EXIDE TECHNOLOGIES
Form 10-Q
November 04, 2010

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

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

Commission File Number 1-11263
EXIDE TECHNOLOGIES
(Exact Name of Registrant as Specified in Its Charter)

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

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

Indicate by a 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 þ No o

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

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

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: As of October 29, 2010, 76,761,189 shares of common stock were outstanding.

EXIDE TECHNOLOGIES AND SUBSIDIARIES
TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	3
Item 1 FINANCIAL STATEMENTS	3
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009	3
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2010 AND MARCH 31, 2010	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010 AND 2009	5
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6
Item 2 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	20
Item 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	31
Item 4 CONTROLS AND PROCEDURES	32
PART II. OTHER INFORMATION	
Item 1. LEGAL PROCEEDINGS	34
Item 1A. RISK FACTORS	34
Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	34
Item 3. DEFAULTS UPON SENIOR SECURITIES	34
Item 4 [REMOVED AND RESERVED]	34
Item 5. OTHER INFORMATION	34
Item 6. EXHIBITS	34
SIGNATURES	35

EX-10.1
EX-10.2
EX-10.3
EX-31.1
EX-31.2
EX-32

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	For the Three Months Ended		For the Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
NET SALES	$ 668,008	$ 631,815	$ 1,312,674	$ 1,224,669
COST OF SALES	531,280	501,909	1,055,580	988,079
Gross profit	136,728	129,906	257,094	236,590
EXPENSES:				
Selling, marketing and advertising	61,188	63,801	120,707	129,119
General and administrative	44,016	46,367	86,161	89,297
Restructuring	5,196	10,431	12,090	46,097
Other (income) expense, net	(9,775)	(7,039)	1,220	(10,400)
Interest expense, net	15,161	14,817	30,144	29,536
	115,786	128,377	250,322	283,649
Income (loss) before reorganization items and income taxes	20,942	1,529	6,772	(47,059)
REORGANIZATON ITEMS, NET	865	320	1,502	875
INCOME TAX PROVISION (BENEFIT)	1,988	9,130	(3,813)	14,002
Net income (loss)	18,089	(7,921)	9,083	(61,936)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	132	68	170	26
Net income (loss) attributable to Exide Technologies	$ 17,957	$ (7,989)	$ 8,913	$ (61,962)
INCOME (LOSS) PER SHARE				
Basic	$ 0.23	$ (0.11)	$ 0.12	$ (0.82)
Diluted	0.22	(0.11)	0.11	(0.82)
WEIGHTED AVERAGE SHARES				
Basic	76,492	75,880	76,416	75,848
Diluted	80,603	75,880	80,634	75,848

The accompanying notes are an integral part of these statements.

Table of Contents

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

	September 30, 2010	March 31, 2010
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 77,380	$ 89,558
Receivables, net of allowance for doubtful accounts of $30,704 and $31,274	451,665	488,942
Inventories	472,214	418,396
Prepaid expenses and other	18,343	16,599
Deferred financing costs, net	4,963	4,944
Deferred income taxes	27,658	24,386
Total current assets	1,052,223	1,042,825
Property, plant and equipment, net	598,872	603,160
Other assets:		
Goodwill and intangibles	177,490	180,428
Investments in affiliates	2,060	2,156
Deferred financing costs, net	8,218	7,316
Deferred income taxes	96,774	85,613
Other	31,497	34,728
	316,039	310,241
Total assets	$ 1,967,134	$ 1,956,226
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings	$ 8,127	$ 7,682
Current maturities of long-term debt	4,940	5,241
Accounts payable	342,071	333,532
Accrued expenses	249,890	267,374
Total current liabilities	605,028	613,829
Long-term debt	639,227	646,604
Noncurrent retirement obligations	222,736	221,248
Deferred income tax liability	28,392	23,485
Other noncurrent liabilities	107,991	103,022
Total liabilities	1,603,374	1,608,188
Commitments and contingencies		
STOCKHOLDERS EQUITY		

Preferred stock, $0.01 par value, 1,000 shares authorized, 0 shares issued and outstanding		
Common stock, $0.01 par value, 200,000 shares authorized, 76,761 and 75,601 shares issued and outstanding	768	756
Additional paid-in capital	1,121,673	1,119,959
Accumulated deficit	(790,182)	(799,095)
Accumulated other comprehensive income	16,801	10,714
Total stockholders equity attributable to Exide Technologies	349,060	332,334
Noncontrolling interests	14,700	15,704
Total stockholders equity	363,760	348,038
Total liabilities and stockholders equity	$ 1,967,134	$ 1,956,226

The accompanying notes are an integral part of these statements.

4

Table of Contents

EXIDE TECHNOLOGIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	For the Six Months Ended	
	September 30, 2010	September 30, 2009
Cash Flows From Operating Activities:		
Net Income (loss)	$ 9,083	$ (61,936)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	41,586	45,501
Unrealized (gain) loss on warrants	(168)	202
Net loss on asset sales / impairments	1,353	6,174
Deferred income taxes	(8,815)	5,898
Provision for doubtful accounts	200	3,188
Non-cash stock compensation	3,259	5,182
Reorganization items, net	1,502	875
Amortization of deferred financing costs	2,433	2,490
Currency remeasurement loss (gain)	226	(16,860)
Changes in assets and liabilities		
Receivables	39,630	52,910
Inventories	(48,504)	16,180
Prepaid expenses and other	(1,528)	720
Payables	3,131	18,942
Accrued expenses	(22,113)	(785)
Noncurrent liabilities	2,914	(6,347)
Other, net	1,693	(8,121)
Net cash provided by operating activities	25,882	64,213
Cash Flows From Investing Activities:		
Capital expenditures	(30,592)	(35,910)
Proceeds from sales of assets, net	1,301	(51)
Net cash used in investing activities	(29,291)	(35,961)
Cash Flows From Financing Activities:		
Increase in short-term borrowings	894	177
Decrease in borrowings under Senior Secured Credit Facility	(7,591)	(1,501)
(Decrease) increase in other debt	(809)	8,214
Common stock issuance, financing costs, and other	249	
Acquisition of noncontrolling interest in subsidiary	(3,395)	(1,338)
Net cash (used in) provided by financing activities	(10,652)	5,552

Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,883	5,851
Net (Decrease) Increase In Cash and Cash Equivalents	(12,178)	39,655
Cash and Cash Equivalents, Beginning of Period	89,558	69,505
Cash and Cash Equivalents, End of Period	$ 77,380	$ 109,160
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period -		
Interest	$ 23,369	$ 23,384
Income taxes (net of refunds)	$ 1,155	$ (603)

The accompanying notes are an integral part of these statements.

5

Table of Contents

EXIDE TECHNOLOGIES AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010
(Unaudited)

(1) BASIS OF PRESENTATION

The Condensed 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. These statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles in the United States (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, 2010 for further information. 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 2010 refers to the period beginning April 1, 2009 and ending March 31, 2010).

The financial information has been prepared in accordance with the Company s customary accounting practices. In the Company s opinion, the accompanying Condensed Consolidated Financial Statements include all adjustments of a normal recurring nature necessary for a fair statement of the results of operations, 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 that the financial statements were issued.

(2) STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME (LOSS)

The stockholders equity accounts for both the Company and noncontrolling interests consist of:

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Stockholders Equity
			(In thousands)			
Balance at April 1, 2010	$ 756	$ 1,119,959	$ (799,095)	$ 10,714	$ 15,704	$ 348,038
Net Income			8,913		170	9,083
Defined benefit plans, net of tax of $32				132		132
Translation adjustment				4,250	765	5,015
Net recognition of unrealized loss on derivatives, net of tax of $606				1,705		1,705
Increase in ownership of subsidiary		(1,782)			(1,939)	(3,721)
Common stock issuance	12	237				249
Stock compensation		3,259				3,259
Balance at September 30, 2010	$ 768	$ 1,121,673	$ (790,182)	$ 16,801	$ 14,700	$ 363,760

Total comprehensive income (loss) and its components are as follows:

	For the Three Months Ended		For the Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(In thousands)			
Net income (loss)	$ 18,089	$ (7,921)	$ 9,083	$ (61,936)
Defined benefit plans	(348)	32	132	2,175
Cumulative translation adjustment	24,261	11,997	5,015	32,493
Derivatives qualifying as hedges	778	(186)	1,705	420
Total comprehensive income (loss)	$ 42,780	$ 3,922	$ 15,935	$ (26,848)

(3) ACCOUNTING FOR DERIVATIVES

The Company uses derivative contracts to hedge the volatility arising from changes in the fair value of certain assets and liabilities that are subject to market risk, such as interest rates on debt instruments, foreign currency exchange rates, and certain commodities. The Company does not enter into derivative contracts for trading or speculative purposes.

