars, trucks, off-road vehicles, agricultural and construction vehicles, motorcycles, recreational vehicles, marine, and other applications. Industrial markets include batteries for motive power and network power applications. Motive power batteries are used in the materials handling industry for electric forklift trucks, and in other industries, including floor cleaning machinery, powered wheelchairs, railroad locomotives, mining and the electric road vehicles market. Network power batteries are used for backup power for use with telecommunications systems, computer installations, hospitals, air traffic control, security systems, utility, railway and military applications.

The Company's reportable segments are determined based upon the nature of the markets served and the geographic regions in which they operate. The Company's chief operating decision-maker monitors and manages the financial performance of these four business groups. Costs of certain shared services and other corporate costs are not allocated or charged to the business groups.

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Selected financial information concerning the Company's reportable segments were as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(In thousands)			
Net sales				
Transportation Americas	$189,515	$231,183	$564,959	$659,362
Transportation Europe & ROW	283,663	282,653	689,832	687,916
Industrial Energy Americas	75,375	85,533	281,734	271,084
Industrial Energy Europe & ROW	211,113	205,510	603,185	591,647
	$759,666	$804,879	$2,139,710	$2,210,009
Operating income (loss)				
Transportation Americas	$(280)	$2,864	$(21,344)	$(12,148)
Transportation Europe & ROW	15,986	8,611	15,957	17,609
Industrial Energy Americas	4,785	7,703	22,486	21,220
Industrial Energy Europe & ROW	4,880	9,039	15,130	23,827
Unallocated corporate expenses	(10,015)	(7,715)	(24,964)	(21,492)
	15,356	20,502	7,265	29,016
Less: restructuring and impairments, net (a)	3,329	15,776	14,653	16,400
	$12,027	$4,726	$(7,388)	$12,616
Depreciation and Amortization				
Transportation Americas	$6,186	$7,007	$19,346	$20,930
Transportation Europe & ROW	5,466	4,680	15,667	13,979
Industrial Energy Americas	2,869	2,799	8,732	8,070
Industrial Energy Europe & ROW	4,574	3,886	13,104	12,674
Unallocated corporate expenses	1,107	1,060	3,280	3,220
	$20,202	$19,432	$60,129	$58,873
Capital expenditures				
Transportation Americas	$5,422	$7,873	$18,406	$27,894
Transportation Europe & ROW	5,079	11,487	21,075	27,442
Industrial Energy Americas	585	2,287	1,977	8,275
Industrial Energy Europe & ROW	2,809	3,301	6,406	7,941
Unallocated corporate expenses	1,219	268	3,514	3,286
	$15,114	$25,216	$51,378	$74,838

(a) See Note 13 for detail by segment.

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(17) RELATED PARTY TRANSACTIONS

Robert M. Caruso, our President and Chief Executive Officer, and Ed Mosley, our Vice President and Chief Restructuring Officer, are employed by Alvarez & Marsal North America, LLC ("Alvarez & Marsal" or "A&M") as Managing Director and Senior Director, respectively. A&M has been retained by the Company in connection with our Chapter 11 restructuring. Mr. Caruso, who has been associated with A&M since 2006, remains a Managing Director of A&M while serving as our President and Chief Executive Officer. Mr. Mosley has been with A&M since 2008, and remains a Senior Director of A&M while serving as our Chief Restructuring Officer. In addition, Mr. Caruso holds a minority equity interest in A&M's parent company which indirectly entitles him to a share of A&M's profits.

Pursuant to an Agreement dated June 9, 2013, as amended by a Letter Agreement dated July 25, 2013 between the Company and A&M (the "Services Agreement"), we have retained A&M in connection with our Chapter 11 restructuring. Under the Services Agreement, the Company is charged monthly fees for the services of Mr. Caruso and Mr. Mosley and hourly fees for the services of other temporary personnel of A&M and its affiliates who are providing services to the Company (in an officer capacity or otherwise) and such temporary personnel (including Mr. Caruso and Mr. Mosley) are compensated by A&M independently pursuant to their arrangements with A&M. The Services Agreement also provides for payment of a one-time success fee to A&M as a result of our emergence from Chapter 11. The amount of the success fee could be up to $1.8 million, at the discretion of the Board of Directors and subject to approval by the U.S. Bankruptcy Court. Fees and expenses we incurred under the Services Agreement amounted to $6.5 million for the three months ended December 31, 2013 and $18.1 million for the nine months ended December 31, 2013.

We understand from Mr. Caruso and Mr. Mosley that they do not and will not, as applicable, directly receive a portion of the fees paid by the Company to A&M in respect of their hourly fees, the overall fee, the success fee or any other fees relating to any other aspect of the Company's engagement of A&M. However, Mr. Caruso and Mr. Mosley may be entitled to discretionary bonuses at the end of each A&M fiscal year which may, similar to other professional services firms, take into account revenues and expenses related to matters on which they have worked or managed. A&M has disclosed that the ultimate amount of Messrs. Caruso's and Mosley's compensation, which has not yet been determined, will depend on a number of factors related to, among other things, their performance as employees, their contribution to the revenue generating activities (including but not limited to the engagement for the Company) and A&M's overall financial results.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in this Quarterly Report on Form 10-Q.

Some of the statements contained in the following discussion of the Company's financial condition and results of operations refer to future expectations or include other "forward-looking" information. Those statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by these statements. The forward-looking information is based on various factors and was derived from numerous assumptions. See "Cautionary Statement for Purposes of the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995," and Item 1A in Part II included in this Report on Form 10-Q, as well as the risk factors included in Item 1A in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 for a discussion of factors to be considered when evaluating forward-looking information detailed below. These factors could cause our actual results to differ materially from the forward looking statements. For a discussion of certain legal contingencies, see Note 11 to the Consolidated Financial Statements.

Chapter 11 Case

Overview. On June 10, 2013, the Company filed a voluntary petition for relief under the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The Chapter 11 Case is being administered under the

caption In re Exide Technologies, case number 13-11482. The Company's subsidiaries, foreign and domestic, have been excluded from the Chapter 11 proceedings and continue to operate their businesses without supervision from the Bankruptcy Court and are not subject to the requirements of the Bankruptcy Code.

The Company is operating as a Debtor-in-Possession under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as a Debtor-in-Possession under the Bankruptcy Code, the Company is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. The Bankruptcy Code enables the Company to continue to

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operate its business without interruption and the Bankruptcy Court has granted a number of first day motions allowing the Debtor to pay pre-petition obligations to, among other parties: (i) employees; (ii) taxing authorities; (iii) insurance providers; (iv) independent contractors; (v) foreign vendors; and (vi) certain vendors deemed critical to the Debtor's operations.

While operating as a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code, the Debtor may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the Bankruptcy Court or otherwise as permitted in the ordinary course of business. Moreover, the Debtor has not yet prepared or filed with the Bankruptcy Court a plan of reorganization. The Debtor currently retains the exclusive right to propose a plan under Section 1121 of the Bankruptcy Code. Any plan of reorganization, which would be subject to acceptance by the requisite numbers of voting creditors under the Bankruptcy Code and Bankruptcy Court approval in accordance with the confirmation requirements of section 1129 of the Bankruptcy Code, will likely materially change the amounts and classifications in the Company's Consolidated Financial Statements.

