

EXIDE TECHNOLOGIES
Form 10-Q
February 06, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2014

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 23-0552730
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

13000 Deerfield Parkway, Building 200 30004
Milton, Georgia
(Address of principal executive offices) (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 No

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

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

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

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

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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 28, 2015, 77,998,699 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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Net sales	\$692,568	\$759,666	\$1,999,128	\$2,139,710
Cost of sales	603,214	649,642	1,744,731	1,856,913
Gross profit	89,354	110,024	254,397	282,797
Selling and administrative expenses	85,523	94,668	269,074	275,532
Restructuring and impairments, net	278	3,329	17,910	14,653
Operating income (loss)	3,553	12,027	(32,587	) (7,388
Other (income) expense, net	11,992	(3,648	) 28,704	(5,990
Interest expense, net	33,443	31,810	104,550	83,694
Loss before reorganization items, net	(41,882	) (16,135	) (165,841	) (85,092
Reorganization items, net	18,391	16,998	55,765	75,943
Loss before income taxes	(60,273	) (33,133	) (221,606	) (161,035
Income tax provision	3,007	1,344	9,377	4,628
Net loss	(63,280	) (34,477	) (230,983	) (165,663
Net income (loss) attributable to noncontrolling interests	245	215	(15	) 336
Net loss attributable to Exide Technologies	\$(63,525	) \$(34,692	) \$(230,968	) \$(165,999
Loss per share				
Basic	\$(0.81	) \$(0.44	) \$(2.95	) \$(2.13
Diluted	\$(0.81	) \$(0.44	) \$(2.95	) \$(2.13
Weighted average shares				
Basic	78,246	78,265	78,243	78,033
Diluted	78,246	78,265	78,243	78,033

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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Net loss	\$ (63,280	) \$ (34,477	) \$ (230,983	) \$ (165,663
Other comprehensive loss:				
Foreign currency translation adjustment	(22,343	) 5,422	(59,382	) 24,977
Change in defined benefit liabilities, net	1,216	80	3,188	(338
Total comprehensive loss	(84,407	) (28,975	) (287,177	) (141,024
Comprehensive income (loss) attributable to noncontrolling interests	239	215	(17	) 336
Comprehensive loss attributable to Exide Technologies	\$ (84,646) \$ (29,190) \$ (287,160) \$ (141,360

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, 2014	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$54,979	\$103,711
Accounts receivable, net	454,871	495,447
Inventories	488,895	483,218
Prepaid expenses and other current assets	43,044	47,874
Deferred income taxes	14,741	16,339
Total current assets	1,056,530	1,146,589
Property, plant and equipment, net	544,378	576,412
Other assets:		
Goodwill and intangibles, net	126,217	142,381
Deferred income taxes	86,587	116,736
Other noncurrent assets	106,847	50,670
Total other assets	319,651	309,787
Total assets	\$1,920,559	\$2,032,788
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Short-term borrowings	\$2,690	\$4,058
Current maturities of long-term debt	484,465	288,386
Accounts payable	249,218	268,828
Accrued expenses	261,132	263,904
Deferred income taxes	3,130	4,435
Total current liabilities	1,000,635	829,611
Long-term debt	13,750	15,533
Noncurrent retirement obligations	141,207	166,692
Deferred income taxes	13,862	25,332
Other noncurrent liabilities	58,370	64,493
Liabilities not subject to compromise	1,227,824	1,101,661
Liabilities subject to compromise	998,317	950,643
STOCKHOLDERS' DEFICIT		
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, 78,000 and 79,078 shares issued and outstanding	780	791
Additional paid-in capital	1,140,602	1,139,850
Accumulated deficit	(1,388,092)	(1,157,124)
Accumulated other comprehensive loss	(67,641)	(11,449)
Total stockholders' deficit attributable to Exide Technologies	(314,351)	(27,932)
Noncontrolling interests	8,769	8,416
Total stockholders' deficit	(305,582)	(19,516)
Total liabilities and stockholders' deficit	\$1,920,559	\$2,032,788

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, 2014	December 31, 2013
Cash Flows From Operating Activities:		
Net loss	\$(230,983	) \$(165,663
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	58,785	60,129
Loss (gain) on asset sales / impairments, net	13,491	(4,693
Non-cash reorganization items	—	12,301
Deferred income taxes	5,841	(2,213
Provision for doubtful accounts	2,101	1,018
Non-cash stock compensation	753	2,566
Amortization of deferred financing costs	24,509	18,074
Currency remeasurement (gain) loss	28,821	(4,843
Changes in assets and liabilities:		
Receivables	(11,249	) (5,544
Inventories	(43,740	) (19,294
Other current assets	(6,999	) (22,704
Payables	17,516	(111,070
Accrued expenses	69,921	52,694
Other noncurrent liabilities	(11,059	) 157
Other, net	(68,329	) (10,408
Net cash used in operating activities	(150,621	) (199,493
Cash Flows From Investing Activities:		
Capital expenditures	(76,936	) (51,378
Insurance proceeds	—	3,461
Proceeds from asset sales	7,624	4,191
Net cash used in investing activities	(69,312	) (43,726
Cash Flows From Financing Activities:		
Decrease in short-term borrowings	(3,074	) (14,996
Increase in other debt	196,240	270,009
Financing fees and other	(16,057	) (29,221
Net cash provided by financing activities	177,109	225,792
Effect of exchange rate changes on cash and cash equivalents	(5,908	) 1,474
Net decrease in cash and cash equivalents	(48,732	) (15,953
Cash and cash equivalents, beginning of period	103,711	104,289
Cash and cash equivalents, end of period	\$54,979	\$88,336

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period:

Interest	\$31,006	\$19,188
Income taxes (net of refunds)	5,929	8,490

The accompanying notes are an integral part of these statements.

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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. Unless otherwise indicated or unless the context otherwise requires, references to "fiscal year" refer to the period ended March 31 of that year (e.g. "fiscal 2015" refers to the period beginning April 1, 2014 and ending March 31, 2015).

On June 10, 2013 ("Petition Date"), Exide Technologies ("Debtor") filed a voluntary petition for relief ("Chapter 11 Case") under Chapter 11 of the United States Bankruptcy Code ("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 Company's subsidiaries, foreign and domestic, have been excluded from the Chapter 11 Case, 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. Factors leading to the reorganization included the Company's significant debt burden, the adverse 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 affecting the Company's financial condition and its ability to make debt payments coming due. 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.

Exide is currently operating as a Debtor-in-Possession ("DIP") under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as a DIP, Exide 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 operate its business without interruption and the Bankruptcy Court has granted a number of first day motions allowing Exide 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 Company's operations. While operating as a DIP under Chapter 11, 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 Consolidated Financial Statements.

Exide received Bankruptcy Court approval for, among other things, access to a DIP financing facility ("DIP Credit Facility") on the terms set forth in the Amended and Restated Superpriority Debtor-in-Possession Credit Agreement (as amended, ("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 Company received approval from the Bankruptcy Court to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Company's 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 Company 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 Company and, as a result, the Company's senior secured notes and convertible notes have been accelerated and are due and payable. However, under Section 362 of the Bankruptcy Code, the commencement of a Chapter 11 Case automatically stays most creditor actions, including the

actions of the holders of the Company's senior secured notes and convertible notes, against the Company's estate. 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 Company or confirmed by the Bankruptcy Court or that any such plan will be successfully implemented.

On November 4, 2014, the Company entered into a plan support agreement (as amended, supplemented, or otherwise modified from time to time, the "PSA") with certain members (the "Consenting Unofficial Committee of Senior Secured Noteholders' Members" or "Consenting UNC Members") of the UNC, pursuant to which the Consenting UNC Members have agreed to support the terms of a plan of reorganization ("POR Term Sheet"), pursuant to which the Company would emerge from Chapter 11. The PSA and POR Term Sheet contemplate a dual-track plan and sale process, which affirmatively requires the Company to run a sale process concurrently with the plan process. The PSA requires Consenting UNC Members, subject to the terms and conditions thereof, to vote in favor of and affirmatively support a plan of reorganization on the terms set forth in the POR Term Sheet in their capacity as both senior secured noteholders and term loan lenders under the DIP Credit Agreement.

On November 17, 2014, the Company filed its proposed plan of reorganization as amended prior to the hearing on the disclosure statement (the "POR") and a disclosure statement with the Bankruptcy Court. The POR and disclosure statement were consistent with the terms of the PSA and related POR Term Sheet. On December 17, 2014, the Company filed a motion to approve the disclosure statement and solicitation procedures for voting on the POR.

On January 7, 2015, the parties executed a backstop commitment agreement (the "Backstop Commitment Agreement"). The POR also includes a rights offering of second lien convertible notes to certain holders of senior secured notes (together with oversubscription rights) of \$175.0 million which is backstopped by Consenting UNC Members for \$160.0 million pursuant to the Backstop Commitment Agreement. Contemporaneously with the execution of the Backstop Commitment Agreement, the Company and certain of the Consenting UNC Members entered into an amendment of the PSA to reflect the commitments of the Backstop Commitment Agreement. Concurrently, the Company filed motions seeking approval of both the PSA and the Backstop Commitment Agreement, as well as for procedures to conduct the rights offering in accordance with the POR and the Backstop Commitment Agreement. On January 28, 2015, the Company entered into an agreement (the "GUC Trust Settlement Agreement") with the Official Committee of Unsecured Creditors (the "Creditors' Committee") and certain members of the UNC that, among other things, provided for the transfer of certain assets to a trust for the benefit of the Company's general unsecured creditors upon the effective date of the POR and that resolved certain other disputes among the parties. In addition, the Creditors' Committee and its members agreed to support and vote to accept the POR. Concurrently, the Company filed a motion seeking Bankruptcy Court approval of the GUC Trust Settlement Agreement.

On February 4, 2015, the Bankruptcy Court entered orders approving the disclosure statement, solicitation procedures, the GUC Trust Settlement Agreement, the PSA, the Backstop Commitment Agreement, and the rights offering procedures. The Bankruptcy Court has scheduled a hearing to consider confirmation of the POR for March 27, 2015. The transactions contemplated by the POR, the GUC Trust Settlement Agreement, the PSA and the Backstop Commitment Agreement represent a heavily-negotiated business deal through which the Company has secured from a majority of the holders of the Company's senior secured notes and the Creditors' Committee and members thereof (i) support regarding a plan of reorganization and (ii) a commitment to invest in the new business post-emergence from Chapter 11.

No assurance can be given as to the value, if any, that may be distributable to holders of the Company's various pre-petition liabilities and other securities. The Company expects that the ultimate value of any distribution to holders of its securities will be determined in connection with a plan of reorganization. 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's common stock has been delisted from trading on the Nasdaq Stock Market ("NASDAQ") and the POR, if approved by the Bankruptcy Court, would result in the cancellation of the Company's outstanding equity. Accordingly, the Company urges that caution be exercised with respect to existing and future investments in any of these securities or other Company claims. Further, it is also expected that the Company's senior secured notes and convertible notes will suffer substantial impairment.

The Consolidated Financial Statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and satisfaction of liabilities in the ordinary course of business. 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 Agreement, 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. Given this uncertainty there is substantial doubt about our ability to continue as a going concern.