The Company recognizes outstanding derivative instruments as assets or liabilities, based on measurements of their fair values. If a derivative qualifies for hedge accounting, gains or losses in its fair value that offset changes in the fair value of the asset or liability being hedged (effective gains or losses) are reported in accumulated other comprehensive income, and subsequently recorded to earnings only as the related variability on the hedged transaction is recorded in earnings. If a derivative does not qualify for hedge accounting, changes in its fair value are reported in earnings immediately upon occurrence, and the classification of cash flows from these instruments is consistent with that of the transactions being hedged. Derivatives qualify for hedge accounting if they are designated as hedging instruments at their inception, and if they are highly effective in achieving fair value changes that offset the fair value changes of the assets or liabilities being hedged. Regardless of a derivative s accounting designation, changes in its fair value that are not offset by fair value changes in the asset or liability being hedged are considered ineffective, and are recognized in earnings immediately.

In February 2008, the Company entered into an interest rate swap agreement to fix the variable component of interest on $200.0 million of its floating rate long-term obligations through February 27, 2011. The rate is fixed at 3.3% per annum through the remainder of the agreement. The interest rate swap is designated as a cash-flow hedging instrument.

The Company also enters into foreign currency forward contracts for various time periods ranging from one month to several years. The Company uses these contracts to mitigate the effect of its exposure to foreign currency remeasurement gains and losses on selected transactions that will be settled in a currency other than the functional currency of the transacting entity. Included in these instruments is a contract in the notional amount of $60.0 million to mitigate the effect of exchange rate fluctuations of a certain foreign subsidiary s debt that is denominated in U.S. dollars, and a contract in the notional amount of approximately $58.2 million to mitigate similar foreign exchange risk on amounts owed to the Company by a foreign subsidiary that is denominated in Euros. Certain of these contracts have been designated as fair value hedging instruments. Whether or not specifically designated as a fair value hedging instrument, changes in the fair value of these currency forward contracts are recognized immediately in earnings.

The Company also periodically enters into short-term swap contracts for certain commodities to offset fluctuations in the price of those commodities. Because the Company has not designated these short-term contracts as hedging instruments, changes in their fair values are also recognized immediately in earnings

The following tables set forth information on the presentation of these derivative instruments in the Company s Condensed Consolidated Financial Statements:

Table of Contents

	Balance Sheet Location	Fair Value As of September 30, 2010	March 31, 2010
		(In thousands)	
Asset Derivatives:			
Foreign Exchange Forward	Current assets	$ 69	$
Foreign Exchange Forward	Other noncurrent assets		4,034
Commodity Swap	Current assets	321	665
Liability Derivatives:			
Foreign Exchange Forward	Current liabilities	$ 4,181	$ 270
Foreign Exchange Forward	Other noncurrent liabilities	3,748	
Interest Rate Swap	Current liabilities	2,837	5,350

	Statement of Operations Location	For the Three Months Ended September 30, 2010	September 30, 2009	For the Six Months Ended September 30, 2010	September 30, 2009
		(In thousands)		(In thousands)	
Foreign Exchange Forwards					
Loss (Gain)	Other (income) expense, net	$ 12,922	$ 2,168	$ (2,824)	$ 5,514
Commodity Swap					
Gain	Cost of goods sold	(185)		(78)	
Interest Rate Swap					
Loss	Interest expense, net	1,469	1,598	2,898	3,010

(4) INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets consist of:

	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 September 30, 2010						
Gross Amount	$ 4,566	$ 61,626	$ 14,003	$ 115,814	$ 30,902	$ 226,911
Accumulated Amortization			(7,096)	(30,827)	(11,498)	(49,421)
Net	$ 4,566	$ 61,626	$ 6,907	$ 84,987	$ 19,404	$ 177,490

As of March 31, 2010										
Gross Amount	$ 4,538	$	61,110	$	13,886	$	115,175	$	30,742	$ 225,451
Accumulated Amortization					(6,489)		(28,517)		(10,017)	(45,023)
Net	$ 4,538	$	61,110	$	7,397	$	86,658	$	20,725	$ 180,428

Amortization of intangible assets for the first six months of fiscal 2011 and 2010 were $4.3 million and $4.4 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 $8.0 million to $9.0 million. Intangible assets have been recorded at the legal entity level and are subject to foreign currency fluctuation.

(5) INVENTORIES

Inventories, valued using the first-in, first-out (FIFO) method, consist of:

	September 30, 2010	March 31, 2010
	(In thousands)	
Raw materials	$ 90,008	$ 73,337
Work-in-process	120,724	85,838
Finished goods	261,482	259,221
	$ 472,214	$ 418,396

(6) OTHER ASSETS

	September 30, 2010	March 31, 2010
	(In thousands)	
Deposits (a)	$ 17,720	$ 18,981
Capitalized software, net	3,362	4,402
Long-term trade receivables	1,005	1,005
Retirement plans	5,050	1,958
Financial instruments		4,034
Other	4,360	4,348
	$ 31,497	$ 34,728

(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.

(7) DEBT

At September 30, 2010 and March 31, 2010, short-term borrowings of $8.1 million and $7.7 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, which are typically for one-year renewable terms, generally bear interest at current local market rates plus up to one percent per annum. The weighted average interest rate on short-term borrowings was approximately 4.7% and 4.5% at September 30, 2010 and March 31, 2010, respectively.

Total long-term debt consists of:

	September 30, 2010	March 31, 2010
	(In thousands)	
Senior Secured Credit Facility maturing 2012	$ 279,712	$ 286,661
10.5% Senior Secured Notes due 2013	290,000	290,000
Floating Rate Convertible Senior Subordinated Notes due 2013	60,000	60,000
Other, including capital lease obligations and other loans at interest rates generally ranging up to 11.0% due in installments through 2015	14,455	15,184

Total	644,167	651,845
Less-current maturities	4,940	5,241
Total Long-Term Debt	$ 639,227	$ 646,604

Total debt at September 30, 2010 and March 31, 2010 was $652.3 million and $659.5 million, respectively.

Table of Contents

(8) INTEREST EXPENSE, NET

Interest income of $0.1 million and $0.3 million, $0.3 million and $0.5 million is included in interest expense, net for the three months and six months ended September 30, 2010 and 2009, respectively.

(9) OTHER (INCOME) EXPENSE, NET

Other (income) expense, net consist of:

	For the Three Months Ended		For the Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(In thousands)			
Net loss on asset sales / impairments	$ 42	$ 810	$ 1,353	$ 6,174
Equity (income) loss	(220)	5	(190)	40
Currency remeasurement (gain) loss (a)	(9,530)	(7,596)	226	(16,860)
(Gain) loss on revaluation of warrants (b)	(67)	(269)	(168)	202
Other		11	(1)	44
	$ (9,775)	$ (7,039)	$ 1,220	$ (10,400)

(a) The currency remeasurement (gain) loss relates primarily to intercompany loans to foreign subsidiaries denominated in Euros and the Australian dollar.

(b) The warrants entitle the holders to purchase an aggregate of up to approximately 6.7 million shares of new common stock at an exercise price of $29.84 per share. The warrants are exercisable through May 5, 2011. The warrants have been marked-to-market based upon quoted market prices. Future results of operations may be subject to volatility from changes in the market value of such warrants.

(10) EMPLOYEE BENEFITS

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

Table of Contents

	Pension Benefits			
	For the Three Months Ended		For the Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(In thousands)			
Components of net periodic benefit cost:				
Service cost	$ 796	$ 866	$ 1,577	$ 1,685
Interest cost	8,297	9,254	16,499	18,289
Expected return on plan assets	(7,200)	(5,911)	(14,319)	(11,705)
Amortization of:				
Prior service cost	2	3	5	6
Actuarial loss	265	258	530	520
Net periodic benefit cost	$ 2,160	$ 4,470	$ 4,292	$ 8,795

	Other Post-Retirement Benefits			
	For the Three Months Ended		For the Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(In thousands)			
Components of net periodic benefit cost:				
Service cost	$ 45	$ 35	$ 90	$ 68
Interest cost	253	354	507	702
Amortization of:				
Prior service cost	(122)	(96)	(245)	(192)
Actuarial loss	27	17	55	34
Net periodic benefit cost	$ 203	$ 310	$ 407	$ 612

The estimated fiscal 2011 pension plan contributions are $19.2 million and other post-retirement contributions are $1.9 million. Payments aggregating $7.6 million were made during the six months ended September 30, 2010.