No assurance can be given as to the value, if any, that may be distributable to holders of the Debtor's various pre-petition liabilities and other securities. The Company cannot predict what the ultimate value of any of its debt or equity securities may be and it remains too early to determine whether holders of any such securities will receive any distribution in the Debtor's reorganization. In particular, in most cases under Chapter 11 of the Bankruptcy Code, holders of equity securities receive little or no recovery of value from their investment. Accordingly, the Debtor urges that caution be exercised with respect to existing and future investments in any of these securities or other Debtor claims. The Company received notice from NASDAQ that the Company's common stock was de-listed from trading on NASDAQ.

General Information. Notices to Creditors; Effect of Automatic Stay. The Debtor notified all known current or potential creditors that the Chapter 11 Case had been filed. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtor's Chapter 11 Case automatically enjoined, or stayed, the continuation of most judicial or administrative proceedings or filing of other actions against the Debtor or its property to recover on, collect or secure a claim arising prior to the Petition Date. Thus, for example, most creditor actions to obtain possession of property from the Debtor, or to create, perfect or enforce any lien against the property of the Debtor, or to collect on monies owed or otherwise exercise rights or remedies with respect to a pre-petition claim, are enjoined unless and until the Bankruptcy Court lifts the automatic stay as to any such claim. Vendors are being paid for goods furnished and services provided after the Petition Date in the ordinary course of business.

Executory Contracts and Unexpired Leases. Under Section 365 and other relevant sections of the Bankruptcy Code, the Debtor may assume, assume and assign, or reject certain executory contracts and unexpired leases, subject to the approval of the Bankruptcy Court, and certain other conditions. Under the Bankruptcy Code, the Debtor's rights to assume or assume and assign unexpired leases of non-residential real estate expire on 120 days after the Petition Date (subject to further extension for cause by the Bankruptcy Court but not to exceed 210 days from the Petition Date). On October 15, 2013, the Bankruptcy Court entered an order that extended the deadline for the Company to assume or reject such unexpired non-residential real estate leases to January 6, 2014.

In general, rejection of an executory contract or unexpired lease is treated as a pre-petition breach of the executory contract or unexpired lease in question and, subject to certain exceptions, relieves the Debtor from performing its future obligations under such executory contract or unexpired lease but entitles the contract counterparty or lessor to a pre-petition general unsecured claim for damages caused by such deemed breach. Counterparties to such rejected contracts or leases have the right to file claims against the Debtor's estate for such damages. Generally, the assumption of an executory contract or unexpired lease requires the Debtor to cure existing defaults under such executory contract or unexpired lease.

Any description of an executory contract or unexpired lease elsewhere in this report or reflected in the Notes to the Consolidated Financial Statements, including where applicable the Debtor's express termination rights or a quantification of its obligations, must be read in conjunction with, and is qualified by, any rights the Debtor or counterparties have under Section 365 of the Bankruptcy Code.

The Debtor expects that liabilities subject to compromise and resolution in the Chapter 11 Case will arise in the future as a result of damage claims created by the Debtor's rejection of various executory contracts and unexpired leases.

Due to the uncertain nature of many of the potential rejection claims, the magnitude of such claims is not reasonably estimable at this time. Such claims may be material.

Magnitude of Potential Claims. On August 9, 2013, the Debtor filed with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Debtor, subject to the assumptions filed in connection therewith. All of the schedules are subject to further amendment or modification. Bankruptcy Rule 3003(c)(3) requires the Bankruptcy Court to fix the time within which proofs of claim must be filed in a Chapter 11 Case pursuant to Section 501 of the Bankruptcy Code. This Bankruptcy Rule also provides that any creditor who asserts a claim against the Debtor that arose prior to the Petition Date and whose claim: (i) is not listed on the Debtor's schedules; or (ii) is listed on the schedules as disputed, contingent, or un-liquidated, must file a proof of claim. On September 13, 2013, the Bankruptcy Court entered an order, which, among other things, established October 31, 2013, as the general bar

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date for filing claims and December 9, 2013, as the bar date for claims by certain governmental authorities. This order was supplemented by a further order on October 24, 2013, extending the bar date to January 31, 2014, solely with respect to personal injury claims related to the Company's secondary lead recycling facility in Vernon, California. Differences between amounts scheduled by the Debtor and claims by creditors will be investigated and resolved in connection with the claims resolution process. In light of the expected number of creditors, the claims resolution process may take considerable time to complete. Accordingly, the ultimate number and amount of allowed claims is not presently known, nor can the ultimate recovery with respect to allowed claims be presently ascertained.

Plan of Reorganization. The Debtor has the exclusive right for 120 days after the Petition Date to file a plan of reorganization and, if it does so, 60 additional days to obtain necessary acceptances of the plan. The Debtor's exclusivity period may be extended by the Court, for cause, for up to 18 months from the Petition Date. On October 15, 2013, the Bankruptcy Court entered an order extending the Debtor’s exclusive period to file a plan to May 31, 2014, and the period to solicit acceptances of a plan to July 24, 2014. These dates conform with the corresponding milestones under the DIP Credit Facility. If the Debtor's exclusivity period lapses, any party in interest may file a plan of reorganization for the Debtor. In addition to being voted on by holders of impaired claims and equity interests, a plan of reorganization must satisfy certain requirements of the Bankruptcy Code and must be approved, or confirmed, by the Bankruptcy Court in order to become effective. A plan of reorganization has been accepted by holders of claims against and equity interests in the Debtor if: (i) at least one-half in number and two-thirds in dollar amount of claims actually voting in each impaired class of claims have voted to accept the plan; and (ii) at least two-thirds in amount of equity interests actually voting in each impaired class of equity interests has voted to accept the plan. Under certain circumstances set forth in Section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm a plan even if such plan has not been accepted by all impaired classes of claims and equity interests - a process known as “cram down”. A class of claims or equity interests that does not receive or retain any property under the plan on account of such claims or interests is deemed to have voted to reject the plan. The precise requirements and evidentiary showing for confirming a plan notwithstanding its rejection by one or more impaired classes of claims or equity interests depends upon a number of factors, including the status and seniority of the claims or equity interests in the rejecting class (i.e., secured claims or unsecured claims, subordinated or senior claims, preferred or common stock). Generally, with respect to common stock interests, a plan may be “crammed down” even if the shareowners receive no recovery if the proponent of the plan demonstrates that: (i) no class junior to the common stock is receiving or retaining property under the plan; and (ii) no class of claims or interests senior to the common stock is being paid more than in full.

Liabilities Subject to Compromise and Reorganization Expenses. The Debtor has incurred and will continue to incur significant costs associated with its reorganization. The amount of these costs, which are expensed as incurred, are expected to continue to significantly affect the Debtor's results of operations. Pre-petition claims were reflected in liabilities subject to compromise on the Consolidated Balance Sheets.

Further Information. For further information regarding the Chapter 11 Case, see Note 1 to the Consolidated Financial Statements. Additional information about the Company's Chapter 11 filing is also available on www.exiderestructures.com.