The Consolidated Financial Statements do not include adjustments, if any, to reflect the possible future effects on the recoverability and classification of recorded assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

Reorganization Costs:

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

	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
Professional fees	\$18,391	\$16,998	\$55,765	\$60,243
Write off debt financing costs/other	—	—	—	12,301
Other direct costs	—	—	—	3,399
Total	\$18,391	\$16,998	\$55,765	\$75,943

Liabilities Subject To Compromise:

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 will likely be material. Liabilities subject to compromise included the following:

	December 31, 2014	March 31, 2014
	(In thousands)	
Debt	\$817,968	\$788,376
Accrued interest	27,532	10,515
Accounts payable	75,714	72,275
Retirement obligations	52,861	52,864
Restructuring reserve	5,594	7,274
Other accrued liabilities	18,648	19,339
Total	\$998,317	\$950,643

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, 2014 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 Consolidated Financial Statements were issued.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This update represents a new comprehensive revenue recognition model to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The guidance will be applied with a full retrospective or modified retrospective approach. The Company will adopt this standard in the first quarter ending June 30, 2017. The Company will evaluate the impact, but does not expect the standard to have a material impact on the Company's

consolidated financial position or results of operations.

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(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.

Debtor's Statements of Operations

	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
Net sales	\$253,290	\$266,612	\$764,612	\$850,442
Cost of sales	228,790	230,420	691,378	748,340
Gross profit	24,500	36,192	73,234	102,102
Selling and administrative expenses	38,248	38,005	117,474	116,711
Restructuring and impairments, net	681	(1,239)	14,591	8,692
Operating loss	(14,429)	(574)	(58,831)	(23,301)
Other (income) expense, net	9,545	(3,671)	27,394	(32,359)
Loss (gain) in net earnings of subsidiaries	(7,292)	(6,224)	(1,804)	27,186
Interest expense, net	28,698	27,200	91,678	71,375
Loss before reorganization items, net	(45,380)	(17,879)	(176,099)	(89,503)
Reorganization items, net	18,145	16,783	54,869	74,248
Loss before income taxes	(63,525)	(34,662)	(230,968)	(163,751)
Income tax provision	—	30	—	2,248
Net loss attributable to Debtor	\$(63,525)	\$(34,692)	\$(230,968)	\$(165,999)

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Debtor's Balance Sheet

	December 31, 2014 (In thousands)	March 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,333	\$17,349
Accounts receivable, net	98,120	133,384
Non-Debtor receivables	47,637	40,550
Inventories	201,588	196,129
Prepaid expenses and other current assets	27,558	37,594
Total current assets	379,236	425,006
Property, plant and equipment, net	231,003	228,297
Other assets:		
Investments in non-Debtor subsidiaries	350,962	400,048
Non-Debtor loans	239,247	240,505
Other noncurrent assets	135,607	84,734
Total other assets	725,816	725,287
Total assets	\$1,336,055	\$1,378,590
LIABILITIES AND DEBTOR'S DEFICIT		
Current liabilities:		
Current maturities of long-term debt	\$483,783	\$284,625
Accounts payable and accrued expenses	113,070	110,812
Total current liabilities	596,853	395,437
Other noncurrent liabilities	55,236	60,442
Liabilities not subject to compromise	652,089	455,879
Liabilities subject to compromise	998,317	950,643
DEBTOR'S DEFICIT		
Total Debtor's deficit	(314,351) (27,932
Total liabilities and Debtor's deficit	\$1,336,055	\$1,378,590

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Debtor's Statements of Cash Flows

	Nine Months Ended	
	December 31, 2014	December 31, 2013
	(In thousands)	
Cash Flows From Operating Activities:		
Net cash used in operating activities	\$(164,857)	\$(259,895)
Cash Flows From Investing Activities:		
Capital expenditures	(28,287)	(21,808)
Proceeds from asset sales	27	111
Net cash used in investing activities	(28,260)	(21,697)
Cash Flows From Financing Activities:		
Increase in other debt	196,173	295,653
Financing fees and other	(16,072)	(29,221)
Net cash provided by financing activities	180,101	266,432
Net decrease in cash and cash equivalents	(13,016)	(15,160)
Cash and cash equivalents, beginning of period	17,349	26,419
Cash and cash equivalents, end of period	\$4,333	\$11,259

(3) STOCKHOLDERS' DEFICIT

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

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Deficit
	(In thousands)					
As of March 31, 2014	\$791	\$1,139,850	\$(1,157,124)	\$ (11,449)	\$ 8,416	\$(19,516)
Net loss	—	—	(230,968)	—	(15)	(230,983)
Defined benefit plans, net of tax of \$349	—	—	—	3,188	—	3,188
Translation adjustment	—	—	—	(59,380)	(2)	(59,382)
Common stock issuance/other	(11)	(1)	—	—	370	358
Stock compensation	—	753	—	—	—	753
As of December 31, 2014	\$780	\$1,140,602	\$(1,388,092)	\$ (67,641)	\$ 8,769	\$(305,582)

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

	Defined Benefit Plans (a)	Cumulative Translation Adjustment	Total
	(In thousands)		
As of March 31, 2014	\$(71,417)	\$59,968	\$(11,449)
Other comprehensive income (loss) before reclassifications	1,037	(59,380)	(58,343)
Amounts reclassified from AOCI	2,151	—	2,151
Net change in other comprehensive income (loss)	3,188	(59,380)	(56,192)
As of December 31, 2014	\$(68,229)	\$588	\$(67,641)

(a) See Note 10 to the Consolidated Financial Statements.

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(4) GOODWILL AND INTANGIBLES, NET

Goodwill and intangibles, net consisted of the following:

	Goodwill (not subject to amortization)	Trademarks and Tradenames (not subject to amortization)	Trademarks and Tradenames (subject to amortization)	Customer Relationships	Technology	Total
(In thousands)						
As of December 31, 2014						
Gross amount	\$876	\$56,488	\$12,849	\$99,399	\$23,908	\$193,520
Accumulated amortization—	—	—	(10,770)	(43,915)	(12,618)	(67,303)
Total	\$876	\$56,488	\$2,079	\$55,484	\$11,290	\$126,217
As of March 31, 2014						
Gross amount	\$916	\$61,532	\$13,996	\$107,993	\$26,030	\$210,467
Accumulated amortization—	—	—	(10,961)	(44,349)	(12,776)	(68,086)
Total	\$916	\$61,532	\$3,035	\$63,644	\$13,254	\$142,381

Amortization of intangible assets for the nine months ended December 31, 2014 and 2013 was \$5.0 million and \$5.1 million, respectively. Excluding the impact of any future acquisitions, if any, the Company anticipates annual amortization of intangible assets for each of the next five years to be approximately \$6.4 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 method, consisted of the following:

	December 31, 2014	March 31, 2014
(In thousands)		
Raw materials	\$97,824	\$94,694
Work-in-process	116,524	115,731
Finished goods	274,547	272,793
Total	\$488,895	\$483,218

(6) OTHER NONCURRENT ASSETS

Other noncurrent assets consisted of the following:

	December 31, 2014	March 31, 2014
(In thousands)		
Deposits (a)	\$68,306	\$4,040
Deferred financing costs	6,336	14,773
Investment in affiliates	671	549
Capitalized software, net	2,791	3,864
Retirement plans	18,637	14,941
Other	10,106	12,503
Total	\$106,847	\$50,670

(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, 2014 and March 31, 2014, short-term borrowings of \$2.7 million and \$4.1 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. The weighted average interest rate on short-term borrowings was 8.2% as of December 31, 2014 compared to 7.1% as of March 31, 2014, respectively.

Total long-term debt consisted of the following:

	December 31, 2014	March 31, 2014
	(In thousands)	
DIP Credit Facility	\$484,435	\$284,625
Other loans including capital lease obligations	13,780	19,294
	498,215	303,919
Current maturities	(484,465)	(288,386)
Total long-term debt	\$13,750	\$15,533

Total debt, including short-term borrowings, at December 31, 2014 and March 31, 2014 was \$500.9 million and \$308.0 million, respectively.

In connection with the Chapter 11 Case, the Company has entered into a DIP Credit Facility on the terms set forth in the DIP Credit Agreement, as amended. The DIP Credit Agreement, as amended, provides for senior secured, superpriority DIP financing facilities in an aggregate amount of up to \$535.0 million, consisting of a \$200.0 million senior secured asset based revolving credit facility ("ABL revolving credit facility"), subject to a borrowing base, and a \$335.0 million "last out" term loan facility. The DIP Credit Agreement also provides a \$25.0 million swingline facility sub-limit. The two separate tranches in the \$200.0 million ABL revolving credit facility provides: (i) a \$98.0 million facility under which only advances denominated in U.S. dollars can be drawn; and (ii) a \$102.0 million facility under which advances denominated in U.S. dollars or euros can be drawn.

On 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 \$90.0 million for the four quarters ending after March 31, 2014.

On 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 DIP Credit Agreement. The second amendment revised the definition of "Permitted Liens" to permit contractual encumbrances in connection with certain permitted dispositions under the DIP Credit Agreement. The second amendment further changed the definition of cumulative total adjusted operating cash flows to exclude the effect of Frisco Escrow Account receipts from cumulative total adjusted operating cash flows.

On May 28, 2014, the Company entered into the third amendment to the DIP Credit Agreement, which, among other things, extended to June 30, 2014 the milestone for the Company to file a plan of reorganization with the Bankruptcy Court. The third amendment increased the quarterly and rolling four quarter capital expenditure limits from \$25.0 million and \$90.0 million to \$36.0 million and \$120.0 million, respectively. The third amendment also excluded from the definition of "Capital Expenditure" expenditures made in connection with the replacement, substitution, restoration or repair of assets funded through the receipt of insurance proceeds or other compensation awards paid on account of a casualty loss. Finally, the third amendment increased the European factoring basket to 100.0 million euros from 75.0 million euros and expanded the subsidiaries whose receivables can be factored to include subsidiaries domiciled in Belgium, Denmark, Finland, Luxembourg, the Netherlands, Norway, and Sweden.

On June 27, 2014, the Company entered into the fourth amendment to the DIP Credit Agreement, which extended to July 31, 2014 the deadline for filing a plan of reorganization and eliminated the milestone related to soliciting acceptance of the plan of reorganization. The fourth amendment also increased to \$85.0 million from \$75.0 million the letters of credit sublimit.

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On June 27, 2014, the Company entered into the fifth amendment to the DIP Credit Agreement, which, among other things, extended to August 15, 2014 the date by which the Company was required to deliver annual audited financial statements and the related Compliance Certificate for the fiscal year of the Company ended March 31, 2014.

On July 22, 2014, the Company entered into the sixth amendment to the DIP Credit Agreement, which, among other things, eliminated restrictions on capital expenditures; modified the definition of EBITDA and adjusted the minimum EBITDA

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covenant to include the period October through November 2014 and address lower anticipated earnings through the end of calendar 2014; and permitted additional term loan financing in an aggregate amount not to exceed \$65.0 million ("Upsizing Amendment"), subject to satisfaction of certain conditions. All of the lenders under the DIP Credit Agreement approved an extension to the DIP maturity date to December 31, 2014 pursuant to the sixth amendment; however, certain of the conditions to an extension pursuant to the sixth amendment were not satisfied.

On July 25, 2014, the Company entered into the seventh amendment to the DIP Credit Agreement, which eliminated the milestone related to filing a plan of reorganization.

On July 28, 2014, the Bankruptcy Court entered an order approving the Upsizing Amendment. Certain members of the UNC provided additional term loan financing with net cash proceeds of \$60.0 million, subject to satisfaction of certain conditions including approval by the Bankruptcy Court.

On October 9, 2014, the Company entered into the eighth amendment to the DIP Credit Agreement (the "Maturity Extension Amendment") which, among other things, modified the DIP Credit Agreement as follows:

- Extended the maturity date from October 14, 2014 to March 31, 2015;
- Established certain milestones relating to the Company's restructuring efforts and modified the requirements for an acceptable reorganization plan;
- Eliminated reinvestment rights with respect to dispositions triggering mandatory prepayments;
- Modified certain limitations relating to expense reimbursement;
- Modified the financial covenant relating to minimum liquidity of the loan parties, added financial covenants relating to minimum liquidity of the Company and maximum capital expenditures and eliminated the financial covenant relating to minimum twelve-month trailing EBITDA;
- Modified the definitions of Permitted Dispositions and Permitted Indebtedness and limited the availability of certain baskets under the definition of Permitted Indebtedness to amounts outstanding as of October 9, 2014;
- Modified certain agent and lender voting and consent thresholds;
- Reduced to \$200.0 million from \$225.0 million the commitments under the DIP Credit Agreement's ABL revolving credit facility; and
- Conditioned future borrowings under the ABL revolving credit facility on unrestricted cash not exceeding \$50.0 million.