(11) COMMITMENTS AND CONTINGENCIES

Claims Reconciliation

On April 15, 2002, the Petition Date , Exide Technologies, together with certain of its subsidiaries (the Debtors), filed voluntary petitions for reorganization under Chapter 11 of the federal bankruptcy laws (Bankruptcy Code or Chapter 11) in the United States Bankruptcy Court for the District of Delaware (Bankruptcy Court). The Debtors continued to operate their businesses and manage their properties as debtors-in-possession throughout the course of the bankruptcy case. The Debtors, along with the Official Committee of Unsecured Creditors, filed a Joint Plan of Reorganization (the Plan) with the Bankruptcy Court on February 27, 2004 and, on April 21, 2004, the Bankruptcy

Court confirmed the Plan.

Under the Plan, holders of general unsecured claims were eligible to receive collectively 2.5 million shares of common stock and warrants to purchase up to approximately 6.7 million shares of common stock at $29.84 per share. Approximately 13.4% of such common stock and warrants were initially reserved for distribution for disputed claims. The Official Committee of Unsecured Creditors, in consultation with the Company, established such reserve to provide for a pro rata distribution of new common stock and warrants to holders of disputed claims as they become allowed. As claims are evaluated and processed, the Company will object to some claims or portions thereof, and upward adjustments (to the extent common stock and warrants not previously distributed remain) or downward adjustments to the reserve will be made pending or following adjudication of such objections. Predictions regarding the allowance and classification of claims are difficult to make. With respect to environmental claims in particular, it is difficult to assess the Company s potential liability due to the large number of other potentially responsible parties. For example, a demand for the total cleanup costs of a landfill used by many entities may be asserted by the government using joint and several liability theories. Although the Company believes that there is a reasonable basis to believe that it will ultimately be responsible for only its proportional share of these remediation costs, there can be no assurance that the Company will prevail on these claims. In addition, the scope of remedial costs, or other environmental injuries, is highly variable and estimating these costs involves complex legal, scientific and technical judgments. Many of the claimants who have filed disputed claims, particularly environmental and personal injury claims, produce little or no proof of fault on which the Company can assess its potential liability.

Such claimants often either fail to specify a determinate amount of damages or provide little or no basis for the alleged damages. In some cases, the Company is still seeking additional information needed for a claims assessment and information that is unknown to the Company at the current time may significantly affect the Company s assessment regarding the adequacy of the reserve amounts in the future.

As general unsecured claims have been allowed in the Bankruptcy Court, the Company has distributed approximately one share of common stock per $383.00 in allowed claim amount and approximately one warrant per $153.00 in allowed claim amount. These rates were established based upon the assumption that the common stock and warrants allocated to holders of general unsecured claims on the effective date, including the reserve established for disputed claims, would be fully distributed so that the recovery rates for all allowed unsecured claims would comply with the Plan without the need for any redistribution or supplemental issuance of securities. If the amount of general unsecured claims that is eventually allowed exceeds the amount of claims anticipated in the setting of the reserve, additional common stock and warrants will be issued for the excess claim amounts at the same rates as used for the other general unsecured claims. If this were to occur, additional common stock would also be issued to the holders of pre-petition secured claims to maintain the ratio of their distribution in common stock at nine times the amount of common stock distributed for all unsecured claims.

Based on information available as of October 29, 2010, approximately 11.4% of common stock and warrants reserved for this purpose has been distributed. The Company also continues to resolve certain non-objected claims.

Private Party Lawsuits and other Legal Proceedings

In 2003, the Company served notices to reject certain executory contracts with EnerSys, which the Company contends are executory, including a 1991 Trademark and Trade Name License Agreement (the Trademark License), pursuant to which the Company had licensed to EnerSys use of the Exide trademark on certain industrial battery products in the United States and 80 foreign countries. EnerSys objected to the rejection of certain of those contracts, including the Trademark License. In 2006, the Bankruptcy Court granted the Company s request to reject certain of the contracts, including the Trademark License. EnerSys appealed those rulings. On June 1, 2010, the Third Circuit Court of Appeals reversed the Bankruptcy Court ruling, and remanded to the lower courts, holding that certain of the contracts, including the Trademark License, were not executory contracts and, therefore, were not subject to rejection. On August 27, 2010, acting on the Third Circuit s mandate, the Bankruptcy Court vacated its prior orders and denied the Company s motion to reject the contracts on the grounds that the agreements are not executory. On September 20, 2010, the Company filed a complaint in the Bankruptcy Court seeking a declaratory judgment that EnerSys does not have enforceable rights under the Trademark License under Bankruptcy Code provisions which the Company believes are relevant to non-executory contracts. EnerSys has filed a motion to dismiss that complaint, and briefing on the motion to dismiss is ongoing. Additionally, on September 27, 2010, the Company filed a Petition for Certiorari, requesting that the U.S. Supreme Court issue a writ of certiorari to the Third Circuit Court of Appeals to review that court s judgment. That Petition for Certiorari remains pending.

In July 2001, Pacific Dunlop Holdings (US), Inc. (PDH) and several of its foreign affiliates under the various agreements through which Exide and its affiliates acquired GNB, filed a complaint in the Circuit Court for Cook County, Illinois alleging breach of contract, unjust enrichment and conversion against Exide and three of its foreign affiliates. The plaintiffs maintain they are entitled to approximately $17.0 million in cash assets acquired by the defendants through their acquisition of GNB. In December 2001, the Court denied the defendants motion to dismiss the complaint, without prejudice. The defendants filed an answer and counterclaim. In 2002, the Court authorized discovery to proceed as to all parties except the Company. In August 2002, the case was moved to the U.S. Bankruptcy Court for the Northern District of Illinois. In February 2003, the U.S. Bankruptcy Court for the Northern District of Illinois transferred the case to the U.S. Bankruptcy Court in Delaware. In November 2003, the Bankruptcy Court denied PDH s motion to abstain or remand the case and issued an opinion holding that the Bankruptcy Court had jurisdiction over PDH s claims and that liability, if any, would lie solely against Exide Technologies and not against any of its foreign affiliates. The Bankruptcy Court denied PDH s motion to reconsider. In an order dated March 22, 2007, the U.S. District Court for the District of Delaware denied PDH s appeal in its entirety, affirming the Orders of the Bankruptcy Court. PDH then appealed the matter to the United States Court of Appeals for the Third Circuit. On September 19, 2008, the Third Circuit vacated the prior orders of the Bankruptcy Court, remanding the matter with

instructions that the Bankruptcy Court hear evidence before ruling whether Exide (as opposed to its non-debtor affiliates) would be solely liable, if any liability is found at all, under the GNB agreements.

In December 2001, PDH filed a separate action in the Circuit Court for Cook County, Illinois seeking recovery of approximately $3.1 million for amounts allegedly owed by the Company under various agreements between the parties. The claim arises from letters of credit and other security allegedly provided by PDH for GNB s performance of certain of GNB s obligations to third parties that PDH claims the Company was obligated to replace. The Company s answer contested the amounts claimed by PDH and the Company filed a counterclaim. Although this action has been consolidated with the Cook County suit concerning GNB s cash assets, the claims relating to this action have been transferred to the U.S. Bankruptcy Court for the District of Delaware and are currently subject to a stay injunction by that court. The Company plans to vigorously defend itself and pursue its counterclaims.