Executive Overview

The Company is a global producer and recycler of lead-acid batteries. The Company’s business segments, Transportation Americas, Transportation Europe and ROW, Industrial Energy Americas, and Industrial Energy Europe and ROW provide a comprehensive range of stored electrical energy products and services for transportation and industrial applications.

Transportation markets include Original Equipment (“OE”) and aftermarket automotive, heavy-duty truck, agricultural and marine applications, and new technologies for hybrid vehicles (Stop & Start) including, micro-hybrid flooded (“MHF”) and absorbed glass-mat ("AGM"), and other automotive applications. Industrial markets include batteries for telecommunications systems, electric utilities, railroads, uninterruptible power supply (“UPS”), lift trucks, mining, and other commercial vehicles.

The Company’s reportable segments are determined based upon the nature of the markets served and the geographic regions in which they operate. The Company’s chief operating decision-maker monitors and manages the financial performance of these business groups.

Factors Which Affect the Company’s Financial Performance

Lead and Other Raw Materials. Lead represented approximately 43.5% of the Company’s cost of sales for the nine months ended December 31, 2013. The market price of lead fluctuates. Generally, when lead prices decrease, customers may seek disproportionate price reductions from the Company, and when lead prices increase, customers may resist price increases.

Either of these situations may cause customer demand for the Company's products to be reduced and the Company's net sales and gross margins to decline. The average price of lead as quoted on the London Metals Exchange ("LME") has increased 1.8% from $2,052 per metric ton for the nine months ended December 31, 2012 to $2,090 per metric ton for the nine months ended December 31, 2013. At January 22, 2014, the quoted price on the LME was $2,182 per metric ton. Due to a variety of factors, including the market for spent batteries as an input cost for the Company's lead recycling operations, the price of lead on the LME does not always reflect the price of lead for the Company.

In the Americas, the Company obtains a significant portion of its lead requirements from Company-owned and operated secondary lead recycling plants. The Company's recycling facilities reclaim lead by recycling spent lead-acid batteries, which are obtained for recycling from the Company's customers and outside spent-battery collectors. Historically, recycling in the Americas has helped the Company more effectively control the cost of its principal raw material when compared to purchasing lead at prevailing market prices on the LME. Similar to the fluctuation in lead prices, however, the cost of spent batteries has also fluctuated. For example, the average market cost of purchased spent batteries decreased approximately 4.6% for the nine months ended December 31, 2013 versus the prior year period while lead prices on the LME have increased during the same period.

In Europe, the Company's lead requirements are mainly fulfilled by third-party suppliers. Because of the Company's exposure to the historically volatile lead market prices in Europe, the Company has implemented several measures to offset changes in lead prices, including selective pricing actions and lead price escalators. The Company has automatic lead price escalators with virtually all OE customers. The Company currently obtains a small portion of its lead requirements from owned recycling facilities in Europe.

The Company expects that continued volatility in lead and other commodity costs, to affect all business segments, and, if the Company is unable to pass higher material costs resulting from this volatility to its customers, the Company's financial performance will be adversely impacted. The implementation of selective pricing actions and price escalators generally lag the rise in market prices of lead and other commodities.

Energy Costs. The Company relies on various sources of energy to support its manufacturing and distribution process, principally natural gas at its recycling facilities, electricity in its battery assembly facilities, and diesel fuel for distribution of its products. The Company seeks to recoup increases in energy costs through price increases or surcharges. To the extent the Company is unable to pass on higher energy costs to its customers; its financial performance will be adversely impacted.

Competition. The global transportation and industrial energy battery markets are highly competitive. In recent years, competition has continued to intensify and has affected the Company's ability to pass along increased prices to keep pace with rising production costs. The effects of this competition have been exacerbated by excess manufacturing capacity in certain of the Company's markets. In addition, fluctuating lead prices and lower priced Asian imports have also impacted certain of the Company's markets.

Exchange Rates. The Company is exposed to foreign currency risk in most European countries, principally from fluctuations in the Euro. For the nine months ended December 31, 2013, the exchange rate of the Euro to the U.S. Dollar increased 4.0% on average to $1.33 compared to $1.28 for nine months ended December 31, 2012. At December 31, 2013, the Euro was $1.37 as compared to $1.28 at March 31, 2013. Fluctuations in foreign currencies impacted the Company's results for the periods presented herein. For the nine months ended December 31, 2013, approximately 60.4% of the Company's net sales were generated in Europe and ROW. Further, approximately 64.1% of the Company's aggregate accounts receivable and inventories as of December 31, 2013 were held by its European and ROW subsidiaries.

The Company is also exposed, although to a lesser extent, to foreign currency risk in Canada, Mexico, the United Kingdom, Poland, Australia, and various countries in the Pacific Rim. Fluctuations of exchange rates against the U.S. Dollar can result in variations in the U.S. Dollar value of non-U.S. sales, expenses, assets, and liabilities. In some instances, gains in one currency may be offset by losses in another.

Markets. The Company is subject to concentrations of customers and sales in a few geographic locations and is dependent on customers in certain industries, including the automotive, communications, and data and material handling markets. Economic difficulties experienced in these markets and geographic locations may impact the Company's financial results.

Seasonality and Weather. The Company sells a disproportionate share of its transportation aftermarket batteries during the fall and early winter (the Company's third and a portion of its fourth fiscal quarters). Retailers and distributors buy automotive batteries during these periods so they will have sufficient inventory for cold weather periods. The impact of seasonality on sales has the effect of increasing the Company's working capital requirements, particularly during the second and third fiscal quarters, and also makes the Company more sensitive to fluctuations in the availability of liquidity.

Unusually cold winters or hot summers may accelerate battery failure and increase demand for transportation replacement batteries. Mild winters and cool summers may have the opposite effect. As a result, if the Company's sales are

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reduced by an unusually warm winter or cool summer, the Company typically does not recover these sales in later periods. Further, if the Company's sales are adversely affected by the weather, the Company typically cannot make offsetting cost reductions to protect its liquidity and gross margins in the short-term because a large portion of the Company's manufacturing and distribution costs are fixed.

Highlights and Outlook

The key elements of the Company's underlying business plans and continued strategies are:

- Successful emergence from bankruptcy as a going concern;
- Successful closure and sale of the Company's Frisco, Texas property for anticipated net proceeds of approximately $25.0 million to $30.0 million;
- Actions designed to improve the Company's liquidity and operating cash flow include working capital reduction plans, the sale of non-strategic assets and businesses, streamlining cash management processes, implementing plans to minimize the cash costs of the Company's restructuring initiatives, and closely managing capital expenditures;
- Continued factory and distribution productivity improvements through the Company's established Lean/Six Sigma program, as well as the Value Analysis Value Engineering ("VAVE") and Take Charge! initiatives;
- An enhanced focus on growth of the Industrial Americas business through increased new product offerings (Tubular Motive Power, High Frequency Chargers, etc.), increases in capacity, and a larger and more distributed sales and service team tied to the Transportation branch network;
- Continued investment in production capacity to meet evolving needs for enhanced batteries (AGM and MHF) required for the increasing numbers of Stop & Start and micro-hybrid vehicles, particularly in Europe;
- Continued research and development and engineering investments designed to develop enhanced lead-acid products.