Pursuant to the Maturity Extension Amendment, the Company and the lenders under the DIP Credit Agreement approved certain additional fees and an increase to the applicable margin under the ABL revolving credit facility: (a) revolving loans shall bear interest at a rate of (i) with respect to amounts outstanding on or prior to December 31, 2014 (retroactive to October 9, 2014), LIBOR plus 4.0% per annum and (ii) thereafter, LIBOR plus 4.5% per annum, (b) the fees payable for unused revolving commitments shall be increased to (i) with respect to such fees payable on or prior to December 31, 2014 (retroactive to October 9, 2014), 1.0% per annum and (ii) thereafter, 1.5% per annum, (c) a one-time duration fee of 0.5% of the aggregate principal amount of term loans outstanding and revolving commitments available as of December 30, 2014 shall be payable to lenders on such date and (d) a monthly facility fee of 0.1% of the aggregate principal amount of term loans outstanding shall be payable to term loan lenders. The term loan continues to bear interest at a rate of 9.0% per annum.

On October 31, 2014, the Bankruptcy Court entered an order approving the Maturity Extension Amendment.

On November 4, 2014, the Company entered into the ninth amendment to the DIP Credit Agreement, which eliminated entry of an order terminating the Company's exclusive period to file a plan of reorganization as an event of default under the DIP Credit Agreement.

On January 14, 2015, the Company entered into the tenth amendment to the DIP Credit Agreement, which extended the milestones for the (i) approval of the Company's disclosure statement from January 15, 2015 until February 9, 2015 and (ii) confirmation of the Company's plan of reorganization from March 10, 2015 until March 25, 2015.

The maturity date of the loans made under the DIP Credit Agreement is the earliest to occur of: (i) March 31, 2015; (ii) the effective date of a plan of reorganization; or (iii) the acceleration of such loans. 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 equity interests of certain of the Borrowers' direct and indirect subsidiaries. The DIP Credit Agreement requires the Borrowers to comply with financial

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covenants as defined by the agreement relating to minimum liquidity, cumulative total adjusted operating cash flows and maximum capital expenditures.

Events of default under the DIP Credit Agreement include, among other things, failure to pay any principal, interest or other amounts 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 of \$0.1 million and \$0.3 million was included in interest expense, net for the three months ended December 31, 2014 and 2013, respectively and \$0.3 million and \$0.7 million for the nine months ended December 31, 2014 and 2013, respectively.

(9) OTHER (INCOME) EXPENSE, NET

Other (income) expense, net consisted of the following:

	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
Currency remeasurement (gain) loss (a)	\$11,994	\$(3,509)	\$28,821	\$(4,843)
Other	(2)	(139)	(117)	(1,147)
Total	\$11,992	\$(3,648)	\$28,704	\$(5,990)

(a) The currency remeasurement (gain) loss related primarily to intercompany loans to foreign subsidiaries denominated in euros.

(10) EMPLOYEE BENEFITS

The following tables set forth the plans' expenses recognized in the Company's Consolidated Financial Statements:

	Pension Benefits			
	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
Components of net periodic benefit cost:				
Service cost	\$482	\$568	\$1,530	\$1,681
Interest cost	6,971	7,173	21,372	21,344
Expected return on plan assets	(7,680)	(7,603)	(23,343)	(22,663)
Amortization of:				
Prior service cost	15	16	48	48
Actuarial loss	714	782	2,211	2,342
Net periodic benefit cost	\$502	\$936	\$1,818	\$2,752

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	Other Post-Retirement Benefits			
	Three Months Ended		Nine Months Ended	
	December 31, 2014 (In thousands)	December 31, 2013	December 31, 2014 (In thousands)	December 31, 2013
Components of net periodic benefit cost:				
Service cost	\$ 187	\$ 189	\$ 579	\$ 572
Interest cost	204	245	624	740
Amortization of:				
Prior service cost	(123	) (122	) (369	) (367
Actuarial loss	87	169	261	508
Net periodic benefit cost	\$ 355	\$ 481	\$ 1,095	\$ 1,453

The estimated fiscal 2015 pension plan and other post-retirement plan contributions are \$17.3 million and \$1.7 million, respectively. The Company funded \$14.0 million during nine months ended December 31, 2014.

(11) COMMITMENTS AND CONTINGENCIES**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 executory contracts with EnerSys, which the Company contended were executory, including a 1991 Trademark and Trade Name License Agreement (“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 are 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., formerly known as 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, 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.

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Lead Plaintiffs did not name Mr. Ostermann as a defendant in the Consolidated Amended Complaint. 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. On February 13, 2014, Defendants filed their Motion to Dismiss the Consolidated Second Amended Complaint. On August 11, 2014, Judge Wilson entered an order dismissing Plaintiffs' Section 15 claim against R. Paul Hirt, Jr., former Executive Vice President and President of Exide Americas, but denying the remainder of Defendants' motion to dismiss. Discovery in this litigation will now proceed and it is expected to continue through 2015. A trial date of January 19, 2016 has been set in this matter. Defendants deny all allegations against them and intend to vigorously pursue their defense.

The Company's Netherlands subsidiary, Exide Technologies B.V. ("BV"), received notice from the Dutch competition 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 requested additional information and documentation, which the Company has provided. In December 2013, the Company submitted to the Dutch Competition Authority ("ACM") a leniency application for immunity or reduction of fines that might be imposed as a result of the investigation. The Company was recently notified by the ACM of a provisional grant of leniency in respect of certain conduct and that the Company did not receive provisional leniency for certain other conduct. As required under the ACM's leniency program, the Company continues to cooperate with the Dutch authority. The ACM has not issued a statement of charges to the Company or its subsidiaries. Accordingly, the precise scope and time period at issue, as well as the final outcome of the Netherlands investigation, remains uncertain. In connection with BV's cooperation with the above-described investigation, the Company discovered activities also in different segments of its Industrial Energy division in Austria, Belgium and Germany that appeared to have occurred in prior years that did not conform to the Company's internal policies. Upon discovery of these facts, the Company commenced an internal investigation led by independent outside counsel. While a majority of the activities had ceased prior to the initiation of the internal investigation the Company promptly stopped any remaining ongoing conduct. The Company brought the matter to the attention of the appropriate competition authorities, and, in all affected jurisdictions, the Company has been cooperating with them in further information gathering. As a result of this action, the Company has been granted conditional immunity by regulators in Austria, Germany and Belgium. Additionally, the authority in Austria has decided that the actions would likely have fallen outside any applicable statute of limitations period and the authority has advised that it does not intend to pursue an investigation at this stage. The grants of immunity in Belgium and Germany, which are conditioned on factors that include the Company's continued cooperation with authorities, should eliminate any governmental fines and penalties that could result if the reported conduct is found to violate applicable law in such jurisdictions. Should immunity be revoked, these investigations could result in significant penalties.

Further, even with the grants of conditional immunity in Austria, Germany, and Belgium, the Company might be subject to disputes with private parties concerning alleged damages that are claimed to be a result of the Company's prior conduct. While the Company believes it would have defenses to any adverse allegations in private actions and would intend to vigorously defend itself in any such actions, litigation of this type is inherently uncertain, costly, and complex, and the Company cannot be certain that it would prevail. Accordingly, there can be no assurance that the outcome of the Netherlands investigation or any private party disputes would not have a material adverse effect on the

business, financial condition, cash flows, and results of operations of the Company, despite the fact the Company has been granted conditional immunity in Austria, Germany, and Belgium, and continues to cooperate with the applicable regulatory authorities.

On August 8, 2014, the Company received a grand jury subpoena from the Department of Justice in the Central District of California in connection with a criminal investigation involving its Vernon, California recycling facility. The subpoena requests the production of documents relating to materials transportation and air emissions. The Company was informed that it and certain unidentified individuals are targets of the investigation. The Company is cooperating with the investigation. The Company cannot estimate the amount or range of loss, if any, in this matter, as such analysis would depend on facts and law that are not yet fully developed or resolved. The Company is currently in the process of collecting and producing documents in response to the grand jury subpoena.

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Between December 22-24, 2014, six lawsuits were filed in the Superior Court of the State of California, County of Los Angeles, Central Division by or on behalf of more than 400 plaintiffs against current and former Exide officers and employees, including James Bolch, Phillip Damaska, Paul Hirt and Does 1-100 by multiple law firms seeking general, special, punitive and other damages for alleged personal injury, property damage, wrongful death and other claims related to alleged exposure to certain contaminants emitted or released from the Vernon recycling center. The Company is not a named defendant in any of the suits. Five of the six complaints contain virtually identical allegations including claims of negligence, negligence per se, private /public permanent/continuing nuisance causing special injury, private and public trespass, violation of California's unfair trade practices act, misrepresentation and fraudulent concealment, and absolute liability for ultra-hazardous activity. One lawsuit also includes claims for alleged wrongful death, survival actions, and loss of consortium.

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 U.S. Environmental Protection Agency ("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. In particular, the Company's Vernon, California recycling facility is currently unable to comply with certain recently enacted regulations, and may not resume operations until the installation of certain equipment is completed currently expected in the first quarter of fiscal 2016 should the Company decide to proceed. Additionally, newly enacted legislation in California requires regulatory authorities to make a final determination on the Company's application for a permanent hazardous waste permit by December 31, 2015. The Company is uncertain whether it would be able to obtain such permit. The Company is currently working with the California Department of Toxic Substances Control ("DTSC") to resolve various outstanding issues in order to complete its permit applications after which the DTSC will proceed to a final permit decision in 2015.

On November 6, 2014, the Company agreed to a comprehensive Stipulation and Order resolving certain disputes with the DTSC relating to the Company's Vernon, California recycling facility. The Stipulation and Order was approved by the bankruptcy court on November 20, 2014 and went effective November 21, 2014. The Stipulation and Order provides for, among other things, the following:

The Company has committed approximately \$38.7 million to cover any closure-related activities in the event that the Vernon facility were to be closed, approximately \$11.1 million of which is covered by an existing financial guarantee bond, which shall be maintained or renewed. On October 31, 2014, the Company paid \$0.5 million into a closure trust fund. On November 21, 2014, the Company paid approximately \$2.3 million into the closure trust fund. The Company

has agreed to pay the remaining approximately \$24.8 million into the closure trust fund in installments over ten years with approximately \$2.8 million to be paid on each of (a) the effective date of the Company's plan of reorganization and (b) November 1, 2015. Starting in 2016 through 2024, the Company has agreed to pay approximately \$2.1 million per year until the trust is fully funded.

The Company will also remediate soil at certain homes identified by DTSC as potentially impacted by the Company, paying up to \$9.0 million over the next five years for off-site residential soil corrective action pursuant to a schedule set forth in the Stipulation and Order; and the DTSC will agree to limit off-site residential soil corrective action to that amount for five years. Pursuant to the terms of the Stipulation and Order, after the agreement went into effect, the Company created a separate trust fund to satisfy residential off-site corrective action liability. On November 21, 2014, the Company paid \$3.0 million into the residential corrective action liability trust fund.