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 been advised by the U.S. Environmental Protection Agency (EPA) or state agencies that it is or may be a Potentially Responsible Party under the Comprehensive Environmental Response, Compensation and Liability Act or similar state laws regarding 104 federally defined Superfund or state equivalent sites. At 45 of these sites, the Company has paid or settled its share of liability. While the Company believes it is probable it has no liability or its liability for many of the remaining sites will be treated as disputed unsecured claims under the Plan, there can be no assurance these matters will be determined in the Company s favor. If the Company s liability is not discharged at one or more sites, the government may be able to file claims for additional response costs in the future, or to order the Company to perform remedial work at such sites. In addition, the EPA, in the course of negotiating this pre-petition claim, had notified the Company of the possibility of additional clean-up costs associated with Hamburg, Pennsylvania properties of approximately $35.0 million, as described in more detail below. The EPA has provided summaries of past costs and an estimate of future costs that approximate the amounts in its notification; however, the Company disputes certain elements of the claimed past costs, has not received sufficient information supporting the estimated future costs, and is in negotiations with the EPA. To the extent the EPA or other environmental authorities dispute the pre-petition nature of these claims, the Company would intend to resist any such effort to evade the bankruptcy law s intended result, and believes there are substantial legal defenses to be asserted in that case. However, there can be no assurance that the Company would be successful in challenging any such actions.

The Company is also involved in the assessment and remediation of various other properties, including certain Company-owned or operated facilities. Such assessment and remedial work is being conducted pursuant to applicable EH&S laws with varying degrees of involvement by appropriate legal authorities. Where probable and reasonably estimable, the costs of such projects have been accrued by the Company, as discussed below. In addition, certain environmental matters concerning the Company are pending in various courts or with certain environmental regulatory agencies with respect to these currently or formerly owned or operating locations. While the ultimate outcome of the foregoing environmental matters is uncertain, after consultation with legal counsel, the Company does not believe the resolution of these matters, individually or in the aggregate, will have a material adverse effect on the Company s financial condition, cash flows or results of operations.

On September 6, 2005, the U.S. Court of Appeals for the Third Circuit issued an opinion in U.S. v. General Battery/Exide (No. 03-3515) affirming the district court s holding that the Company is liable, as a matter of federal common law of successor liability, for lead contamination at certain sites in the vicinity of Hamburg, Pennsylvania. This case involves several of the pre-petition environmental claims of the federal government for which the Company, as part of its Chapter 11 proceeding, had established a reserve of common stock and warrants. The amount of the government claims for these sites at the time reserves were established was approximately $14.0 million. On October 2, 2006, the United States Supreme Court denied review of the appellate decision, leaving Exide subject to a stipulated judgment for approximately $6.5 million, based on the ruling that Exide has successor liability for these EPA cost recovery claims. The judgment is expected to be a general unsecured claim payable in common stock and warrants. Additionally, the EPA has asserted a general unsecured claim for costs related to other Hamburg, Pennsylvania sites. The current amount of the government s claims for the aforementioned sites (including the stipulated judgment discussed above) is approximately $20.0 million. A reserve of common stock and warrants for the estimated value of all claims, including the aforementioned claims, was established as part of the Plan.

In October 2004, the EPA, in the course of negotiating a comprehensive settlement of all its environmental claims against the Company, had notified the Company of the possibility of additional clean-up costs associated with other Hamburg, Pennsylvania properties of approximately $35.0 million. The EPA has provided cost summaries for past costs and an estimate of future costs that approximate the amounts in its notification; however, the Company disputes certain elements of the claimed past costs, has not received sufficient information supporting the estimated future

costs, and is in negotiations with the EPA.

As unsecured claims are allowed in the Bankruptcy Court, the Company is required to distribute common stock and warrants to the holders of such claims. To the extent the government is able to prove the Company is responsible for the alleged contamination at the other Hamburg, Pennsylvania properties and substantiate its estimated $35.0 million of additional clean-up costs discussed above, these claims would ultimately result in an inadequate reserve of common stock and warrants to the extent not offset by the reconciliation of all other claims for lower amounts than the aggregate reserve. The Company would still retain the right to perform and pay for such cleanup activities, which would preserve the existing reserved common stock and warrants. Except for the government s cost recovery claim resolved by the U.S. v. General Battery/Exide case discussed above, it remains the Company s position that it is not liable for the contamination of this area, and that any liability it may have derives from pre-petition events which would be administered as a general, unsecured claim, and consequently no provisions have been recorded in connection therewith.

13

Table of Contents

The Company has established reserves for on-site and off-site environmental remediation costs where such costs are probable and reasonably estimable and believes that such reserves are adequate. As of September 30, 2010 and March 31, 2010, the amount of such reserves on the Company s Condensed Consolidated Balance Sheets was approximately $31.0 million and $31.8 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 reserves and, therefore, additional earnings charges are possible. Also, future findings or changes in estimates could have a material adverse effect on the recorded reserves and cash flows.

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

Tampa, Florida

The Tampa site is a former secondary lead recycling plant, lead oxide production facility, and sheet lead-rolling mill that operated from 1943 to 1989. Under a RCRA Part B Closure Permit and a Consent Decree with the State of Florida, Exide is required to investigate and remediate certain historic environmental impacts to the site. Cost estimates for remediation (closure and post-closure) are expected to range from $12.5 million to $20.5 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 $9.0 million.

Guarantees

At September 30, 2010, the Company had outstanding letters of credit with a face value of $53.6 million and surety bonds with a face value of $2.3 million. The majority of the letters of credit and surety bonds have been issued as collateral or financial assurance with respect to certain liabilities the Company has recorded including, but not limited to, environmental remediation obligations and self-insured workers compensation reserves. Failure of the Company to satisfy its obligations with respect to the primary obligations secured by the letters of credit or surety bonds could entitle the beneficiary of the related letter of credit or surety bond to demand payments pursuant to such instruments. The letters of credit generally have terms up to one year. Collateral held by the sureties in the form of letters of credit at September 30, 2010, pursuant to the terms of the agreement, totaled approximately $2.2 million.

Certain of the Company s European and Asia Pacific subsidiaries have issued bank guarantees as collateral or financial assurance in connection with environmental obligations, income tax claims and customer contract requirements. At September 30, 2010, bank guarantees with an aggregate face value of $16.2 million were outstanding.

Sales Returns and Allowances

The Company provides for an allowance for product returns and/or allowances. Based upon product examination in the manufacturing re-work process, the Company believes that the majority of its product returns are not the result of product defects. The Company recognizes the estimated cost of product returns as a reduction of sales in the period in which the related revenue is recognized. The product return estimates are based upon historical trends and claims experience, and include assessment of the anticipated lag between the date of sale and claim/return date.

Changes in the Company s sales returns and allowances liability (in thousands) are as follows:

Balance at March 31, 2010	$ 36,257
Accrual for sales returns and allowances	20,438
Settlements made (in cash or credit) and currency translation	(18,359)
Balance at September 30, 2010	$ 38,336

Table of Contents

(12) INCOME TAXES

The effective tax rate for the second quarter of fiscal year 2011 and fiscal year 2010 is (72.4%) and (29.2%) respectively. The effective tax rate for the second quarter of fiscal 2011 was impacted by the generation of income in tax-paying jurisdictions in certain countries in Europe, the U.S., Asia, and Canada, and the recognition of valuation allowances on tax benefits generated from losses in the United Kingdom, Spain, and France. The effective tax rate for the second quarter of fiscal 2010 was additionally impacted by the recognition of valuation allowances in Australia and Italy. The Company released its full valuation allowance in second quarter fiscal 2011 recorded in Australia and Italy after determining that it was more likely than not that the Company would realize all deductible temporary differences and carryforwards in the foreseeable future.

The effective tax rate for fiscal 2011 year-to-date was primarily affected by the following discrete items: The release of a valuation allowance in Australia and Italy of ($9.0) million; the benefit through a Polish adjustment to tax basis in intangibles of ($4.2) million; and the release of a liability for uncertain tax positions in Australia of ($0.9) million.

Each quarter, the Company reviews the need to report the future realization of tax benefits of deductible temporary differences or loss carryforwards on its financial statements. All available evidence is considered to determine whether a valuation allowance should be established against these future tax benefits or previously established valuation allowances should be released. This review is performed on a jurisdiction by jurisdiction basis. As global market conditions and the Company s financial results in certain jurisdictions improve, the continued release of related valuation allowances may occur.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. With limited exceptions, the Company is no longer subject to U.S. federal income tax examinations by tax authorities for years ended before March 31, 2008. With respect to state and local jurisdictions and countries outside of the United States, with limited exceptions, the Company and its subsidiaries are no longer subject to income tax audits for years ended before March 31, 2004. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties have been provided for any adjustments that could result from these years.

The Company s unrecognized tax benefits increased from $52.0 million to $53.3 million during the first six months of fiscal 2011 due primarily to the effects of foreign currency translation plus unrecognized tax benefits established during the period less unrecognized tax benefits released during the period through tax settlements. The amount, if recognized, that would affect the Company s effective tax rate at September 30, 2010 is $21.1 million.