Critical Accounting Policies and Estimates

There were no significant changes to our critical accounting policies and estimates as reported in Item 7 from our Annual Report on Form 10-K for the fiscal year ended March 31, 2013 except for items shown below.

Liabilities Subject to Compromise. Under Chapter 11 of the Bankruptcy Code, certain claims against the Debtor in existence prior to the filing of the petition for relief are stayed while the Debtor continues business operations as a Debtor-in-Possession. These estimated claims are reflected in the Consolidated Balance Sheet as Liabilities Subject to Compromise. Such claims remain subject to future adjustments which could be material. Adjustments may result from actions of the Bankruptcy Court, negotiations, rejection or acceptance of executory contracts, determination as to the value of any collateral securing claims, proofs of claim or other events.

Interest expense related to pre-petition indebtedness has been reported only to the extent that it will be paid during the proceedings of the bankruptcy case or based upon expectations of the interest being an allowed claim. The expectations of interest being an allowed claim remain subject to future determination and adjustment.

Reorganization Items. The Consolidated Financial Statements distinguish transactions that are directly associated with the reorganization from the ongoing operations of the business.

Results of Operations

Three months ended December 31, 2013 compared with the three months ended December 31, 2012

Net sales were $759.7 million for the three months ended December 31, 2013 versus $804.9 million in the three months ended December 31, 2012. Foreign currency translation (primarily the strengthening of the Euro against the U.S. dollar) favorably impacted net sales in the three months ended December 31, 2013 by approximately $13.5 million. Excluding foreign currency translation, net sales decreased by approximately $58.7 million, or 7.3%, primarily due to the exit of certain OE contracts in Transportation Americas, $25.0 million lower third-party lead and tolling sales resulting from the permanent reduction in recycling plant capacity in the Americas in fiscal 2013, and $14.7 million lower net sales in Transportation Europe & ROW resulting from the fiscal 2013 sale of Transportation Australasia business. These reductions were partially offset by approximately $11.0 million favorable lead-related pricing impact on net sales, globally. See segment discussion below.

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Net sales by operating segment:

	Three Months Ended		Favorable / (Unfavorable)		
	December 31, 2013	December 31, 2012	Total	Currency Related	Non-Currency Related
	(In thousands)				
Transportation Americas	$189,515	$231,183	$(41,668)	$(2,131)	$(39,537)
Transportation Europe & ROW	283,663	282,653	1,010	9,673	(8,663)
Industrial Energy Americas	75,375	85,533	(10,158)	(275)	(9,883)
Industrial Energy Europe & ROW	211,113	205,510	5,603	6,212	(609)
TOTAL	$759,666	$804,879	$(45,213)	$13,479	$(58,692)

Transportation Americas net sales, excluding foreign currency translation impact, decreased 17.1% primarily due to the exit from OE automotive contracts and $25.0 million lower third-party lead and tolling sales resulting from the closure of the Company's Frisco, Texas recycling plant and idling of the Company's Reading, Pennsylvania recycling plant in Q4 fiscal 2013.

Transportation Europe & ROW net sales, excluding foreign currency translation impact, decreased 3.1% primarily due to softer aftermarket unit sales and $14.7 million lower sales resulting from sale of Transportation Australasia business in Q4 fiscal 2013 partially offset by stronger unit sales in original equipment channels. Lead-related pricing actions had a favorable impact of $8.5 million.

Industrial Energy Americas net sales, excluding the foreign currency translation impact, decreased 11.6% primarily due to lower unit sales in the motive and network power markets, as compared to prior period.

Industrial Energy Europe & ROW net sales, excluding foreign currency translation impact, decreased 0.3% primarily due to lower network power sales in Southeast Asia, partially offset by $1.5 million of favorable lead-related pricing actions.

Gross profit was $110.0 million in the three months ended December 31, 2013 versus $120.1 million in the three months ended December 31, 2012. Gross margin decreased to 14.5% from 14.9% in the third quarter. See further discussion below under the caption “Operating income (loss) by operating segment".

Selling and administrative expenses were $94.7 million for the three months ended December 31, 2013 as compared to $99.6 million prior year. Excluding foreign currency translation impact, selling and administrative expenses decreased $6.1 million primarily due to lower employee related and travel costs resulting from cost reduction efforts and recent headcount reductions as well as lower discretionary sales and marketing costs partially offset by $1.6 million of incentives and higher legal fees.

Restructuring and impairment expenses decreased by $12.4 million, to $3.3 million for the three months ended December 31, 2013. Fiscal 2014 restructuring and impairment expenses included certain headcount reductions primarily in Europe. Prior year included costs related to the closure or idling of plants in Bristol, Tennessee, GNB India, Reading, Pennsylvania, and the sale of the Transportation Australasia business.

Operating income was $12.0 million in the three months ended December 31, 2013 versus $4.7 million in the three months ended December 31, 2012. See segment discussion below.

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Operating income by operating segment:

	Three Months Ended December 31, 2013		December 31, 2012		Favorable / (Unfavorable)		
	Total	Percent of Net Sales	Total	Percent of Net Sales	Total	Currency Related	Non-Currency Related
	(In thousands)						
Transportation Americas	$(280)	(0.1)%	$2,864	1.2%	$(3,144)	$(46)	$ (3,098)
Transportation Europe & ROW	15,986	5.6%	8,611	3.0%	7,375	594	6,781
Industrial Energy Americas	4,785	6.3%	7,703	9.0%	(2,918)	(3)	(2,915)
Industrial Energy Europe & ROW	4,880	2.3%	9,039	4.4%	(4,159)	(18)	(4,141)
Unallocated corporate expenses	(10,015)	n/a	(7,715)	n/a	(2,300)	(93)	(2,207)
	15,356	2.0%	20,502	2.5%	(5,146)	434	(5,580)
Less: restructuring and impairments, net	3,329	n/a	15,776	n/a	(12,447)	208	(12,655)
	$12,027	1.6%	$4,726	0.6%	$7,301	$226	$ 7,075

Gross margins by operating segment are shown below:

	Three Months Ended December 31, 2013	December 31, 2012
Transportation Americas	12.6%	15.2%
Transportation Europe & ROW	13.4%	11.8%
Industrial Energy Americas	21.7%	21.9%
Industrial Energy Europe & ROW	15.1%	15.9%
Total	14.5%	14.9%

Transportation Americas had operating loss of $(0.3) million as compared to $2.9 million operating income in the prior period. Lower lead and tolling sales, coupled with unfavorable absorption in the Muncie and Vernon facilities due to reduced lead production, reduced operating income by an aggregate of approximately $13.0 million. This was substantially mitigated by improved margins in the battery portion of the business from exiting OE automotive contracts, the closure of the Bristol facility, improved productivity at the Salina facility, better mix due to strong aftermarket sales (particularly in December), and lower SG&A expenses.

Transportation Europe & ROW showed improved results from an improving mix of higher margin Stop & Start battery sales, better lead recovery due to more stable lead prices in the current fiscal year, and SG&A expense control.