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The Company will continue to clean the exterior industrial areas directly surrounding the Vernon facility and prepare a study assessing other potential industrial corrective measures, if any, to be implemented five years after the agreement's effective date. The Company will also prepare an on-site corrective measures study anticipated to be completed sometime in late calendar 2016. Following DTSC approval, the Company will finance the corrective action remedies by establishing a trust fund to be funded by annual payments made over ten years or sooner as to elements of the corrective action remedy that are to be completed on a shorter time frame.

On or about November 23, 2014, three days after the Vernon Stipulation and Order became effective, the Company paid to the DTSC approximately \$1.3 million (the "Settlement Payment") to resolve various alleged violations and to pay past oversight costs; the Company also agreed to take specific corrective actions to address the alleged violations. The Settlement Payment and agreement to take specific corrective actions was made without admitting liability. The DTSC will have allowed general unsecured claims in the bankruptcy case in the amounts of approximately \$0.1 million and approximately \$0.6 million for the DTSC prepetition oversight costs and California Environmental Quality Act compliance costs, as well as pre-petition penalties, respectively.

Upon the Company's payment of the above Settlement Payment, DTSC released the Company, its predecessors, successors, assigns, and affiliated subsidiaries and all of their officers, directors, agents, employees, consultants, insurers, and representatives from any and all monetary claims, fines, penalties, or other monetary liabilities solely for the settled matters as described in the Stipulation and Order.

Pursuant to an order of the Bankruptcy Court, as part of the Vernon Stipulation and Order, the DTSC was allowed general unsecured claims in the bankruptcy case in the amounts of approximately \$0.1 million and approximately \$0.6 million for the DTSC prepetition oversight costs and California Environmental Quality Act compliance costs, as well as prepetition penalties, respectively.

On January 30, 2015, the DTSC issued an order requiring the Company to further investigate possible contaminants located on or below the feed room floor at the Vernon, California facility and to provide further information for its plan to repair the feed room floor. Resolving issues related to the feed room floor may further delay resumption of operations at the facility.

DTSC expressly has not committed to granting the Company its final hazardous waste permit, and the permitting process will continue under applicable law as discussed above. Further, the DTSC has stated that it will consider all past conduct when considering the Company's permit application for a final hazardous waste permit. Thus, the ultimate outcome is uncertain, and the Company's failure to timely resume operations at the Vernon, California plant or obtain a permanent hazardous waste permit would 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. Following the Company's Chapter 11 bankruptcy filing, CCAT submitted a Proof of Claim in the Bankruptcy Court. The matter remains pending in the Bankruptcy Court.

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. Following the Company's Chapter 11 bankruptcy filing, CCAT submitted a Proof of Claim in the Bankruptcy Court. The matter remains pending in the Bankruptcy Court.

On March 26, 2014, the Company was served with a Proposition 65 notification of violation and 60 day intent to sue regarding the Vernon, California facility from Shefa LMV LLC ("Shefa"). Shefa alleges that the Company failed to warn the community regarding chemical exposures, and further alleges that the Company has released chemicals into a source of drinking water. The Company believes Shefa's claim to be without merit. The Company is unaware whether Shefa will file a lawsuit based on the Proposition 65 notice, but if so, the Company intends to vigorously defend the lawsuit and pursue all available remedies.

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.

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On October 18, 2013, the South Coast Air Quality Monitoring District ("SCAQMD") filed a petition seeking the suspension of operations at the Vernon, California facility for alleged violation of an SCAQMD rule and related furnace control equipment permit conditions until compliance is achieved. The Company contested the SCAQMD's petition. A hearing on the SCAQMD's petition commenced on December 14, 2013 and continued into calendar 2014. On April 11, 2014, as a result of the Vernon, California facility allegedly exceeding the SCAQMD ambient air standard for lead, the SCAQMD filed a second petition seeking an order that the Company "cease and desist" from violating air quality standards, or in the alternative, to comply with other such conditions and increments of progress which the SCAQMD Hearing Board deems appropriate.

On January 10, 2014, the SCAQMD adopted an amended rule that contained new emissions and equipment requirements with varying compliance dates, including an April 10, 2014 deadline that would require the Company to operate the furnaces at the Vernon, California facility under continuous "negative pressure" ("Rule 1420.1"). In response, the Company initiated two separate related proceedings on February 7, 2014: (i) a Petition for Variance before the SCAQMD Hearing Board, requesting a delay of the negative pressure requirement until December 31, 2014, and (ii) a Writ of Mandamus in Superior Court of Los Angeles County, seeking to invalidate the negative pressure requirement of Rule 1420.1. Additionally, on February 21, 2014, the Company filed a request for a preliminary injunction that would temporarily suspend the April 10, 2014 deadline until such time as the Superior Court could conduct a trial on the Writ of Mandamus.

On April 7, 2014, the Los Angeles County Superior Court denied the Company's preliminary injunction. Additionally, on April 8, 2014, the SCAQMD Hearing Board denied the Company's variance request. As a result of these two decisions, the Company suspended operations at the Vernon, California facility until such time as the Company can design, engineer, permit, install, and test new equipment needed to achieve the new standard under Rule 1420.1.

On July 10, 2014 (with a minor modification on January 13, 2015) the SCAQMD Hearing Board approved a resolution of the Company's pending administrative matters with the SCAQMD through the issuance of two Orders for Abatement ("Stipulated OAs"). The Stipulated OAs require the Company: (i) to refrain from resuming operations of the Vernon, California facility furnaces until it installs certain air quality control improvements required to comply with the newly adopted Rule 1420.1 standards in accordance with SCAQMD issued permits and applicable SCAQMD rules; and (ii) to install those improvements in accordance with an SCAQMD approved dust mitigation plan.

Concurrently, in a settlement agreement with SCAQMD, the Company agreed to dismiss its Writ of Mandamus legal action. The Company currently estimates the full operation of the furnaces under continuous negative pressure will not occur until after installation of the aforesaid equipment currently expected to be completed in the first quarter of fiscal 2016 should the Company decide to proceed.

On January 16, 2014, the Company and 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 DOE Defendants 1 through 50. The SCAQMD subsequently amended its complaint. The SCAQMD alleges that the Company and the DOE Defendants failed to comply with several of the SCAQMD's rules related to operation of equipment or lead and arsenic emissions at the Company's Vernon, California lead recycling facility. The SCAQMD is seeking penalties in an amount not less than \$40.0 million but filed a motion to amend its complaint to seek penalties in an amount up to \$60.0 million. That motion remains pending. The Company denies the allegations in the lawsuit and intends to vigorously defend itself against such allegations. The matter is in discovery and presently scheduled for trial on September 15, 2015.

On May 22, 2014, the EPA served a Finding and Notice of Violation ("Federal NOV") on the Company, alleging that the Company violated air quality standards for lead at various times in 2013 and 2014; the alleged violations are duplicative of those cited by the South Coast Air Quality Management District in its penalty action. EPA seeks civil penalties for these alleged violations. An initial conference seeking resolution of the matter was convened with the EPA on June 30, 2014 and discussions are anticipated at some point in the future regarding a resolution to the notice. EPA has also sought information from the Company under the Federal Clean Air Act and the Company has responded to all such EPA requests for information.

On September 24, 2013, the Company received a Notice of Enforcement issued by the Texas Commission on Environmental Quality ("TCEQ") for alleged violations related to the compliance of its site in its Frisco, Texas, a former

recycling facility, with Industrial Solid Waste and Municipal Hazardous waste requirements. The Company reasonably believes the proceeding may result in monetary sanctions to be paid to TCEQ in excess of \$0.1 million. In September 2013 and April 2014, the Company received Notices of Violations/Findings of Violation issued by the EPA for alleged violations of air quality requirements related to its Muncie, Indiana recycling facility. The Company reasonably believes the proceeding may result in monetary sanctions to be paid to the EPA in excess of \$0.1 million. In March 2014, the Los Angeles County Board of Supervisors approved a motion creating a County Toxic Threat Strike Team (the "Strike Team") comprised of various Los Angeles County agencies. Among other things, the Strike Team was granted the authority to identify recommended actions to achieve closure of the Company's Vernon, California recycling

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facility while the Company's final RCRA permit was pending. The Strike Team prepared reports but took no formal action to close the facility. In November 2014, the Los Angeles County Board of Supervisors approved a motion to authorize the County Counsel's office to file a complaint against the Company, pending the resolution of a discussion between the Company and the County Counsel. Both the outcome of this discussion and the nature of the potential complaint are unknown.

In January 2015, the Los Angeles County District Attorney sent the Company a preliminary letter regarding potential legal actions. The Company is preparing to engage in a meeting with the County District Attorney to discuss the subject of the letter but the outcome of that discussion is unknown at this time.

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, 2014 and March 31, 2014, the amount of such liabilities on the Company's Consolidated Balance Sheets was approximately \$22.8 million and \$25.5 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.

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, the Company 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 \$10.0 million to \$14.0 million depending on final State of Florida requirements. The remediation activities are expected to occur over the course of several years.

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.

Guarantees

At December 31, 2014, the Company had outstanding letters of credit with a face value of \$0.8 million and surety bonds with a face value of \$47.8 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 subject to the terms of the DIP Credit Facility. 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, 2014, bank guarantees with an aggregate face value of \$9.8 million were outstanding.

(12) INCOME TAXES

The effective tax rates for the three and nine months ended December 31, 2014 are (5.0)% and (4.2)%, respectively, as compared to the three and nine months ended December 31, 2013 effective tax rates of (4.1)% and (2.9)%, respectively. The effective tax rates for the three and nine months ended December 31, 2014 and 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.

Valuation allowances have been recognized in the U.S. and certain foreign tax jurisdictions to reduce the deferred tax assets for loss carryforwards 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 carryforwards 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 carryforwards on its Consolidated 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 certain exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years ended before March 31, 2007. The Company is currently undergoing tax audits which are in various steps in certain jurisdictions. Although the outcome of tax audits is always uncertain, the Company currently 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 decreased from \$36.1 million to \$33.2 million during the nine months ended December 31, 2014 primarily due to release of reserves upon the conclusion of the FY07 audit. The amount, if recognized, that would affect the Company's effective tax rate at December 31, 2014 is \$28.6 million.

The Company classifies interest and penalties on uncertain tax benefits as income tax expense. At both December 31, 2014 and March 31, 2014, before any tax benefits, the Company had \$1.0 million of accrued interest and penalties on unrecognized tax benefits.

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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

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. As part of these restructuring programs, the nature of the positions eliminated range from plant employees and clerical workers to operational, sales management, and divisional leadership.

During the nine months ended December 31, 2014, the Company recorded restructuring charges of \$4.4 million, representing \$2.2 million severance and \$2.2 million closure costs. These restructuring charges primarily represent consolidation efforts in the Company's workforce of approximately 42 positions. The impairments relate to closed facilities and other asset write offs of \$13.5 million.

The following summarizes restructuring reserve activity and loss on asset sales/impairments, net:

	Severance Costs	Closure Costs	Total Restructuring	Loss on Asset Sales / Impairments, net	Total Restructuring / Impairments, net
	(In thousands)				
As of March 31, 2014	\$7,921	\$6,714	\$14,635		
Expenses	2,208	2,211	4,419	\$13,491	\$17,910
Payments and currency translation	(8,246)	(2,378)	(10,624)		
Reclassified to liabilities subject to compromise	(241)	(5,353)	(5,594)		
As of December 31, 2014	\$1,642	\$1,194	\$2,836		

Remaining expenditures principally represent (i) severance and related benefits payable per employee agreements and/or regulatory requirements, (ii) lease commitments for certain closed facilities, branches and offices, as well as leases for excess and permanently idle 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.

Restructuring and impairments, net by operating segment:

	Three Months Ended		Nine Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
Transportation Americas	\$635	\$(1,306)	\$14,497	\$7,973
Transportation Europe & ROW	60	3,160	230	877
Industrial Energy Americas	256	77	364	233
Industrial Energy Europe & ROW	(673)	1,258	2,814	4,917
Unallocated corporate	—	140	5	653
Total	\$278	\$3,329	\$17,910	\$14,653

(14) LOSS PER SHARE

The Company computes 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 by diluted weighted average shares outstanding.