The Company classifies interest and penalties on uncertain tax benefits as income tax expense. At September 30, 2010 and March 31, 2010, before any tax benefits, the Company had $3.7 million and $3.9 million, respectively, of accrued interest and penalties on unrecognized tax benefits.

During the next twelve months, the Company does not expect the resolution of any tax audits which could potentially reduce unrecognized tax benefits by a material amount. However, expiration of the statute of limitations for a tax year in which the Company has recorded an uncertain tax benefit will occur in the next twelve months. The removal of this uncertain tax benefit would affect the Company s forecasted annual effective tax rate by $0.9 million.

(13) RESTRUCTURING

During the first six months of fiscal 2011, the Company has 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 and sales management.

During the six months ended September 30, 2010, the Company recognized restructuring charges of $12.1 million, representing $9.4 million for severance and $2.7 million for related closure costs. These charges represent consolidation efforts in the Transportation Americas, Transportation Europe and Rest of World (ROW), and Industrial Europe and ROW segments for approximately 206 positions.

Summarized restructuring reserve activity:

Table of Contents

	Severance Costs	Closure Costs (In thousands)	Total
Balance at March 31, 2010	$ 19,483	$ 7,095	$ 26,578
Restructuring Charges	9,424	2,666	12,090
Payments and Currency Translation	(17,106)	(6,575)	(23,681)
Balance at September 30, 2010	$ 11,801	$ 3,186	$ 14,987

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.

(14) EARNINGS (LOSS) PER SHARE

The Company computes basic earnings (loss) per share by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net earnings (loss), after adding back the after-tax amount of interest recognized in the period associated with the Company s Floating Rate Convertible Senior Subordinated Notes, by diluted weighted average shares outstanding. For the three and six months ended September 30, 2010, market rates were below the level at which interest payments for these notes are required.

Potentially dilutive shares include the assumed exercise of stock options and the assumed vesting of restricted stock and stock unit awards (using the treasury stock method) as well as the assumed conversion of the convertible debt, if dilutive (using the if-converted method). Shares which are contingently issuable under the Company s plan of reorganization have been included as outstanding common shares for purposes of calculating basic earnings (loss) per share. Basic and diluted earnings (loss) per share for the three and six months ended September 30, 2010 and 2009 are summarized as follows:

	For the Three Months Ended		For the Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(In thousands, except per share amounts)			
Net income (loss) attributable to Exide Technologies	$ 17,957	$ (7,989)	$ 8,913	$ (61,692)
Basic weighted average shares outstanding	76,492	75,880	76,416	75,848
Effect of dilutive securities:				
Floating Rate Convertible Senior Subordinated Notes	3,697		3,697	
Employee stock options	350		393	

Employee restricted stock awards (non-vested)	64		128	
	4,111		4,218	
Diluted weighted average shares outstanding	80,603	75,880	80,634	75,848
Basic earnings (loss) per share:	$ 0.23	$ (0.11)	$ 0.12	$ (0.82)
Diluted earnings (loss) per share:	$ 0.22	$ (0.11)	$ 0.11	$ (0.82)

For the three and six months ended September 30, 2010, 2,195,053 and 2,248,524 stock options, respectively, were excluded from the diluted earnings per share calculation because their exercise prices were greater than the average market price of the related common stock for the periods, and their inclusion would be antidilutive. The remaining options were included in the treasury stock method calculation, and the resulting incremental shares were included in the calculation of diluted earnings per share. In addition, 6,725,444 warrants were outstanding for both periods, but were all excluded from the diluted earnings per share

calculation because their exercise prices were greater than the market price of the related common stock for the period, and their inclusion would also be antidilutive. Due to a net loss for the three and six month periods ended September 30, 2009, certain potentially dilutive shares were excluded from the diluted loss per share calculation for those periods because their effect would be antidilutive:

	As of September 30, 2009 (In thousands)
Shares associated with convertible debt (assumed conversion)	3,697
Employee stock options	4,040
Restricted stock awards	895
Warrants	6,725
Total shares excluded	15,357

(15) FAIR VALUE MEASUREMENTS

The Company uses available market information and appropriate methodologies 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, 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:

	September 30, 2010		March 31, 2010	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In thousands)			
(Liability) Asset:				
Senior Secured Credit Facility	$ (279,712)	$ (261,975)	$ (286,661)	$ (264,816)
Senior Secured Notes due 2013	(290,000)	(297,250)	(290,000)	(294,350)
Convertible Senior Subordinated Notes due 2013	(60,000)	(43,050)	(60,000)	(39,150)
Interest Rate Swap (a)	(2,837)	(2,837)	(5,350)	(5,350)
Foreign Currency Forwards (a)				
Asset	69	69	4,034	4,034
Liability	(7,929)	(7,929)	(270)	(270)
Commodity Swap (a)	321	321	665	665

(a) 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 are observable either directly or indirectly; and

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

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

	Total Fair Value Measurement	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
September 30, 2010:				
Assets:				
Foreign currency forward	$ 69	$	$ 69	$
Commodity Swap (diesel fuel)	321		321	
Liabilities:				
Interest rate swap	2,837		2,837	
Foreign exchange forward	7,929		7,929	
March 31, 2010:				
Assets:				
Foreign exchange forward	$ 4,034	$	$ 4,034	$
Commodity Swap (diesel fuel)	665		665	
Liabilities:				
Interest rate swap	5,350		5,350	
Foreign exchange forward	270		270	

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 the interest rate swap is determined based on observable prices as quoted for receiving the variable LIBOR rate and paying fixed interest rates and, therefore, was classified as Level 2. The fair value of the foreign currency forwards were determined based upon quoted forward exchange rates for the related currencies, and is classified as Level 2 based on the nature of the underlying market in which these derivatives are traded. The fair value of the commodity swap (diesel fuel) was determined based on observable forward prices for home heating oil, and is also classified as Level 2 based on the nature of the market in which these derivatives are traded. For additional discussion of the Company s derivative instruments and hedging activities, see Note 3.

(16) SEGMENT INFORMATION

The Company reports its results for four business segments: Transportation Americas, Transportation Europe and ROW, Industrial Energy Americas and Industrial Energy Europe and ROW. The Company is a global producer and recycler of lead-acid batteries, and its four business segments provide a comprehensive range of stored electrical energy products and services for transportation and industrial applications. The Company will continue to evaluate its reporting segments pending future organizational changes that may take place.

The Company s transportation batteries include starting, lighting, and ignition batteries for cars, trucks, off-road vehicles, agricultural and construction vehicles, motorcycles, recreational vehicles, marine, and other applications. The market for transportation batteries includes aftermarket and OEM customers. The Company s Industrial Energy batteries are used in the material handling industry for such applications as electric forklift trucks, floor cleaning machinery, powered wheelchairs, railroad locomotives, and mining machinery, and in a broad range of industries for back-up power applications to ensure continuous power supply and avoid temporary power failures or outage. The market for industrial energy batteries includes motive power and network power customers.

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.

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

	For the Three Months Ended September 30, 2010					
	Transportation		Industrial			
	Americas	Europe and ROW	Americas	Europe and ROW	Other (a)	Consolidated
	(In thousands)					
Net sales	$ 227,038	$ 205,419	$ 69,888	$ 165,663	$	$ 668,008
Gross profit	47,671	38,654	16,911	33,492		136,728
Expenses (a)	29,637	27,086	10,929	32,963	15,171	115,786
Income (loss) before reorganization items and income taxes	18,034	11,568	5,982	529	(15,171)	20,942
Depreciation and amortization	6,809	4,608	2,821	4,690	1,722	20,650
Restructuring expenses	309	2,140	42	2,420	285	5,196

	For the Three Months Ended September 30, 2009					
	Transportation		Industrial			
	Americas	Europe and ROW	Americas	Europe and ROW	Other (a)	Consolidated
	(In thousands)					

	For the Six Months Ended September 30, 2010					
	Transportation		Industrial			
	Americas	Europe and ROW	Americas	Europe and ROW	Other (a)	Consolidated
	(In thousands)					
Net sales	$ 454,092	$ 386,792	$ 138,379	$ 333,411	$	$ 1,312,674
Gross profit	87,429	69,915	33,099	66,651		257,094
Expenses (a)	60,054	50,239	22,173	68,115	49,741	250,322
Income (loss) before reorganization items and income taxes	27,375	19,676	10,926	(1,464)	(49,741)	6,772
Depreciation and amortization	13,736	9,423	5,663	9,321	3,443	41,586
Restructuring expenses	1,744	2,666	109	6,972	599	12,090

	For the Six Months Ended September 30, 2009					
	Transportation		Industrial			
	Americas	Europe and ROW	Americas	Europe and ROW	Other (a)	Consolidated
	(In thousands)					
Net sales	$ 455,566	$ 328,893	$ 116,493	$ 323,717	$	$ 1,224,669
Gross profit	90,006	48,788	26,322	71,474		236,590
Expenses (a)	62,516	68,014	20,595	96,149	36,375	283,649

Income (loss) before reorganization items and income taxes	27,490	(19,226)	5,727	(24,675)	(36,375)	(47,059)
Depreciation and amortization	14,015	10,996	5,121	12,122	3,247	45,501
Restructuring expenses	4,146	19,868	169	20,857	1,057	46,097

(a) Other includes unallocated corporate expenses, interest expense, currency remeasurement gain/loss, and gain/loss on revaluation of warrants.