Industrial Energy Americas reported reduced operating income principally due to lower revenue in both network power and motive power.

Industrial Energy Europe & ROW experienced lower operating income in the current year period as a result of much lower sales in Southeast Asia and Australia, as well as an increase in professional and legal fees in Europe.

Unallocated corporate operating expenses were unfavorable primarily due to $1.6 million of incentives and higher legal fees.

Other income, net was $3.6 million in the three months ended December 31, 2013 versus $2.3 million in the three months ended December 31, 2012. The change primarily results from favorable currency remeasurement costs versus the prior year.

Interest expense increased by $13.4 million, to $31.8 million in the three months ended December 31, 2013 from $18.4 million in the three months ended December 31, 2012 as a result of higher average borrowings outstanding increased by the DIP financing and higher amortization of deferred financing costs related to the DIP financing.

Reorganization expenses include items directly related to Debtor Chapter 11 Bankruptcy filing. The majority of these costs relate to the Company's professional advisers including legal, financial and other bankruptcy related experts. For additional information see Note 1 to the Consolidated Financial Statements.

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Income taxes consisted of the following:

	Three Months Ended	
	December 31, 2013	December 31, 2012
	(In thousands)	
Loss before income taxes	$(33,133)	$(11,639)
Income tax provision	1,344	3,644
Effective tax rate	(4.1)%	(31.3)%

The income tax expense for the third quarter of fiscal 2014 includes the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United States, Spain, and the United Kingdom, on which full valuation allowances are recorded. In addition, the effective tax rate for the third quarter of fiscal 2014 was affected by the recognition of $18.0 million in valuation allowances on current period tax benefits.

The income tax expense for the third quarter of fiscal 2013 included the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United States, Spain and the United Kingdom, on which full valuation allowances are recorded. In addition, the effective tax rate for the third quarter of fiscal 2013 was affected by the recognition of $9.8 million in valuation allowances on current period tax benefits.

Nine months ended December 31, 2013 compared with the nine months ended December 31, 2012

Net sales were $2.1 billion for the nine months ended December 31, 2013 versus $2.2 billion for the nine months ended December 31, 2012. Foreign currency translation (primarily the strengthening of the Euro against the U.S. dollar) favorably impacted net sales in the nine months ended December 31, 2013 by approximately $32.9 million. Excluding foreign currency translation impact, net sales decreased by approximately $103.2 million, or 4.7%, primarily due to lower Transportation Americas net sales which included $66.7 million lower third-party lead and tolling sales resulting from the permanent reduction in recycling plant capacity in the Americas in fiscal 2013 and $52.7 million lower net sales in Transportation Europe & ROW resulting from the fiscal 2013 sale of Transportation Australasia business, partially offset by approximately $24.2 million favorable lead-related pricing. See segment discussion below.

Net sales by operating segment:

	Nine Months Ended		Favorable / (Unfavorable)		
	December 31, 2013	December 31, 2012	Total	Currency Related	Non-Currency Related
	(In thousands)				
Transportation Americas	$564,959	$659,362	$(94,403)	$(3,130)	$(91,273)
Transportation Europe & ROW	689,832	687,916	1,916	21,145	(19,229)
Industrial Energy Americas	281,734	271,084	10,650	(487)	11,137
Industrial Energy Europe & ROW	603,185	591,647	11,538	15,332	(3,794)
Total	$2,139,710	$2,210,009	$(70,299)	$32,860	$(103,159)

Transportation Americas net sales, excluding foreign currency translation impact, decreased 13.8% primarily due to lower OE unit sales and $66.7 million of lower third-party lead and tolling sales resulting from the closure of the Company's Frisco, Texas recycling plant and idling of the Company's Reading, Pennsylvania recycling plant in Q4 fiscal 2013.

Transportation Europe & ROW net sales, excluding foreign currency translation impact, decreased 2.8% primarily due to $52.7 million lower net sales resulting from sale of Transportation Australasia business in Q4 fiscal 2013, partially offset by higher original equipment unit sales and $15.6 million of favorable lead-related pricing actions.

Industrial Energy Americas net sales, excluding the foreign currency translation impact, increased 4.1% primarily due to higher unit sales in the network power markets, principally telecommunications.
Industrial Energy Europe & ROW net sales, excluding foreign currency translation impact, decreased 0.6% primarily due to lower unit sales in Southeast Asia and Hong Kong, partially offset by $6.4 million of favorable lead-related pricing actions in Europe.

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Gross profit was $282.8 million in the nine months ended December 31, 2013 versus $318.0 million in the nine months ended December 31, 2012. Gross margin decreased to 13.2% from 14.4% in the nine months ended December 31, 2013. See further operating segments discussion below under the caption “Operating income (loss) by operating segment".

Selling and administrative expenses were $275.5 million for the nine months ended December 31, 2013 as compared to $289.0 million prior year. Excluding foreign currency translation impact, selling and administrative expenses decreased $16.7 million primarily due to lower employee related and travel costs resulting from cost reduction efforts and recent headcount reductions as well as lower discretionary sales and marketing costs, partially offset by $2.1 million of incentives and higher legal fees.

Restructuring and impairment expenses decreased by $1.7 million, to $14.7 million for the nine months ended December 31, 2013. Fiscal 2014 restructuring and impairment expenses included $8.0 million in the Transportation Americas segment relating to headcount reductions, lease and contractual commitments, and the idling of our spiral-wound AGM product line ("Vortex"). The remainder relates to certain headcount reductions in Europe and the corporate headquarters, partially offset by insurance proceeds received from a prior period facility fire.

Operating income (loss) was $(7.4) million in the nine months ended December 31, 2013 versus $12.6 million in the nine months ended December 31, 2012. See segment discussion below.

Operating income (loss) by operating segment:

	Nine Months Ended December 31, 2013		December 31, 2012		Favorable / (Unfavorable)		
	Total	Percent of Net Sales	Total	Percent of Net Sales	Total	Currency Related	Non-Currency Related
	(In thousands)						
Transportation Americas	$(21,344)	(3.8)%	$(12,148)	(1.8)%	$(9,196)	$(87)	$ (9,109)
Transportation Europe & ROW	15,957	2.3%	17,609	2.6%	(1,652)	775	(2,427)
Industrial Energy Americas	22,486	8.0%	21,220	7.8%	1,266	4	1,262
Industrial Energy Europe & ROW	15,130	2.5%	23,827	4.0%	(8,697)	26	(8,723)
Unallocated corporate expenses	(24,964)	n/a	(21,492)	n/a	(3,472)	(391)	(3,081)
	7,265	0.3%	29,016	1.3%	(21,751)	327	(22,078)
Less: restructuring and impairments, net	14,653	n/a	16,400	n/a	(1,747)	333	(2,080)
	$(7,388)	(0.3)%	$12,616	0.6%	$(20,004)	$(6)	$ (19,998)

Gross margins by operating segment are shown below:

	Nine Months Ended December 31, 2013	December 31, 2012
Transportation Americas	10.3%	12.3%
Transportation Europe & ROW	11.5%	13.1%
Industrial Energy Americas	20.1%	20.1%
Industrial Energy Europe & ROW	14.7%	15.5%
Total	13.2%	14.4%

Transportation Americas operating loss was unfavorable compared to the prior period as a result of the temporary suspension of our Vernon, California facility during Q1 of fiscal 2014, see further discussion below. This suspension resulted in $9.7 million of increased costs related to purchased lead to compensate for lower internal lead production, continued expenses of the facility to ensure a quick restart, and legal and related costs to defend our position. In

addition, results were unfavorably impacted by lower third-party lead and tolling sales resulting from the closure of the Company's Frisco, Texas recycling plant and idling of the Company's Reading, Pennsylvania recycling plant in Q4 fiscal 2013. Partially offsetting these impacts discussed above were favorable margin improvement initiatives including select pricing actions, the exiting of unprofitable OE automotive contracts, and lower SG&A expenses resulting from cost containment initiatives.