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, 2014 and 2013 certain potentially dilutive shares were excluded from the diluted loss per share calculation because their effect would be antidilutive. Potentially dilutive shares

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consisted of the following:

	December 31, 2014 (In thousands)	December 31, 2013
Shares associated with convertible debt (assumed conversion)	3,198	3,697
Employee stock options	1,003	1,649
Restricted stock awards (non-vested)	162	469
Total	4,363	5,815

(15) FAIR VALUE MEASUREMENTS

The Company used available market information and appropriate 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 are 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, DIP Credit Facility, and short-term borrowings all have carrying amounts that are 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 are as follows:

	December 31, 2014		March 31, 2014	
	Carrying Value (In thousands)	Estimated Fair Value	Carrying Value (In thousands)	Estimated Fair Value
Asset (liability):				
Senior secured notes (a)	\$ (766,058)	\$ (38,305)	\$ (734,474)	\$ (560,955)
Convertible senior subordinated notes (a)	(51,900)	(519)	(51,900)	(12,988)
Commodity swap / forward (b)	(1,293)	(1,293)	(1,709)	(1,709)

(a) Classified as liabilities subject to compromise

(b) These financial instruments are required to be measured at fair value, and are 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.

The following table represents the Company's financial instruments that are measured at fair value on a recurring basis, and the basis for that measurement:

	Total Fair Value Measurement (In thousands)	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2014				
Liability:				
Commodity swap / forward	\$ (1,293)	\$ —	\$ (1,293)	\$ —

As of March 31, 2014

Liability:

Commodity swap / forward	(1,709) —	(1,709) —
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The Company uses 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 are 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 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, 2014 (In thousands)	December 31, 2013	December 31, 2014 (In thousands)	December 31, 2013
Net sales				
Transportation Americas	\$179,066	\$189,515	\$497,722	\$564,959
Transportation Europe & ROW	243,255	283,663	657,707	689,832
Industrial Energy Americas	71,526	75,375	256,495	281,734
Industrial Energy Europe & ROW	198,721	211,113	587,204	603,185
	\$692,568	\$759,666	\$1,999,128	\$2,139,710
Operating income (loss)				
Transportation Americas	\$(10,242)	\$(280)	\$(39,521)	\$(21,344)
Transportation Europe & ROW	10,296	15,986	16,751	15,957
Industrial Energy Americas	4,159	4,785	14,921	22,486
Industrial Energy Europe & ROW	7,337	4,880	16,495	15,130
Unallocated corporate expenses	(7,719)	(10,015)	(23,323)	(24,964)
	3,831	15,356	(14,677)	7,265
Restructuring and impairments, net (a)	278	3,329	17,910	14,653
	\$3,553	\$12,027	\$(32,587)	\$(7,388)
Depreciation and Amortization				
Transportation Americas	\$6,305	\$6,186	\$17,670	\$19,346
Transportation Europe & ROW	5,441	5,466	17,084	15,667
Industrial Energy Americas	2,726	2,869	7,955	8,732
Industrial Energy Europe & ROW	3,870	4,574	12,422	13,104
Unallocated corporate expenses	980	1,107	3,654	3,280
	\$19,322	\$20,202	\$58,785	\$60,129
Capital expenditures				
Transportation Americas	\$5,519	\$5,422	\$19,126	\$18,406
Transportation Europe & ROW	12,675	5,079	32,360	21,075
Industrial Energy Americas	5,529	585	9,233	1,977
Industrial Energy Europe & ROW	5,991	2,809	12,243	6,406
Unallocated corporate expenses	1,254	1,219	3,974	3,514
	\$30,968	\$15,114	\$76,936	\$51,378

(a) See Note 13 to the Consolidated Financial Statements.

(17) RELATED PARTY TRANSACTIONS

Robert M. Caruso, the Company's President and Chief Executive Officer, and Edgar W. Mosley, Jr., the Company's 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 its Chapter 11 restructuring. Mr. Caruso, who has been associated with A&M since 2006, remains a Managing Director while serving as the Company's 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 the Company's 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 ("Services Agreement"), the Company retained A&M in connection with its Chapter 11 restructuring. Under the Services Agreement, the Company is charged monthly fees for the services of Messrs. Caruso

and 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 Messrs. Caruso and Mosley) are compensated by

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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 the Company incurred under the Services Agreement amounted to \$4.5 million for the three months ended December 31, 2014 compared to \$6.5 million for the three months ended December 31, 2013 and \$15.8 million for the nine months ended December 31, 2014 compared to \$18.1 million for the nine months ended December 31, 2013.

The Company understands from Messrs. Caruso and 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 monthly 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, Messrs. Caruso and 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, 2014 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.

Executive Overview

The Company is a global producer and recycler of lead-acid batteries. The Company's four business segments, Transportation Americas, Transportation Europe and Rest of World ("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 including Stop & Start; micro-hybrid flooded ("MHF") and absorbed glass mat ("AGM"), and other automotive 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 four 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.

Chapter 11 Case

Overview

On June 10, 2013 (“Petition Date”), Exide Technologies (“Debtor”) filed a voluntary petition for relief (“Chapter 11 Case”) under Chapter 11 of the United States Bankruptcy Code (“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 Company's subsidiaries, foreign and domestic, have been excluded from the Chapter 11 Case, continue to operate their businesses without supervision from the Bankruptcy Court, and are not subject to the requirements of the Bankruptcy Code.

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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. Factors leading to the reorganization included the Company's significant debt burden, the adverse 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 affecting the Company's financial condition and its ability to make debt payments coming due. 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.

Exide is currently operating as a Debtor-in-Possession ("DIP") under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as a DIP, Exide 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 operate its business without interruption and the Bankruptcy Court has granted a number of first day motions allowing Exide 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 Company's operations. While operating as a DIP under Chapter 11, 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 Consolidated Financial Statements.

Exide received Bankruptcy Court approval for, among other things, access to a DIP financing facility ("DIP Credit Facility") on the terms set forth in the Amended and Restated Superpriority Debtor-in-Possession Credit Agreement (as amended, ("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 Company received approval from the Bankruptcy Court to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Company's 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 Company 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 Company and, as a result, the Company's senior secured notes and convertible notes have been accelerated and are due and payable. However, under Section 362 of the Bankruptcy Code, the commencement of a Chapter 11 Case automatically stays most creditor actions, including the actions of the holders of the Company's senior secured notes and convertible notes, against the Company's estate. 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 Company or confirmed by the Bankruptcy Court or that any such plan will be successfully implemented.

On November 4, 2014, the Company entered into a plan support agreement (as amended, supplemented, or otherwise modified from time to time, the "PSA") with certain members (the "Consenting Unofficial Committee of Senior Secured Noteholders' Members" or "Consenting UNC Members") of the UNC, pursuant to which the Consenting UNC Members have agreed to support the terms of a plan of reorganization ("POR Term Sheet"), pursuant to which

the Company would emerge from Chapter 11. The PSA and POR Term Sheet contemplate a dual-track plan and sale process, which affirmatively requires the Company to run a sale process concurrently with the plan process. The PSA requires Consenting UNC Members, subject to the terms and conditions thereof, to vote in favor of and affirmatively support a plan of reorganization on the terms set forth in the POR Term Sheet in their capacity as both senior secured noteholders and term loan lenders under the DIP Credit Agreement.

On November 17, 2014, the Company filed its proposed plan of reorganization as amended prior to the hearing on the disclosure statement (the "POR") and a disclosure statement with the Bankruptcy Court. The POR and disclosure statement were consistent with the terms of the PSA and related POR Term Sheet. On December 17, 2014, the Company filed a motion to approve the disclosure statement and solicitation procedures for voting on the POR.

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On January 7, 2015, the parties executed a backstop commitment agreement (the “Backstop Commitment Agreement”). The POR also includes a rights offering of second lien convertible notes to certain holders of senior secured notes (together with oversubscription rights) of \$175.0 million which is backstopped by Consenting UNC Members for \$160.0 million pursuant to the Backstop Commitment Agreement. Contemporaneously with the execution of the Backstop Commitment Agreement, the Company and certain of the Consenting UNC Members entered into an amendment of the PSA to reflect the commitments of the Backstop Commitment Agreement. Concurrently, the Company filed motions seeking approval of both the PSA and the Backstop Commitment Agreement, as well as for procedures to conduct the rights offering in accordance with the POR and the Backstop Commitment Agreement. On January 28, 2015, the Company entered into an agreement (the “GUC Trust Settlement Agreement”) with the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) and certain members of the UNC that, among other things, provided for the transfer of certain assets to a trust for the benefit of the Company’s general unsecured creditors upon the effective date of the POR and that resolved certain other disputes among the parties. In addition, the Creditors’ Committee and its members agreed to support and vote to accept the POR. Concurrently, the Company filed a motion seeking Bankruptcy Court approval of the GUC Trust Settlement Agreement.

On February 4, 2015, the Bankruptcy Court entered orders approving the disclosure statement, solicitation procedures, the GUC Trust Settlement Agreement, the PSA, the Backstop Commitment Agreement, and the rights offering procedures. The Bankruptcy Court has scheduled a hearing to consider confirmation of the POR for March 27, 2015. The transactions contemplated by the POR, the GUC Trust Settlement Agreement, the PSA and the Backstop Commitment Agreement represent a heavily-negotiated business deal through which the Company has secured from a majority of the holders of the Company’s senior secured notes and the Creditors' Committee and members thereof (i) support regarding a plan of reorganization and (ii) a commitment to invest in the new business post-emergence from Chapter 11.

No assurance can be given as to the value, if any, that may be distributable to holders of the Company's various pre-petition liabilities and other securities. The Company expects that the ultimate value of any distribution to holders of its securities will be determined in connection with a plan of reorganization. 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’s common stock has been delisted from trading on the Nasdaq Stock Market (“NASDAQ”) and the POR, if approved by the Bankruptcy Court, would result in the cancellation of the Company’s outstanding equity. Accordingly, the Company urges that caution be exercised with respect to existing and future investments in any of these securities or other Company claims. Further, it is also expected that the Company's senior secured notes and convertible notes will suffer substantial impairment.

General Information

Notices to Creditors; Effect of Automatic Stay. The Company 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 Exide's Chapter 11 Case automatically enjoined, or stayed, the continuation of most judicial or administrative proceedings or filing of other actions against the Company 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 Company, or to create, perfect or enforce any lien against the property of the Company, 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 Company 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. The Company's rights to assume or assume and assign unexpired leases of non-residential real estate expired on 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 Company 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 Company's estate for such damages. Generally, the assumption of an executory contract or unexpired lease requires the Company 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 Company's express termination rights or a quantification of its obligations, must be read in conjunction with, and is qualified by, any rights the Company or counterparties have under Section 365 of the Bankruptcy Code.

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The Company 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 Company'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 Company filed with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Company 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.

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 Company that arose prior to the Petition Date and whose claim (i) is not listed on the Company's schedules or (ii) is listed on the schedules as disputed, contingent, or unliquidated, 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 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.