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

The following discussion and analysis provide information which management believes is relevant to an assessment and understanding of the Company s consolidated financial condition and results of operations. The discussion should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto contained in this 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, included in this Report on Form 10-Q 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 contained herein. For a discussion of certain legal contingencies, see Note 11 to the Condensed 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.

The Company s transportation batteries include starting, lighting, and ignition batteries for cars, trucks, off-road vehicles, agricultural and construction vehicles, motorcycles, recreational vehicles, marine, and other applications. The market for transportation batteries is divided between sales to aftermarket customers and OEMs. The Company s Industrial Energy segments supply motive power and network power applications. Motive power batteries are used in the material handling industry for electric forklift trucks and in other industries, including those related to floor cleaning machinery, powered wheelchairs, railroad locomotives, and mining machinery. Network power batteries are used in a broad range of industries for back-up power applications to ensure continuous power supply and avoid temporary power failures or outage.

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.

Factors Which Affect the Company s Financial Performance

Lead and other Raw Materials. Lead represents approximately 49.7% of the Company s cost of goods sold. 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. Both 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 15.5% from $1,721 per metric ton for the six months ended September 30, 2009 to $1,988 per metric ton for the six months ended September 30, 2010. During the first six months of fiscal 2011, the LME lead price has increased from $2,119 per metric ton at March 31, 2010 to $2,261 per metric ton at September 30, 2010. At October 29, 2010, the quoted price on the LME was $2,436 per metric ton. To the extent that lead prices continue to be volatile and the Company is unable to maintain existing pricing or pass higher material costs resulting from this volatility to its customers, its financial performance will be adversely impacted.

Energy Costs. The Company relies on various sources of energy to support its manufacturing and distribution process, principally natural gas at its recycling facilities, electricity in its battery plants, and diesel fuel for distribution of its products. The Company seeks to recoup increased 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 capacity in certain of the Company s markets, and fluctuating lead prices and low-priced Asian imports in 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 first six months of fiscal 2011, the exchange rate of the Euro to the U.S. Dollar has decreased 8.6% on average to $1.28 compared to $1.40 for the first six months of fiscal 2010. At September 30, 2010, the exchange rate of the Euro to the U.S, Dollar was $1.36 or 0.7% higher as compared to $1.35 at March 31, 2010. Fluctuations in foreign currencies impacted the Company s results for the periods presented herein. For the first six months ended September 30, 2010, approximately 54.9% of the

Company s net sales were generated in Europe and ROW. Further, approximately 65.1% of the Company s aggregate accounts receivable and inventory as of September 30, 2010 were held by its European subsidiaries.

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 of foreign exchange rates against the U.S. Dollar can result in variations in the U.S. Dollar value of non-U.S. sales, expenses, assets, and liabilities. In some instances, gains in one currency may be offset by losses in another.

Markets. The Company is subject to concentrations of customers and sales in a few geographic locations and is dependent on customers in certain industries, including the automotive, communications and data and material handling markets. Economic difficulties experienced in these markets and geographic locations impact the Company s financial results. OE volumes in the transportation and motive power channels have been and continue to be depressed, reflecting global economic conditions. In addition, capital spending by major customers in our network power channels continue to be below historic 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 effect 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 effect. As a result, if the Company s sales are reduced by an unusually warm winter or cool summer, the Company typically does not recover these sales in later periods. Further, if the Company s sales are adversely affected by the weather, the Company typically cannot make offsetting cost reductions to protect its liquidity and gross margins in the short-term because a large portion of the Company s manufacturing and distribution costs are fixed.

Interest Rates. The Company is exposed to fluctuations in interest rates on its variable rate debt, portions of which were hedged during the three and six months ended September 30, 2010. See Notes 3 and 7 to the Condensed Consolidated Financial Statements in this Form 10-Q.

Second quarter of Fiscal 2011 Highlights and Outlook

The Company s reported results continue to be impacted in fiscal 2011 by fluctuations in the cost of materials and energy used in the manufacturing and distribution of the Company s products.

In the Americas, the Company obtains the vast majority of its lead requirements from five Company-owned and operated secondary lead recycling plants. These facilities reclaim lead by recycling spent lead-acid batteries, which are obtained for recycling from the Company s customers and outside spent-battery collectors. Recycling helps the Company in the Americas control the cost of its principal raw material as compared to purchasing lead at prevailing market prices. Similar to the fluctuation in lead prices, however, the price of spent batteries has also fluctuated. The average price of spent batteries increased approximately 22.3% in the second quarter of fiscal 2011 versus the second quarter of fiscal 2010. The Company continues to take pricing actions and is attempting to secure higher captive spent battery return rates to help mitigate the risks associated with this price volatility.

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 OEM customers. The Company currently obtains a small portion of its lead requirements from recycling in its European facilities.

The Company expects that volatility in lead and other commodity costs, which affect all business segments, will continue to affect the Company s financial performance. However, selective pricing actions, lead price escalators in certain contracts and fuel surcharges are intended 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.

In addition to managing the impact of fluctuation in lead and other commodity costs on the Company s results, the key elements of the Company s underlying business plans and continued strategies are:

Table of Contents

(i) Successful execution and completion of the Company s restructuring plan and organizational realignment of divisional and corporate functions intended to result in further headcount reductions, including the acceleration of such activities in Europe as the Company integrates the two business segments under common leadership.
(ii) Actions designed to improve the Company s liquidity and operating cash flow through 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.
(iii) Continued factory and distribution productivity improvements through its established Take Charge! initiative.
(iv) Continued review and rationalization of the various brand offerings of products in its markets to gain efficiencies in manufacturing and distribution, and better leverage the Company s marketing spending.
(v) Increased research and development and engineering investments designed to develop enhanced lead-acid products as well as products utilizing alternative chemistries.
(vi) Gain further product and process efficiencies with the Company s Global Procurement structure. This initiative focuses on leveraging existing relationships and creating an infrastructure for global search for products and components.

Critical Accounting Policies and Estimates

The Company s discussion and analysis of its financial condition and results of operations is based upon the Company s Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates based on its historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes that the critical accounting policies and estimates disclosed in the Company s annual report on Form 10-K for the fiscal year ended March 31, 2010 affect the preparation of its Condensed Consolidated Financial Statements. The reader of this report should refer to the Company s annual report for further information.

Results of Operations

Three months ended September 30, 2010 compared with three months ended September 30, 2009

Net Sales

Net sales were $668.0 million for the second quarter of fiscal 2011 versus $631.8 million in the second quarter of fiscal 2010. Foreign currency translation (primarily the Euro against the U.S. dollar) unfavorably impacted net sales in the second quarter of fiscal 2011 by approximately $30.2 million. Excluding the foreign currency translation impact, net sales increased by approximately $66.4 million, or 10.5% primarily the result of $45.6 million in lead related price increases combined with higher unit sales.