In April 2013, the Company received an order (the "Suspension Order") from the California Department of Toxic Substances Control ("DTSC") requiring the Company to temporarily suspend recycling operations at its Vernon, California

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recycling facility. On July 2, 2013, the Los Angeles County Superior Court issued a preliminary injunction allowing the Company to resume operations of the Vernon facility. In particular, on October 14, 2013, the Company filed a Motion for an order under Bankruptcy Code Sections 105 and 363 and Bankruptcy Rule 9019 authorizing and approving the stipulation with DTSC, which sought bankruptcy court approval of the settlement agreement entered into between the Company and DTSC. In exchange, DTSC agreed that the settlement constitutes full settlement of the allegations alleged in the Suspension Order and provides Exide a covenant not to sue as to any known claims based on the allegations of the Suspension Order and the accusation for suspension of Interim Status (the "Accusation"). Following the Bankruptcy Court's order, the Order for Temporary Suspension was dismissed with prejudice and the DTSC waived its right to any further proceedings on the Accusation. The DTSC will establish certain compliance guidelines giving the Debtor clarity with regard to its ongoing compliance and permitting obligations.

Transportation Europe & ROW operating income, excluding foreign currency translation impact, decreased, as reduced operating expenses were more than offset by a $2.8 million decrease resulting from the sale, in late fiscal 2013, of the Australasia transportation business.

Industrial Energy Americas operating income, excluding foreign currency translation impact, increased primarily from strong network power unit volume, favorable product mix, and lower lead input costs. These improvements were partially offset by continued plant efficiency issues in our Columbus, Georgia facility.

Industrial Energy Europe & ROW operating income, excluding foreign currency translation impact, decreased as a result of lower sales in Southeast Asia and Hong Kong and higher professional and legal fees in Europe.

Unallocated corporate operating expenses were unfavorable primarily due to $2.1 million of incentives and higher legal fees.

Other income, net was $6.0 million in the nine months ended December 31, 2013 versus $2.0 million in the nine months ended December 31, 2012. The change primarily results from favorable currency remeasurement on inter-company borrowings versus the prior year.

Interest expense increased by $34.0 million, to $83.7 million in the nine months ended December 31, 2013 from $49.7 million in the nine months ended December 31, 2012 as a result of higher average borrowings under the DIP financing and higher amortization of deferred financing costs related to the DIP financing.

Reorganization expense includes items directly related to Debtor Chapter 11 Bankruptcy filing. The majority of these costs relate to the Company's professional advisors including legal, financial and other bankruptcy related experts. For additional information see Note 1 to the Consolidated Financial Statements.

Income taxes consisted of the following:

	Nine Months Ended	
	December 31, 2013	December 31, 2012
	(In thousands)	
Loss before income taxes	$(161,035)	$(36,173)
Income tax provision	4,628	99,343
Effective tax rate	(2.9)%	(274.6)%

The income tax expense for the first nine months of fiscal 2014 includes the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United States, Spain, and the United Kingdom, on which full valuation allowances are recorded. In addition, the effective tax rate for the first nine months was affected by the recognition of $62.6 million in valuation allowances on current period tax benefits.

The income tax expense for the first nine months of fiscal 2013 included the recognition of taxes on income and losses in almost all of the Company's jurisdictions with the exception of the United States, Spain, and the United Kingdom, on which full valuation allowances are recorded. The Company established an $85.1 million full valuation allowance for the United States after determining that it was not more likely than not that the Company would realize all deductible temporary differences and carry-forwards in the foreseeable future. In addition, the effective tax rate for the first nine months was affected by the recognition of $31.4 million in valuation allowances on current period tax benefits.

Liquidity and Capital Resources

The Chapter 11 petition triggered defaults on substantially all debt obligations of the Debtor, which have been accelerated and are due and payable. However, under Section 362 of the Bankruptcy Code, the commencement of a Chapter 11

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Case automatically stays most creditor actions against the Debtor's estate. To enhance liquidity, in connection with the Chapter 11 Case, the Debtor received approval of the Bankruptcy Court for a $500.0 million Debtor-in-Possession financing.

As of December 31, 2013, the Company had cash and cash equivalents of $88.3 million and availability under the senior secured ABL revolving credit facility of $126.9 million. At March 31, 2013, the Company had cash and cash equivalents of $104.3 million and availability under its Prior ABL revolving credit facility of $129.4 million.

DIP Facilities. In connection with the Chapter 11 Case, the Debtor received Bankruptcy Court approval of Debtor-in-Possession financing on the terms set forth in the DIP Credit Agreement. The DIP Credit Agreement provides for senior secured super-priority Debtor-in-Possession financing facilities in an aggregate amount of up to $500.0 million, consisting of a $225.0 million ABL revolving credit facility, subject to a borrowing base, and a $275.0 million "last out" term loan facility. Effective July 12, 2013, the DIP Credit Agreement was amended and restated to provide a $25.0 million swingline facility sub-limit, as well as the creation of two separate tranches in the $225.0 million revolver facility: (i) a $110.0 million facility under which only advances denominated in U.S. Dollars can be drawn; and (ii) a $115.0 million facility under which advances denominated in U.S. Dollars or Euros can be drawn. Effective July 24, 2013, the DIP Credit Agreement was amended to permit an increase of the quarterly maximum capital expenditure limits of $25.0 million by $2.5 million should the preceding quarter’s EBITDA exceed 110.0% of the DIP budget, with the rolling four quarter maximum capital expenditures increased to $90 million for the four quarters ending after March 31, 2014. Effective October 9, 2013, a second amendment provided additional flexibility to the Company with regard to certain non-core asset transactions, and further clarified certain terms of the Amended DIP Credit Agreement. The amendment revised the definition of "Permitted Liens" to permit contractual encumbrances in connection with certain permitted dispositions under the Amended DIP Credit Agreement. The amendment further changed the definition of "Total Adjusted Operating Cash Flow" to exclude the effect of Frisco Escrow Account receipts from "Total Adjusted Operating Cash Flow."

The proceeds of the DIP Financing were used to repay amounts outstanding under the pre-petition ABL revolving credit facility and letters of credit which were outstanding.