Differences between amounts scheduled by the Company 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. Under Chapter 11 of the Bankruptcy Code, the Company 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 Company'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 Company's exclusive period to file a plan of reorganization to May 31, 2014, and the period to solicit acceptances of a plan to July 24, 2014. On May 13, 2014, the Company filed a motion to further extend the exclusivity period to file a plan to July 31, 2014, and to September 30, 2014, to solicit acceptances for a plan. By an order entered July 1, 2014, the Bankruptcy Court approved the extensions. On July 30, 2014, the Company filed a motion with the Bankruptcy Court seeking a further extension of the exclusivity period to file a plan to December 10, 2014, and to solicit acceptances of a plan to February 10, 2015. This final extension of the exclusivity periods was approved by the Bankruptcy Court by order entered August 29, 2014. On November 6, 2014, in connection with its order approving the Maturity Extension Amendment, the Bankruptcy Court entered an order terminating the Company's exclusive period to file a plan of reorganization. As a result, any party in interest may file a plan of reorganization for the Company. On November 17, 2014, the Company filed a POR and a disclosure statement with the Bankruptcy Court. On February 4, 2015, the Bankruptcy Court approved the disclosure statement and procedures for soliciting votes on the POR, and scheduled the hearing to consider confirmation of the POR for March 27, 2015. 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 Company 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.

Reorganization costs. The Company has incurred and will continue to incur significant costs associated with its reorganization. The amount of these costs, which are being expensed as incurred, are expected to significantly effect the Company's results of operations. Pre-petition claims will be reflected in liabilities subject to compromise on the Consolidated Balance Sheets. For additional information, see Note 1 to the Consolidated Financial Statements.

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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 and at www.exiderestructuringinfo.com.

Factors Which Affect the Company's Financial Performance

Lead and Other Raw Materials. Lead represented approximately 44.4% of the Company's cost of goods sold for the nine months ended December 31, 2014. 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 0.1% from \$2,090 per metric ton for the nine months ended December 31, 2013 to \$2,092 per metric ton for the nine months ended December 31, 2014. To the extent that lead prices continue to be volatile and the Company is unable to pass higher material costs resulting from this volatility to its customers, its financial performance will be adversely impacted.

In the Americas, the Company typically obtains the vast majority of its lead requirements from three 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 control the cost of its principal raw material 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. The average cost of spent batteries decreased approximately 1.0% for the nine months ended December 31, 2014 as compared to the nine months ended December 31, 2013. The Company takes pricing actions as allowed by the market and is attempting to secure higher captive spent battery return rates to help mitigate price volatility associated with spent battery purchases in the open market. During the nine months ended December 31, 2014 the Company's Vernon, California recycling facility was temporarily suspended for the entire period forcing the Company to procure lead at higher costs from alternative sources, including tollers.

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 original equipment manufacturer customers. The Company currently obtains a small portion of its lead requirements from recycling in its European owned facilities.

The Company expects that volatility in lead and other commodity costs, which affect all business segments, will continue to put pressure on the Company's financial performance. However, selective pricing actions, including lead price escalators in certain contracts, have been implemented to help mitigate these risks. The implementation of selective pricing actions and price escalators generally lag the rise in market prices of lead and other commodities. Both lead price escalators and fuel surcharges may not be accepted by our customers, and if the price of lead decreases, our customers may seek disproportionate price reductions.

Energy Costs. The Company relies on various sources of energy to support its manufacturing and distribution processes, 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, 2014, the average exchange rate of the euro to the U.S. dollar has decreased (1.1)% on average to \$1.32 compared to \$1.33 for nine months ended December 31, 2013.

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At December 31, 2014, the euro was \$1.21 as compared to \$1.38 at March 31, 2014. Fluctuations in foreign currencies impacted the Company's results for the periods presented herein. For the nine months ended December 31, 2014, approximately 62.3% of the Company's net sales were generated in Europe and ROW. Further, approximately 64.7% of the Company's aggregate accounts receivable and inventories as of December 31, 2014 were held by European and ROW subsidiaries. To the extent foreign currencies are volatile, the Company's financial performance could be adversely impacted.

The Company is also exposed, although to a lesser extent, to foreign currency risk in the U.K., Poland, Australia, and various countries in the Pacific Rim. Fluctuations in exchange rates against the U.S. dollar can result in variations in the

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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 impact the Company's financial results. OE volumes in the Transportation and Motive Power channels can be impacted by cyclical demand caused by changes in global economic conditions. In addition, dramatic changes in capital spending levels by major customers in our Network Power channels can also significantly impact sales levels.

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 affect of increasing the Company's working capital requirements 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 affect. As a result, if the Company's sales are reduced by an unusually warm winter or cool summer, it is not possible for the Company to recover these sales in later periods. Further, if the Company's sales are adversely affected by the weather, the Company 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.

Interest Rates. The Company is exposed to fluctuations in interest rates on its variable rate debt.

Highlights and Outlook

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

- Successfully emerging from Chapter 11 as a going concern.

- Successful resolution of regulatory and legal matters related to the Vernon, California secondary lead recycling facility and reopening the facility.

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").

An enhanced focus on growth of the Industrial Energy 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.

Continued research and development and engineering investments designed to develop enhanced lead-acid products as well as products utilizing alternative chemistries, particularly Lithium-Ion for selected Motor Power application in Europe.

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, 2014.

Results of Operations

Three months ended December 31, 2014 compared with the three months ended December 31, 2013

Net Sales

Net sales were \$692.6 million for the three months ended December 31, 2014 compared to \$759.7 million for the three months ended December 31, 2013. Foreign currency translation had an unfavorable impact on net sales of approximately \$42.6 million. Excluding foreign currency translation, net sales decreased by approximately \$24.5 million, or 3.2%, primarily due to the exit of certain OE contracts in Transportation Americas, capital spending delay by a certain significant Network Power customer in the Americas, partially offset by higher Motive Power units sales

in both of the Company's Industrial Energy

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segments. Additionally, lead related pricing actions had an estimated \$4.0 million favorable impact on net sales. See segment discussion below.

Net sales by operating segment:

	Three Months Ended		FAVORABLE / (UNFAVORABLE)		
	December 31, 2014 (In thousands)	December 31, 2013	TOTAL	Currency Related	Non-Currency Related
Transportation Americas	\$179,066	\$189,515	\$(10,449)	\$(2,872)	\$(7,577)
Transportation Europe & ROW	243,255	283,663	(40,408)	(22,671)	(17,737)
Industrial Energy Americas	71,526	75,375	(3,849)	(547)	(3,302)
Industrial Energy Europe & ROW	198,721	211,113	(12,392)	(16,515)	4,123
	\$692,568	\$759,666	\$(67,098)	\$(42,605)	\$(24,493)

Transportation Americas net sales, excluding foreign currency translation impact, decreased 4.0% primarily due to the exit from OE automotive contracts, 5.6% lower aftermarket unit sales, and \$3.0 million lower third party lead and tolling sales resulting from the temporary suspension of the Company's Vernon, California recycling plant in the current fiscal year.

Transportation Europe & ROW net sales, excluding foreign currency translation impact, decreased 6.3% primarily due to weaker unit sales with original equipment down 9.0% and aftermarket down 7.1%. Lead related pricing actions had a favorable impact of \$2.2 million.

Industrial Energy Americas net sales, excluding the foreign currency translation impact, decreased 4.4% primarily due to lower unit sales in the Network Power as a result of capital spending delay by a certain significant customer, partially offset by significantly higher unit sales in the Motive Power market, including higher average selling prices on Tubular units.

Industrial Energy Europe & ROW net sales, excluding foreign currency translation impact, increased 2.0% primarily due to 5.8% higher motive unit sales and higher military sales, partially offset by lower Network Power sales which were down 9.2%. Lead related pricing actions had a favorable impact of \$1.7 million.

Gross Profit

Gross profit was \$89.4 million for the three months ended December 31, 2014 compared to \$110.0 million for the three months ended December 31, 2013. Gross margin was down approximately 160 basis points from 14.5% to 12.9% of net sales primarily resulting from approximately \$13.4 million higher costs resulting from the temporary suspension of and professional fees relating to the Company's Vernon, California recycling facility. See further discussion of operating segments below under the caption "Operating income (loss) by operating segment".

Operating Expenses

Selling and administrative expenses were \$85.5 million for the three months ended December 31, 2014 compared to \$94.7 million for the three months ended December 31, 2013. Excluding \$3.9 million favorable foreign currency translation impact, this decrease is due to lower salary and benefits costs from reduced headcount and lower professional fees, including legal fees.

Restructuring and impairment expenses were \$0.3 million for the three months ended December 31, 2014 compared to \$3.3 million for the three months ended December 31, 2013. Prior year included certain headcount reductions primarily in Europe.

Operating Income (Loss)

Operating income (loss) was \$3.6 million in the three months ended December 31, 2014 compared to \$12.0 million in the three months ended December 31, 2013. See segment discussion below.

Operating income (loss) by operating segment:

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	Three Months Ended		December 31, 2014		December 31, 2013		FAVORABLE / (UNFAVORABLE)		
	TOTAL	Percent of Net Sales	TOTAL	Percent of Net Sales	TOTAL	Currency Related	Non-Currency Related		
	(In thousands)								
Transportation Americas	\$(10,242)	(5.7)%	\$(280)	(0.1)%	\$(9,962)	\$(105)		\$(9,857)	
Transportation Europe & ROW	10,296	4.2 %	15,986	5.6 %	(5,690)	(1,355)		(4,335)	
Industrial Energy Americas	4,159	5.8 %	4,785	6.3 %	(626)	(94)		(532)	
Industrial Energy Europe & ROW	7,337	3.7 %	4,880	2.3 %	2,457	(534)		2,991	
Unallocated corporate	(7,719)	n/a	(10,015)	n/a	2,296	172		2,124	
	3,831	0.6 %	15,356	2.0 %	(11,525)	(1,916)		(9,609)	
Restructuring and impairments, net	(278)	n/a	(3,329)	n/a	3,051	(53)		3,104	
Operating income	\$3,553	0.5 %	\$12,027	1.6 %	\$(8,474)	\$(1,969)		\$(6,505)	

Gross margins by operating segment:

	Three Months Ended			
	December 31, 2014		December 31, 2013	
Transportation Americas	7.9	%	12.6	%
Transportation Europe & ROW	12.5	%	13.4	%
Industrial Energy Americas	19.9	%	21.7	%
Industrial Energy Europe & ROW	15.4	%	15.1	%
	12.9	%	14.5	%

Transportation Americas operating loss, increased primarily due to approximately \$13.4 million costs resulting from the temporary suspension of and professional fees relating to the Company's Vernon, California recycling facility. These incremental expenses consist of higher lead purchase cost as well as idle plant costs including the cost of maintaining a portion of our workforce. This was partially mitigated by improved margins in the battery portion of the business from exiting OE automotive contracts, lower input costs, improved productivity at the Salina, Kansas facility, and lower SG&A expenses. The Company currently estimates the full operation of the Vernon, California recycling facility will not occur until after installation of the equipment required under the South Coast Air Quality Monitoring District ("SCAQMD") order currently expected to be completed in the first quarter of fiscal 2016. (See Note 11 to the Consolidated Financial Statements.) If the Company is unable to find adequate sources of lead or if the Company procures such sources of lead at significantly higher cost, such circumstances would continue to result in a material adverse effect on the Company's business, financial condition, cash flows, and results of operations.

Transportation Europe & ROW operating income, excluding foreign currency translation impact, decreased primarily due to lower unit volumes as discussed above.

Industrial Energy Americas operating income decreased primarily due to the impact resulting from a dramatic reduction in Network Power volume driven by a significant downward revision in the capital spending pattern of a certain significant customer, offset by improved Motive Power volume and a better mix of higher margin tubular product.

Industrial Energy Europe & ROW operating income, excluding foreign currency translation impact, increased primarily due to higher Motive Power unit volumes and lower professional and legal fees in Europe.

Unallocated corporate expenses decreased primarily due to lower salary and benefits resulting from reduced headcount, partially offset by professional fees including legal fees.

Other (Income) Expense, net

Other (income) expense, net was \$12.0 million for the three months ended December 31, 2014 compared to \$(3.6) million for the three months ended December 31, 2013. The change primarily results from unfavorable currency remeasurement on euro denominated inter-company borrowings versus the prior year.