	For the Three Months Ended		FAVORABLE / (UNFAVORABLE)		
	September 30, 2010	September 30, 2009	TOTAL	Currency Related	Non-Currency Related
	(In thousands)				
Transportation					
Americas	$ 227,038	$ 224,770	$ 2,268	$	$ 2,268
Europe & ROW	205,419	182,446	22,973	(17,769)	40,742
Industrial Energy					
Americas	69,888	56,559	13,329		13,329
Europe & ROW	165,663	168,040	(2,377)	(12,394)	10,017

TOTAL	$ 668,008	$ 631,815	$ 36,193	$ (30,163)	$ 66,356

Transportation Americas net sales were $227.0 million for the second quarter of fiscal 2011 versus $224.8 million for the second quarter of fiscal 2010. Net sales increased by $2.3 million or 1.0% due to a $9.8 million favorable impact of pricing actions related to the higher average price of lead and higher unit sales in the OEM channel, partially offset by a decline in aftermarket unit sales. Third-party lead sales for the fiscal 2011 second quarter were approximately $8.5 million lower than the fiscal 2010 second quarter.

Table of Contents

Transportation Europe and ROW net sales were $205.4 million for the second quarter of fiscal 2011 versus $182.5 million for the second quarter of fiscal 2010. Net sales, excluding an unfavorable impact of $17.8 million in foreign currency translation, increased by $40.7 million or 22.3% mainly due to a $20.8 million favorable lead-related pricing increase as well as an increase in aftermarket unit sales, partially offset by lower OEM unit sales as new car builds were impacted by the cessation of government sponsored scrap programs.

Industrial Energy Americas net sales were $70.0 million for the second quarter of fiscal 2011 versus $56.6 million for the second quarter of fiscal 2010. Net sales increased by $13.3 million or 23.6% due to a $3.5 million lead-related pricing increase as well as higher unit sales in both the Motive Power and Network power markets.

Industrial Energy Europe and ROW net sales were $165.7 million for the second quarter of fiscal 2011 versus $168.0 million for the second quarter of fiscal 2010. Net sales, excluding an unfavorable foreign currency translation impact of $12.4 million, increased $10.0 million or 6.0% due to a favorable $11.5 million lead-related pricing increase as well as higher unit sales in the Motive Power market, partially offset by lower unit sales in the Network Power market. Pricing, other than for lead, remained an issue as excess market capacity continued to result in extremely competitive market dynamics.

Gross Profit

Gross profit was $136.7 million in the second quarter of fiscal 2011 versus $129.9 million in the second quarter of fiscal 2010. Gross margin was essentially flat at 20.5% in the second quarter of fiscal 2011 versus 20.6% in the second quarter of fiscal 2010. Gross profit was favorably impacted by higher unit sales. Foreign currency translation unfavorably impacted gross profit in the second quarter of fiscal 2011 by $5.3 million. Lead-related pricing negatively impacted second quarter of fiscal 2011 gross margin by approximately 150 basis points.

	For the Three Months Ended						
	September 30, 2010		September 30, 2009		FAVORABLE / (UNFAVORABLE)		
	TOTAL	Percent of Net Sales	TOTAL	Percent of Net Sales	TOTAL	Currency Related	Non-Currency Related
				(In thousands)			
Transportation							
Americas	$ 47,671	21.0%	$ 51,815	23.1%	$ (4,144)	$	$ (4,144)
Europe & ROW	38,654	18.8%	29,967	16.4%	8,687	(3,104)	11,791
Industrial Energy							
Americas	16,911	24.2%	13,062	23.1%	3,849		3,849
Europe & ROW	33,492	20.2%	35,062	20.9%	(1,570)	(2,154)	584
TOTAL	$ 136,728	20.5%	$ 129,906	20.6%	$ 6,822	$ (5,258)	$ 12,080

Transportation Americas gross profit was $47.7 million or 21.0% of net sales in the second quarter of fiscal 2011 versus $51.8 million or 23.1% of net sales in the second quarter of fiscal 2010. The decrease in gross profit is primarily due to lower unit sales in the aftermarket channel combined with higher spent battery cost, partially offset by higher OEM unit sales. Lower third-party lead sales also negatively impacted margins.

Transportation Europe and ROW gross profit was $38.7 million or 18.8% of net sales in the second quarter of fiscal 2011 versus $30.0 million or 16.4% of net sales in the second quarter of fiscal 2010. Gross profit, excluding an unfavorable foreign currency translation impact of $3.1 million, increased $11.8 million primarily due to higher unit sales in the aftermarket channel and favorable pricing, partially offset by lower OEM unit sales.

Industrial Energy Americas gross profit was $16.9 million or 24.2% of net sales in the second quarter of fiscal 2011 versus $13.1 million or 23.1% of net sales in the second quarter of fiscal 2010. The increase in gross profit was primarily due to higher overall unit sales.

Industrial Energy Europe and ROW gross profit was $33.5 million or 20.2% of net sales in the second quarter of fiscal 2011 versus $35.1 million or 20.9% of net sales in the second quarter of fiscal 2010. Gross profit, excluding an unfavorable foreign currency translation impact of $2.2 million, increased $0.6 million primarily due to higher motive power unit sales and improved manufacturing efficiencies, partially offset by lower network power unit sales and aggressive pricing.

Expenses

Total expenses were $115.8 million in the second quarter of fiscal 2011 versus $128.4 million in the second quarter of fiscal 2010, and were impacted by the following items:

Table of Contents

Selling, marketing, and advertising expenses decreased $2.6 million, to $61.2 million in the second quarter of fiscal 2011 from $63.8 million in the second quarter of fiscal 2010 due in part to a favorable foreign currency translation of $2.0 million. Excluding the foreign currency translation impact, the expenses decreased by $0.6 million.

General and administrative expenses decreased $2.4 million to $44.0 million in the second quarter of fiscal 2011 from $46.4 million in the second quarter of fiscal 2010. The decrease included a favorable foreign currency translation impact of $1.4 million. Excluding the foreign currency translation impact, the expenses in the second quarter of fiscal 2011 decreased by $1.0 million primarily due to savings from head count reductions.

Restructuring expenses decreased $5.2 million to $5.2 million in the second quarter of fiscal 2011 from $10.4 million in the second quarter of fiscal 2010. This decrease primarily related to fiscal 2010 restructuring activities, principally the closure of the Over Hulton, U.K. industrial energy battery plant.

Other income was $9.8 million in the second quarter of fiscal 2011 versus $7.0 million in the second quarter of fiscal 2010. The net change was primarily due to increased currency remeasurement gains of approximately $2.0 million.

Interest expense increased $0.4 million to $15.2 million in the second quarter of fiscal 2011 from $14.8 million in the second quarter of fiscal 2010.

	For the Three Months Ended		FAVORABLE / (UNFAVORABLE)		
	September 30, 2010	September 30, 2009	TOTAL	Currency Related	Non-Currency Related
	(In thousands)				
Transportation					
Americas	$ 29,637	$ 29,629	$ (8)	$	$ (8)
Europe & ROW	27,086	25,811	(1,275)	1,971	(3,246)
Industrial Energy					
Americas	10,929	9,948	(981)		(981)
Europe & ROW	32,963	43,807	10,844	2,799	8,045
Unallocated expenses	15,171	19,182	4,011	1,101	2,910
TOTAL	$ 115,786	$ 128,377	$ 12,591	$ 5,871	$ 6,720

Transportation Americas expenses were essentially flat at $29.6 million in the second quarter of fiscal 2011 versus the second quarter of fiscal 2010.

Transportation Europe and ROW expenses were $27.1 million in the second quarter of fiscal 2011 versus $25.8 million in the second quarter of fiscal 2010. Foreign currency translation favorably impacted expenses in the second quarter of fiscal 2011 by approximately $2.0 million. Excluding the foreign currency translation impact, expenses increased by $3.2 million primarily due to restructuring activities.

Industrial Energy Americas expenses were $10.9 million in the second quarter of fiscal 2011 versus $10.0 million in the second quarter of fiscal 2010. The increase in expenses was primarily due to higher selling and marketing costs related to the increase in sales as well as higher costs related to new product engineering initiatives.

Industrial Energy Europe and ROW expenses were $33.0 million in the second quarter of fiscal 2011 versus $43.8 million in the second quarter of fiscal 2010. Excluding a favorable foreign currency translation impact of approximately $2.8 million, expenses decreased by $8.0 million, primarily due to $5.3 million in lower restructuring expenses related to the closure of the U.K. battery plant in the prior year quarter, as well as lower selling, marketing and advertising expenses, as well as general and administrative expenses.