The maturity date of the loans made under the DIP Credit Agreement is the earliest to occur: (i) the date occurring 16 months following the closing date; (ii) the effective date of the Debtor's plan of reorganization; and (iii) the acceleration of such loans. The revolving loans bear interest at the rate of LIBOR plus 3.25% and the term loan bears interest at a rate of 9.0%. The obligations of the Borrowers under the DIP Credit Agreement are unconditionally guaranteed by certain material foreign subsidiaries. In addition, the U.S. Borrower unconditionally guarantees the obligations of the Foreign Borrower. Subject to certain exceptions, the obligations of the Borrowers and the guarantors under the DIP Credit Agreement and the other loan documents are secured by first priority liens on specified assets of the Borrowers and the foreign guarantors and 100.0% pledge of the equity interests of certain of the Borrowers' direct and indirect subsidiaries. The DIP Credit Agreement requires the Borrowers to comply with financial covenants as defined by the agreement relating to minimum liquidity, maximum capital expenditures, cumulative total adjusted operating cash flow, minimum cumulative EBITDA and minimum twelve-month trailing EBITDA.

Events of default under the DIP Credit Agreement include, among others, failure to pay any principal, interest or other amount due under the applicable credit agreement, breach of specific covenants, and a change of control of the Company. Upon an event of default, the requisite lenders may declare the outstanding obligations under the DIP Credit Agreement to be immediately due and payable and exercise other rights and remedies provided for thereunder.

The Company's business may not generate cash flow in an amount sufficient to enable it to pay the principal of, or interest on the Company's indebtedness, or to fund the Company's other liquidity needs, including working capital, capital expenditures, strategic acquisitions, investments and alliances, restructuring actions, costs related to the Chapter 11 Case, and other general corporate requirements. If the Company cannot fund its liquidity needs, it will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, and investments and alliances; selling additional assets; restructuring or refinancing its debt; or seeking additional equity capital. These actions may be restricted as a result of the Debtor's Chapter 11 proceeding and the DIP Credit Agreement. Such actions could increase the Company's debt, negatively impact customer confidence in the Company's ability to provide

products and services, reduce the Company's ability to raise additional capital, delay improvements in profitability, and adversely affect the Company's ability to emerge from bankruptcy. There can be no assurance that any of these remedies could, if necessary, be effected on commercially reasonable terms, if at all, or that they would permit the Company to meet its scheduled debt service obligations. In addition, if the Company incurs additional debt, the risks associated with its substantial leverage, including the risk that it will be unable to service the Company's debt or generate sufficient cash flow to fund its liquidity needs, could intensify.

At December 31, 2013, the Company had outstanding letters of credit with a face value of $61.8 million and surety bonds with a face value of $55.2 million. The majority of the letters of credit and surety bonds have been issued as collateral or financial assurance with respect to certain liabilities that the Company has recorded, including but not limited to environmental remediation obligations and self-insured workers’ compensation reserves. Failure of the Company to satisfy its obligations with

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respect to the primary obligations secured by the letters of credit or surety bonds could entitle the beneficiary of the related letter of credit or surety bond to demand payments pursuant to such instruments. The letters of credit generally have terms up to one year. Collateral held by the surety in the form of letters of credit at December 31, 2013, pursuant to the terms of the various surety agreements, was $53.0 million.

Certain of the Company's European and Asia Pacific subsidiaries have bank guarantees outstanding as collateral or financial assurance in connection with environmental obligations, income tax claims and customer contract requirements. December 31, 2013, bank guarantees with an aggregate face value of $12.6 million were outstanding.

At December 31, 2013, the Company was in compliance with covenants contained in the DIP facilities.

Sources and Uses of Cash. The Company’s liquidity requirements have been met historically through cash provided by operations, borrowed funds and the proceeds of sales of accounts receivable in certain European subsidiaries. Additional cash has been generated in the past several years through the sale of non-core businesses and assets.

The Company’s liquidity needs arise primarily in the funding of working capital and obligations on indebtedness and capital expenditures. Because of the seasonality of the Company’s business, more cash has typically been generated in the third and fourth fiscal quarters than the first and second fiscal quarters. Greatest cash demands from operations have historically occurred during the months of March through October, which can adversely affect the Company’s liquidity during these periods.

Going forward, the Company’s principal sources of liquidity are expected to be cash on hand, cash from operations, borrowings under the DIP facilities, and the sale of idled assets, principally from closed facilities.

Cash used in operating activities was $199.5 million and $38.2 million in the nine months ended December 31, 2013 and 2012, respectively. This increased usage primarily relates to Debtor Chapter 11 reorganization fees and accelerated timing of post-petition accounts payable payments generally required for companies under Chapter 11 Bankruptcy protection. Also, accounts payable payments have been accelerated for non-Debtor entities as well.

Cash used in investing activities primarily consisted of capital expenditures of $51.4 million and $74.8 million in the nine months ended December 31, 2013 and 2012, respectively.

Cash provided by financing activities was $225.8 million and $33.5 million in the nine months ended December 31, 2013 and 2012, respectively. The increase was primarily due to proceeds received under the DIP financing, partially offset by DIP related financing fees.

The fiscal 2014 pension plan and other post-retirement contributions are estimated to be $14.8 million and $1.9 million, respectively, which the Company has funded $13.7 million of during the nine months ended December 31, 2013. In the U.S., the Company adopted the Moving Ahead for Progress in the 21st Century Act (“The MAP-21”) which essentially defers funding and eliminates additional funding requirements for the Company’s U.S. pension plans through calendar year 2013. This legislation was signed into law on July 6, 2012.

In June 2012, the Company announced an agreement to sell approximately 180 acres of undeveloped land surrounding the Company’s Frisco, Texas recycling facility. The Company believes the sale, which is subject to certain pre-closing actions, will provide net cash proceeds, after deducting closure related costs, of approximately $25.0 million to $30.0 million. The buyer has fully funded an escrow account with the purchase price, a portion of which is currently available to the Company for certain demolition and remediation activities related to the parcel of property being sold. At the request of regulators and others, the Company will allow interested parties to provide input on pre-closure remedial activities, which may include one or more notice and comment periods. Accordingly, the Company currently believes that the net cash proceeds will be received in fiscal 2015. Under the Company's indenture for the senior secured notes, these proceeds are required to be invested in future U.S. capital expenditures or toward the repurchase of any senior secured notes outstanding. Under the DIP Credit Agreement, these proceeds will be used to repay outstanding borrowings under the ABL revolving credit facility. In connection with a resolution of objections by the City of Frisco and the Texas Commission on Environmental Quality to the Company's efforts to obtain final approval of the DIP Credit Agreement, the Company agreed to set aside $5.0 million of the purchase price into a separate escrow account to fund any required remedial activities related to portions of the Frisco property retained by the Company. Any unused funds following completion of remediation of the retained property will be returned to the Company.

Risks and uncertainties could cause the Company's performance to materially differ from management's estimates. As discussed above under “Factors Which Affect the Company's Financial Performance - Seasonality and Weather,” the Company's business is seasonal. During the Company's first and second fiscal quarters, the Company builds inventory in anticipation of increased sales in the winter months. This inventory build increases the Company's working capital needs. During these quarters, because working capital needs are already high, unexpected decreases in cash flows or, unexpected increases in costs beyond predicted levels could adversely affect the Company's near term liquidity.