Interest Expense, net

Interest expense was \$33.4 million for the three months ended December 31, 2014 compared to \$31.8 million for the three months ended December 31, 2013. The change is due to higher average borrowings under the DIP Credit Facility, partially

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offset by lower amortization of deferred financing costs related to the DIP Credit Facility and amendments thereto. In addition, the Company has continued to accrue interest on certain debt included in Liabilities Subject to Compromise, including the \$675.0 million of senior secured notes.

Reorganization Items, net

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

Income Taxes

	Three Months Ended	
	December 31, 2014	December 31, 2013
	(In thousands)	
Loss before income taxes	\$(60,273)	\$(33,133)
Income tax provision	3,007	1,344
Effective tax rate	(5.0)%	(4.1)%

The income tax expense for the three months ended December 31, 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 was affected by the recognition of \$32.9 million in valuation allowances on current period tax benefits.

The income tax expense for the three months ended December 31, 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 was affected by the recognition of \$18.0 million in valuation allowances on current period tax benefits.

Nine months ended December 31, 2014 compared with the nine months ended December 31, 2013

Net Sales

Net sales were \$2.0 billion for the nine months ended December 31, 2014 compared to \$2.1 billion for the nine months ended December 31, 2013. Foreign currency translation had an unfavorable impact on net sales by approximately \$31.2 million. Excluding foreign currency translation impact, net sales decreased by approximately \$109.4 million, or 5.1%, primarily due to the exit of certain OE contracts and lower aftermarket unit sales in Transportation Americas, capital spending delay by a certain significant Network Power customer in the Americas, and lower unit sales in Industrial Energy and Transportation Europe & ROW, and lower third party lead sales. Additionally, lead related pricing actions had an estimated \$12.3 million unfavorable impact on net sales.

Net sales by operating segment:

	Nine Months Ended		FAVORABLE / (UNFAVORABLE)		
	December 31, 2014	December 31, 2013	TOTAL	Currency Related	Non-Currency Related
	(In thousands)				
Transportation Americas	\$497,722	\$564,959	\$(67,237)	\$(5,844)	\$(61,393)
Transportation Europe & ROW	657,707	689,832	(32,125)	(15,681)	(16,444)
Industrial Energy Americas	256,495	281,734	(25,239)	(1,158)	(24,081)
Industrial Energy Europe & ROW	587,204	603,185	(15,981)	(8,518)	(7,463)
	\$1,999,128	\$2,139,710	\$(140,582)	\$(31,201)	\$(109,381)

Transportation Americas net sales, excluding foreign currency translation impact, decreased 10.9% primarily due to the exit from OE automotive contracts, 8.3% lower aftermarket unit sales and \$9.3 million lower third party lead and tolling sales resulting from the temporary suspension of the Company's Vernon, California recycling plant in the current fiscal year.

Transportation Europe & ROW net sales, excluding foreign currency translation impact, decreased 2.4% primarily due to 4.0% lower unit sales in the aftermarket channel and \$7.1 million of unfavorable lead-related pricing actions,

partially offset by higher OE unit sales.

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Industrial Energy Americas net sales, excluding the foreign currency translation impact, decreased 8.5% primarily due to lower unit sales in Network Power as a result of capital spending delay by a certain significant customer, partially offset by 13.5% higher unit sales in the Motive Power market, including higher average selling prices on Tubular units.

Industrial Energy Europe & ROW net sales, excluding foreign currency translation impact, decreased 1.2% primarily due to lower sales across all markets coupled with an estimated \$5.2 million of unfavorable lead-related pricing actions.

Gross Profit

Gross profit was \$254.4 million for the nine months ended December 31, 2014 compared to \$282.8 million for the nine months ended December 31, 2013. Gross margin decreased slightly to 12.7% of net sales from 13.2% of net sales in the prior year primarily resulting from approximately \$31.2 million higher costs resulting from the temporary suspension of and professional fees relating to the Company's Vernon, California recycling facility. See further discussion below under the caption "Operating income (loss) by operating segment".

Operating Expenses

Selling and administrative expenses were \$269.1 million for the nine months ended December 31, 2014 compared to \$275.5 million for the nine months ended December 31, 2013. Excluding \$2.7 million foreign currency translation impact, the decrease is due to lower salary and benefits costs related to reduced headcount, partially offset by higher professional fees including legal fees, principally related to matters pertaining to the Company's Vernon, California recycling facility and other matters.

Restructuring and impairment expenses were \$17.9 million for the nine months ended December 31, 2014 compared to \$14.7 million for the nine months ended December 31, 2013. Fiscal 2015 restructuring and impairment expenses included a \$13.0 million asset impairment charge related to the closed Frisco, Texas recycling facility. Fiscal 2014 restructuring and impairment expenses included costs related to the Company's Transportation Americas headcount reductions and exit of the Vortex product line and related costs. The remainder related to certain headcount reductions in Europe and the corporate headquarters, partially offset by insurance proceeds received due to a facility fire in Romano, Italy.

Operating Income (Loss)

Operating income (loss) was \$(32.6) million in the nine months ended December 31, 2014 compared to \$(7.4) million in the nine months ended December 31, 2013. See segment discussion below.

Operating income (loss) by operating segment:

	Nine Months Ended						FAVORABLE / (UNFAVORABLE)	
	December 31, 2014		December 31, 2013		TOTAL	Currency Related	Non-Currency Related	
	TOTAL	Percent of Net Sales	TOTAL	Percent of Net Sales				
	(In thousands)							
Transportation Americas	\$(39,521)	(7.9)%	\$(21,344)	(3.8)%	\$(18,177)	\$(178)	\$(17,999)	
Transportation Europe & ROW	16,751	2.5%	15,957	2.3%	794	(1,579)	2,373	
Industrial Energy Americas	14,921	5.8%	22,486	8.0%	(7,565)	(180)	(7,385)	
Industrial Energy Europe & ROW	16,495	2.8%	15,130	2.5%	1,365	(227)	1,592	
Unallocated corporate	(23,323)	n/a	(24,964)	n/a	1,641	55	1,586	
	(14,677)	(0.7)%	7,265	0.3%	(21,942)	(2,109)	(19,833)	
Restructuring and impairments, net	(17,910)	n/a	(14,653)	n/a	(3,257)	2	(3,259)	
Operating loss	\$(32,587)	(1.6)%	\$(7,388)	(0.3)%	\$(25,199)	\$(2,107)	\$(23,092)	

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Gross margins by operating segment are shown below:

	Nine Months Ended			
	December 31, 2014		December 31, 2013	
Transportation Americas	7.6	%	10.3	%
Transportation Europe & ROW	12.0	%	11.5	%
Industrial Energy Americas	18.9	%	20.1	%
Industrial Energy Europe & ROW	15.2	%	14.7	%
	12.7	%	13.2	%

Transportation Americas operating loss changed as a result of approximately \$31.2 million unfavorable manufacturing costs resulting from the temporary suspension of the Vernon, California facility for the entirety of the fiscal year.

These incremental expenses consist of higher lead purchase cost as well as idle plant costs including the cost of maintaining a portion of the workforce. This was partially mitigated by improved margins in the battery portion of the business from exiting OE automotive contracts, lower input costs, improved productivity at the Salina, Kansas facility, and lower SG&A expenses.

Transportation Europe & ROW operating income, excluding foreign currency translation impact, increased as a result of improved margin on higher OE volumes, price stability despite lower input costs, better manufacturing performance and continued lower scrap costs across the business.

Industrial Energy Americas operating income decreased as a result of the impact of Network Power volume decline by a certain significant customer, partially offset by higher Motive Power sales.

Industrial Energy Europe & ROW operating income, excluding foreign currency translation impact, increased as a result of improved plant performance and lower input costs including lower energy costs, partially offset by lower unit sales.

Unallocated corporate operating loss decreased as a result of lower salary and benefits costs related to reduced headcount, partially offset by higher professional fees including legal fees, principally related to matters pertaining to the Company's Vernon, California recycling facility and other matters.

Other (Income) Expense, net

Other (income) expense, net was \$28.7 million for the nine months ended December 31, 2014 compared to \$(6.0) million in the nine months ended December 31, 2013. The change primarily results from unfavorable currency remeasurement on euro denominated inter-company borrowings as compared to prior year.

Interest Expense, net

Interest expense was \$104.6 million for the nine months ended December 31, 2014 compared to \$83.7 million for the nine months ended December 31, 2013. The change is due to higher average borrowings under the DIP Credit Facility and higher amortization of deferred financing costs related to the DIP Credit Facility and amendments thereto. In addition, the Company has continued to accrue interest on certain debt included in Liabilities Subject to Compromise, including the \$675.0 million of senior secured notes.

Reorganization Items, net

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

Income Taxes

Income taxes consisted of the following:

	Nine Months Ended			
	December 31, 2014		December 31, 2013	
	(In thousands)			
Loss before income taxes	\$ (221,606)	\$ (161,035)
Income tax provision	9,377		4,628	
Effective tax rate	(4.2)%	(2.9)%

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The income tax expense for the nine months ended December 31, 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 was affected by the recognition of \$96.2 million in valuation allowances on current period tax benefits.

The income tax expense for the nine months ended December 31, 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 was affected by the recognition of \$62.6 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 Company and, as a result, the Company's senior secured notes and convertible notes have been accelerated and are due and payable. However, under Section 362 of the Bankruptcy Code, the commencement of a Chapter 11 Case automatically stays most creditor actions, including the actions of the holders of the Company's senior secured notes and convertible notes, against the Company's estate. 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 Company or confirmed by the Bankruptcy Court or that any such plan will be successfully implemented.

To enhance liquidity, in connection with the Chapter 11 Case, the Company secured the DIP Credit Facility, as amended with an aggregate principal amount of approximately \$535.0 million.

As of December 31, 2014, the Company had cash and cash equivalents of \$55.0 million and availability under the ABL revolving credit facility of \$14.4 million. At March 31, 2014, the Company had cash and cash equivalents of \$103.7 million and availability under the ABL revolving credit facility of \$129.4 million.

DIP Facilities

In connection with the Chapter 11 Case, the Company has entered into a DIP Credit Facility on the terms set forth in the DIP Credit Agreement, as amended. The DIP Credit Agreement, as amended, provides for senior secured, superpriority DIP financing facilities in an aggregate amount of up to \$535.0 million, consisting of a \$200.0 million senior secured asset based revolving credit facility ("ABL revolving credit facility"), subject to a borrowing base, and a \$335.0 million "last out" term loan facility. The DIP Credit Agreement also provides a \$25.0 million swingline facility sub-limit. The two separate tranches in the \$200.0 million ABL revolving credit facility provide: (i) a \$98.0 million facility under which only advances denominated in U.S. dollars can be drawn; and (ii) a \$102.0 million facility under which advances denominated in U.S. dollars or euros can be drawn.

On 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 \$90.0 million for the four quarters ending after March 31, 2014.

On 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 DIP Credit Agreement. The second amendment revised the definition of "Permitted Liens" to permit contractual encumbrances in connection with certain permitted dispositions under the DIP Credit Agreement. The second amendment further changed the definition of cumulative total adjusted operating cash flows to exclude the effect of Frisco Escrow Account receipts from cumulative total adjusted operating cash flows.

On May 28, 2014, the Company entered into the third amendment to the DIP Credit Agreement, which, among other things, extended to June 30, 2014 the milestone for the Company to file a plan of reorganization with the Bankruptcy Court. The third amendment increased the quarterly and rolling four quarter capital expenditure limits from \$25.0 million and \$90.0 million to \$36.0 million and \$120.0 million, respectively. The third amendment also excluded from the definition of "Capital Expenditure" expenditures made in connection with the replacement, substitution, restoration or repair of assets funded through the receipt of insurance proceeds or other compensation awards paid on account of a casualty loss. Finally, the third amendment increased the European factoring basket to 100.0 million

euros from 75.0 million euros and expanded the subsidiaries whose receivables can be factored to include subsidiaries domiciled in Belgium, Denmark, Finland, Luxembourg, the Netherlands, Norway, and Sweden.

On June 27, 2014, the Company entered into the fourth amendment to the DIP Credit Agreement, which extended to July 31, 2014 the deadline for filing a plan of reorganization and eliminated the milestone related to soliciting acceptance of the plan of reorganization. The fourth amendment also increased to \$85.0 million from \$75.0 million the letters of credit sublimit.

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On June 27, 2014, the Company entered into the fifth amendment to the DIP Credit Agreement, which, among other things, extended to August 15, 2014 the date by which the Company was required to deliver annual audited financial statements and the related Compliance Certificate for the fiscal year of the Company ended March 31, 2014.

On July 22, 2014, the Company entered into the sixth amendment to the DIP Credit Agreement, which, among other things, eliminated restrictions on capital expenditures; modified the definition of EBITDA and adjusted the minimum EBITDA covenant to include the period October through November 2014 and address lower anticipated earnings through the end of calendar 2014; and permitted additional term loan financing in an aggregate amount not to exceed \$65.0 million ("Upsizing Amendment"), subject to satisfaction of certain conditions. All of the lenders under the DIP Credit Agreement approved an extension to the DIP maturity date to December 31, 2014 pursuant to the sixth amendment; however, certain of the conditions to an extension pursuant to the sixth amendment were not satisfied.

On July 25, 2014, the Company entered into the seventh amendment to the DIP Credit Agreement, which eliminated the milestone related to filing a plan of reorganization.

On July 28, 2014, the Bankruptcy Court entered an order approving the Upsizing Amendment. Certain members of the UNC provided additional term loan financing with net cash proceeds of \$60.0 million, subject to satisfaction of certain conditions including approval by the Bankruptcy Court.

On October 9, 2014, the Company entered into the eighth amendment to the DIP Credit Agreement (the "Maturity Extension Amendment") which, among other things, modified the DIP Credit Agreement as follows:

- Extended the maturity date from October 14, 2014 to March 31, 2015;
 - Established certain milestones relating to the Company's restructuring efforts and modified the requirements for an acceptable reorganization plan;
 - Eliminated reinvestment rights with respect to dispositions triggering mandatory prepayments;
 - Modified certain limitations relating to expense reimbursement;
 - Modified the financial covenant relating to minimum liquidity of the loan parties, added financial covenants relating to minimum liquidity of the Company and maximum capital expenditures and eliminated the financial covenant relating to minimum twelve-month trailing EBITDA;
 - Modified the definitions of Permitted Dispositions and Permitted Indebtedness and limited the availability of certain baskets under the definition of Permitted Indebtedness to amounts outstanding as of October 9, 2014;
 - Modified certain agent and lender voting and consent thresholds;
- Reduced to \$200.0 million from \$225.0 million the commitments under the DIP Credit Agreement's ABL revolving credit facility; and
- Conditioned future borrowings under the ABL revolving credit facility on unrestricted cash not exceeding \$50.0 million.

Pursuant to the Maturity Extension Amendment, the Company and the lenders under the DIP Credit Agreement approved certain additional fees and an increase to the applicable margin under the ABL revolving credit facility: (a) revolving loans shall bear interest at a rate of (i) with respect to amounts outstanding on or prior to December 31, 2014 (retroactive to October 9, 2014), LIBOR plus 4.0% per annum and (ii) thereafter, LIBOR plus 4.5% per annum, (b) the fees payable for unused revolving commitments shall be increased to (i) with respect to such fees payable on or prior to December 31, 2014 (retroactive to October 9, 2014), 1.0% per annum and (ii) thereafter, 1.5% per annum, (c) a one-time duration fee of 0.5% of the aggregate principal amount of term loans outstanding and revolving commitments available as of December 30, 2014 shall be payable to lenders on such date and (d) a monthly facility fee of 0.1% of the aggregate principal amount of term loans outstanding shall be payable to term loan lenders. The term loan continues to bear interest at a rate of 9.0% per annum.

On October 31, 2014, the Bankruptcy Court entered an order approving the Maturity Extension Amendment.

On November 4, 2014, the Company entered into the ninth amendment to the DIP Credit Agreement, which eliminated entry of an order terminating the Company's exclusive period to file a plan of reorganization as an event of default under the DIP Credit Agreement.

On January 14, 2015, the Company entered into the tenth amendment to the DIP Credit Agreement, which extended the milestones for the (i) approval of the Company's disclosure statement from January 15, 2015 until February 9, 2015 and (ii) confirmation of the Company's plan of reorganization from March 10, 2015 until March 25, 2015.

The maturity date of the loans made under the DIP Credit Agreement is the earliest to occur of: (i) March 31, 2015; (ii) the effective date of a plan of reorganization; or (iii) the acceleration of such loans. The obligations of the Borrowers under the

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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 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, cumulative total adjusted operating cash flows and maximum capital expenditures.

Events of default under the DIP Credit Agreement include, among other things, failure to pay any principal, interest or other amounts 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 seek additional equity capital. These actions may be restricted as a result of the Company's Chapter 11 Case 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 affected 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, 2014, the Company had outstanding letters of credit with a face value of \$0.8 million and surety bonds with a face value of \$47.8 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 subject to the terms of the DIP Credit Facility. 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, 2014, bank guarantees with an aggregate face value of \$9.8 million were outstanding. At December 31, 2014, the Company was in compliance with covenants contained in the DIP Credit Agreement.

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 rights offerings, debt issuances, and 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 April 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 Credit Agreement, and the sale of idled assets, principally closed facilities.

Cash used in operating activities was \$150.6 million and \$199.5 million in the nine months ended December 31, 2014 and 2013, respectively. The nine months ended December 31, 2014 operating cash flow reflects a change in other, net primarily related to a drawdown of approximately \$65.0 million of previously existing letters of credit prior to the DIP facility extension period. The letters of credit were originally issued to support the Company's financial assurance requirements associated with certain environmental liabilities as well as its estimated self-insured workers' compensation obligations.

The prior year 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.

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Cash used in investing activities primarily consisted of capital expenditures of \$76.9 million and \$51.4 million in the nine months ended December 31, 2014 and 2013, respectively. The nine months ended December 31, 2014 and 2013, respectively, include proceeds of \$7.6 million and \$4.2 million related to the sale of a non-core business and other assets.

Cash provided by financing activities was \$177.1 million and \$225.8 million in the nine months ended December 31, 2014 and 2013, respectively. The respective periods include borrowings under the DIP Credit Facility, partially offset by related financing fees.

The fiscal 2015 pension plan and other post-retirement contributions are estimated to be \$17.3 million and \$1.7 million, respectively, which the Company has funded \$14.0 million of during the nine months ended December 31, 2014.

On January 10, 2014, the SCAQMD adopted an amended rule that contained new emissions and equipment requirements with varying compliance dates, including an April 10, 2014 deadline that would require the Company to operate the furnaces at the Vernon, California facility under continuous "negative pressure" ("Rule 1420.1"). In response, the Company initiated two separate related proceedings on February 7, 2014: (i) a Petition for Variance before the SCAQMD Hearing Board, requesting a delay of the negative pressure requirement until December 31, 2014, and (ii) a Writ of Mandamus in Superior Court of Los Angeles County, seeking to invalidate the negative pressure requirement of Rule 1420.1. Additionally, on February 21, 2014, the Company filed a request for a preliminary injunction that would temporarily suspend the April 10, 2014 deadline until such time as the Superior Court could conduct a trial on the Writ of Mandamus.

On April 7, 2014, the Los Angeles County Superior Court denied the Company's preliminary injunction. Additionally, on April 8, 2014, the SCAQMD Hearing Board denied the Company's variance request. As a result of these two decisions, the Company suspended operations at the Vernon, California facility until such time as the Company can design, engineer, permit, install, and test new equipment needed to achieve the new standard under Rule 1420.1.

On July 10, 2014 (with a minor modification on January 13, 2015) the SCAQMD Hearing Board approved a resolution of the Company's pending administrative matters with the SCAQMD through the issuance of two Orders for Abatement ("Stipulated OAs"). The Stipulated OAs require the Company: (i) to refrain from resuming operations of the Vernon, California facility furnaces until it installs certain air quality control improvements required to comply with the newly adopted Rule 1420.1 standards in accordance with SCAQMD issued permits and applicable SCAQMD rules; and (ii) to install those improvements in accordance with an SCAQMD approved dust mitigation plan.

Concurrently, in a settlement agreement with SCAQMD, the Company agreed to dismiss its Writ of Mandamus legal action. The Company currently estimates the full operation of the furnaces under continuous negative pressure will not occur until after installation of the aforesaid equipment expected to be completed in the first quarter of fiscal 2016 should the Company decide to proceed.

On November 6, 2014, the Company agreed to a comprehensive Stipulation and Order resolving certain disputes with the DTSC relating to the Company's Vernon, California recycling facility. The Stipulation and Order was approved by the bankruptcy court on November 20, 2014 and went effective on November 21, 2014. For additional information concerning this matter, see Note 11 to the Consolidated Financial Statements.

The Company will need to continue to find alternative sources of lead to ensure adequate supply of this critical raw material component in its products. If the Company is unable to find such sources of lead or if it procures such sources of lead at significantly higher cost, such circumstances would result in a material adverse effect on the Company's business, financial condition, cash flows, or results of operations.

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.

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 swap, forward and option contracts to finance its operations and to hedge interest rate, currency and, certain commodity purchasing related risks 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.

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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 in virtually all cases do not contain recourse provisions against the Company for its customers' failure to pay. The Company sold approximately \$93.6 million and \$87.5 million of accounts receivable as of December 31, 2014 and March 31, 2014, 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Changes to the quantitative and qualitative market risks as of December 31, 2014 are described in Item 2 above. Also, see the Company's annual report on Form 10-K for the fiscal year ended March 31, 2014 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 Securities 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 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 our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e). Based upon 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, 2014.

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, 2014 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 is including this cautionary statement for the express purpose of availing itself of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include, but are not limited to (i) projections of revenues, cost of raw materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, the a of currency translations, capital structure, and other financial items, (ii) 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, (iii) statements of future economic performance, and (iv) 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.

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

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with the terms of the DIP Credit 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 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, (xxii) the Company's ability to resume operations at its Vernon, California recycling facility, and (xxiii) those risk factors described in the Company's Form 10-K for the fiscal ended March 31, 2014.

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. The Company undertakes 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.

Item 1A. Risk Factors

See Item 1A in Part I of the Company's fiscal 2014 Form 10-K for a complete discussion of these risk factors.

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

None

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, 2014, totaled approximately \$818.0 million.

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

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Item 6. Exhibits

Exhibit No.	Description
10.78	Backstop Commitment Agreement, dated January 7, 2015, incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K (file no. 001-11263) dated January 8, 2015.
10.79	Second Amended and Restated Plan Support Agreement, dated January 7, 2015, incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K (file no. 001-11263) dated January 8, 2015.
10.80	Amendment No. 10, dated as of January 14, 2015, to the Amended and Restated Superpriority Debtor-in-Possession Credit Agreement, dated as of July 12, 2013, by and among Exide Technologies, a Debtor and a Debtor-in-Possession under Chapter 11 of the Bankruptcy Code, as US Borrower, Exide Global Holding Netherlands C.V., as Foreign Borrower, the lenders from time to time party thereto and JP Morgan Chase Bank, N.A., as Agent, incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K (file no. 001-11263) dated January 13, 2015
*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 6, 2015