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Financial Instruments and Market Risk

From time to time, the Company has used forward contracts to hedge certain commodity price exposures, including lead. The forward contracts are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The Company expects that it may increase the use of financial instruments, including fixed and variable rate debt as well as swaps, forward and option contracts to finance its operations and to hedge interest rate, currency and, certain commodity purchasing requirements in the future. The swap, forward, and option contracts would be entered into for periods consistent with related underlying exposures and would not constitute positions independent of those exposures. The Company has not entered into, and does not intend to enter into, contracts for speculative purposes nor be a party to any leveraged instruments.

The Company's ability to utilize financial instruments may be restricted because of tightening, and/or elimination of unsecured credit availability with counter-parties. If the Company is unable to utilize such instruments, the Company may be exposed to greater risk with respect to its ability to manage exposures to fluctuations in foreign currencies, interest rates, lead prices, and other commodities.

Accounts Receivable Factoring Arrangements

In the ordinary course of business, the Company utilizes accounts receivable factoring arrangements in countries where programs of this type are typical. Under these arrangements, the Company may sell certain of its trade accounts receivable to financial institutions. The arrangements do not contain recourse provisions against the Company for its customers' failure to pay. The Company sold approximately $93.1 million and $93.3 million of foreign currency trade accounts receivable as of December 31, 2013 and March 31, 2013, respectively. Changes in the level of receivables sold from year to year are included in the change in accounts receivable within cash flow from operations in the Consolidated Statements of Cash Flows.

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Item 3. Quantitative and Qualitative Disclosures about Market Risks

Changes to the quantitative and qualitative market risks as of December 31, 2013 are described in Item 2 above. Also, see the Company’s annual report on Form 10-K for the fiscal year ended March 31, 2013 for further information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act of 1934 ("Exchange Act"), that are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and to ensure that such information is accumulated and communicated to the Company’s management, including the Company’s chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of senior management, including the chief executive officer and the chief financial officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based upon, and as of the date of this evaluation, the chief executive officer and the chief financial officer concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2013.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company’s internal control over financial reporting during the fiscal quarter ended December 31, 2013 that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR
PROVISION OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for historical information, this report may be deemed to contain “forward-looking” statements. The Company desires to avail itself of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the “Act”) and is including this cautionary statement for the express purpose of availing itself of the protection afforded by the Act.

Examples of forward-looking statements include, but are not limited to (a) projections of revenues, cost of raw materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, the effect of currency translations, capital structure, and other financial items, (b) statements of plans and objectives of the Company or its management or Board of Directors, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors or regulating authorities, (c) statements of future economic performance, (d) statements regarding liquidity and (e) statements of assumptions, such as the prevailing weather conditions in the Company’s market areas, underlying other statements and statements about the Company or its business, and (f) statements regarding tax and liquidity impacts from asset sales and restructuring activities.

Factors that could cause actual results to differ materially from these forward looking statements include, but are not limited to, the following general factors such as: (i) the ability of the Company to develop, prosecute, confirm and consummate the Chapter 11 plan of reorganization; (ii) the potential adverse impact of the Chapter 11 filing on the Company's liquidity and operations and the risks associated with operating businesses under Chapter 11 protection; (iii) the ability of Exide to comply with the terms of the DIP financing facility; (iv) the Company's ability to obtain additional financing; (v) the Company's ability to retain key management and employees; (vi) customer response to the Chapter 11 filing; (vii) the risk factors or uncertainties listed from time to time in the Company's filings with the Securities and Exchange Commission and with the U.S. Bankruptcy Court in connection with the Company's Chapter 11 filing; (viii) the fact that lead, a major constituent in most of the Company’s products, experiences significant fluctuations in market price and is a hazardous material that may give rise to costly environmental and safety claims; (ix) the Company’s ability to implement and fund business strategies based on current liquidity; (x) the Company’s

ability to realize anticipated efficiencies and avoid additional unanticipated costs related to its restructuring activities; (xi) the cyclical nature of the industries in which the Company operates and the impact of current adverse economic conditions on those industries; (xii) unseasonable weather (warm winters and cool summers) which adversely affects demand for automotive and some industrial batteries; (xiii) the Company's substantial debt and debt service requirements which may restrict the Company's operational and financial flexibility, as well as imposing significant interest and financing costs; (xiv) the litigation proceedings to which the Company is subject, the results of which could have a material adverse effect on the Company and its business; (xv) the realization of the tax benefits of the Company's net operating loss

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carry-forwards, which is dependent upon future taxable income; (xvi) competitiveness of the battery markets in the Americas and Europe; (xvii) risks involved in foreign operations such as disruption of markets, changes in import and export laws, currency restrictions, currency exchange rate fluctuations and possible terrorist attacks against U.S. interests; (xviii) the ability to acquire goods and services and/or fulfill later needs at budgeted costs; (xix) general economic conditions; (xx) the Company's ability to successfully pass along increased material costs to its customers; (xxi) recently adopted U.S. lead emissions standards and the implementation of such standards by applicable states; and (xxii) those risk factors described in the Company's Form 10-K for the fiscal ended March 31, 2013.

The Company cautions each reader of this report to carefully consider those factors set forth above. Such factors have, in some instances, affected and in the future could affect the ability of the Company to achieve its projected results and may cause actual results to differ materially from those expressed herein. We undertake no obligation to update any forward-looking statements in this Form 10-Q.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings
See Note 11 to the Consolidated Financial Statements in this document.

Item 1A. Risk Factors
Except as noted in the Company's Form 10-Q filed on August 8, 2013, the risk factors which were disclosed in the Company's fiscal 2013 Form 10-K have not materially changed since we filed our fiscal 2013 Form 10-K. See Item 1A in Part I of the Company's fiscal 2013 Form 10-K for a complete discussion of these risk factors.

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

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1 - October 31, 2013	426 (1)	$ 0.38	—	—
November 1 - November 30, 2013	1,301 (1)	$ 0.35	—	—
December 1 - December 31, 2013	—	—	—	—

(1) Acquired by the Company in exchange for payment of U.S. tax obligations for certain participants in the Company’s 2004 Stock Incentive Plan that elected to surrender a portion of their shares in connection with vesting of restricted stock awards.

Item 3. Defaults Upon Senior Securities
As the result of our filing of voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code, the Company is in default on substantially all of its debt obligations other than post-petition financings. The aggregate amount in default at December 31, 2013, totaled approximately $758.8 million.

Item 4. Mine Safety Disclosures
None

Item 5. Other Information
None

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Item 6. Exhibits

Exhibit No.	Description
*31.1	Certification of Robert M. Caruso, President and Chief Executive Officer, pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
*31.2	Certification of Phillip A. Damaska, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
*32	Certifications pursuant to Section 906 of 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.

* Filed with this Report.

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SIGNATURES

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

EXIDE TECHNOLOGIES

By: /s/ Phillip A. Damaska
Phillip A. Damaska
Executive Vice President and
Chief Financial Officer

Date: February 7, 2014