Unallocated corporate expenses were $15.2 million in the second quarter of fiscal 2011 versus $19.2 million in the second quarter of fiscal 2010:

Table of Contents

	For the Three Months Ended		FAVORABLE
	September 30, 2010	September 30, 2009	(UNFAVORABLE)
	(In thousands)		
Corporate expenses	$ 9,588	$ 11,376	$ 1,788
Restructuring	285	724	439
Other (income) expense:			
Currency remeasurement gain	(9,796)	(7,484)	2,312
Gain on revaluation of warrants	(67)	(269)	(202)
Other		18	18
Interest, net	15,161	14,817	(344)
TOTAL	$ 15,171	$ 19,182	$ 4,011

Foreign currency translation favorably impacted unallocated expenses by $1.1 million in the second quarter of fiscal 2011.

Income Taxes

	For the Three Months Ended	
	September 30, 2010	September 30, 2009
	(In thousands)	
Pre-tax income (loss)	$ 20,077	$ 1,209
Income tax provision	1,988	9,130
Effective tax rate	9.9%	755.2%

The effective tax rate for the second quarter of fiscal 2011 and fiscal 2010 was impacted by the generation of income in tax-paying jurisdictions in certain countries in Europe, the U.S., Asia, and Canada, and the recognition of valuation allowances on tax benefits generated from losses in the United Kingdom, Spain, and France. The effective tax rate for the second quarter of fiscal 2010 was additionally impacted by the recognition of valuation allowances in Australia and Italy. The Company released its full valuation allowance in second quarter fiscal 2011 recorded in Australia and Italy after determining that it was more likely than not that the Company would realize all deductible temporary differences and carryforwards in the foreseeable future.

The effective tax rate for the second quarter of fiscal 2011 was primarily affected by the discrete release of valuation allowance in Australia and Italy of ($9.0) million and the discrete release of liability for uncertain tax positions in Australia of ($0.9) million. The effective tax rate for second quarter of fiscal year 2010 was also impacted by the reduction of ($8.0) million in valuation allowances on current period tax benefits generated primarily in United Kingdom, France, Spain, Italy, and Australia.

The Company is also subject to tax audits by governmental authorities in the U.S. and in non-U.S. jurisdictions. The Company is currently subject to a tax audit in Spain for fiscal years 2003 through 2006 that is related to its current and certain former Spanish subsidiaries, and may become subject to similar tax audits for subsequent years. Negative results from one or more such tax audits could materially and adversely affect the Company s business, financial condition, cash flows, or results of operations. See Note 12 to the Condensed Consolidated Financial Statements for further discussion of the Company s effective tax rate.

Six months ended September 30, 2010 compared with six months ended September 30, 2009

Net Sales

Net sales were $1.31 billion in the first half of fiscal 2011 versus $1.22 billion in the first half of fiscal 2010. Foreign currency translation unfavorably impacted net sales in the first half of fiscal 2011 by approximately $44.7 million. Excluding the foreign currency translation impact, net sales increased by approximately $132.7 million, or 10.8% primarily as a result of $102.5 million in lead related price increases as well as higher unit sales as most of the Company s markets continue to enjoy modest economic recovery.

Table of Contents

	For the Six Months Ended		FAVORABLE / (UNFAVORABLE)		
				Currency	Non-Currency
	September 30, 2010	September 30, 2009	TOTAL	Related	Related
			(In thousands)		
Transportation					
Americas	$ 454,092	$ 455,566	$ (1,474)	$	$ (1,474)
Europe & ROW	386,792	328,893	57,899	(25,644)	83,543
Industrial Energy					
Americas	138,379	116,493	21,886		21,886
Europe & ROW	333,411	323,717	9,694	(19,041)	28,735
TOTAL	$ 1,312,674	$ 1,224,669	$ 88,005	$ (44,685)	$ 132,690

Transportation Americas net sales were $454.1 million in the first half of fiscal 2011 versus $455.6 million in the first half of fiscal 2010. Net sales were $1.5 million or 0.3% lower due to a decline in aftermarket unit sales and third-party lead sales, substantially offset by an increase in OEM unit sales combined with lead-related price increases.

Transportation Europe and ROW net sales were $386.8 million in the first half of fiscal 2011 versus $328.9 million in the first half of fiscal 2010. Foreign currency translation unfavorably impacted the first half of fiscal 2011 by approximately $25.6 million. Excluding the impact of foreign currency translation, net sales increased by approximately $83.5 million, or 25.4% primarily due to a $46.5 million impact of lead-related pricing actions as well as higher unit sales in both the aftermarket and OEM channels.

Industrial Energy Americas net sales in the first half of fiscal 2011 were $138.4 million versus $116.5 million in the first half of fiscal 2010. Net sales were $21.9 million or 18.8% higher due to $8.4 million of lead-related pricing actions as well as higher unit sales in both the motive power and network power markets.

Industrial Energy Europe and ROW net sales in the first half of fiscal 2011 were $333.4 million versus $323.7 million in the first half of fiscal 2010. Foreign currency translation unfavorably impacted net sales in the first half of fiscal 2011 by approximately $19.0 million. Excluding the impact of foreign currency translation, net sales increased by approximately $28.7 million or 8.9% primarily due to $34.1 million of lead-related pricing actions as well as higher motive power unit sales, partially offset by lower network power unit sales and continued aggressive non-lead related price reductions.

Gross Profit

Gross profit was $257.1 million, or 19.6% of net sales in the first half of fiscal 2011 versus $236.6 million, or 19.3% of net sales in the first half of fiscal 2010. Foreign currency translation unfavorably impacted gross profit in the first half of fiscal 2011 by approximately $6.7 million. Gross profit was favorably impacted by higher unit sales as well as improved manufacturing efficiencies.

	For the Six Months Ended						
	September 30, 2010		September 30, 2009		FAVORABLE / (UNFAVORABLE)		
	TOTAL	Percent of Net Sales	TOTAL	Percent of Net Sales	TOTAL	Currency Related	Non-Currency Related
				(In thousands)			
Transportation							
Americas	$ 87,429	19.3%	$ 90,006	19.8%	$ (2,577)	$	$ (2,577)
Europe & ROW	69,915	18.1%	48,788	14.8%	21,127	(4,182)	25,309

Industrial Energy							
Americas	33,099	23.9%	26,322	22.6%	6,777		6,777
Europe & ROW	66,651	20.0%	71,474	22.1%	(4,823)	(2,563)	(2,260)
TOTAL	$ 257,094	19.6%	$ 236,590	19.3%	$ 20,504	$ (6,745)	$ 27,249

Transportation Americas gross profit was $87.4 million, or 19.3% of net sales in the first half of fiscal 2011 versus $90.0 million, or 19.8% of net sales in the first half of fiscal 2010. The decrease in gross profit is primarily due to lower unit sales in the aftermarket channel combined with higher spent battery cost, partially offset by slightly higher OEM unit sales.

Transportation Europe and ROW gross profit was $69.9 million, or 18.1% of net sales in the first half of fiscal 2011 versus $48.8 million, or 14.8% of net sales in the first half of fiscal 2010. Foreign currency translation unfavorably impacted gross profit in the first half of fiscal 2011 by approximately $4.2 million. Excluding the foreign currency translation impact, gross profit increased by approximately $25.3 million primarily as a result of higher unit sales in both the aftermarket and OEM channels.

Table of Contents

Industrial Energy Americas gross profit was $33.1 million or 23.9% of net sales in the first half of fiscal 2011 versus $26.3 million or 22.6% of net sales in the first half of fiscal 2010. The increase was primarily due to higher unit sales in both the motive power and network power markets as well as improved manufacturing efficiencies.

Industrial Energy Europe and ROW gross profit was $66.7 million or 20.0% of net sales in the first half of fiscal 2011 versus $71.5 million or 22.1% of net sales in the first half of fiscal 2010. Foreign currency translation unfavorably impacted gross profit in the first half of fiscal 2011 by approximately $2.6 million. Excluding foreign currency translation, gross profit decreased by $2.3 million primarily as a result of lower network power unit sales and lower general pricing, partially offset by higher motive power unit sales and improved manufacturing efficiencies.

Expenses

Total expenses were $250.3 million in the first half of fiscal 2011 versus $283.6 million in the first half of fiscal 2010, and were primarily impacted by the following items:

Selling, marketing, and advertising decreased $8.4 million, to $120.7 million in the first half of fiscal 2011 from $129.1 million in the first half of fiscal 2010. Foreign currency translation favorably impacted selling, marketing, and advertising costs in the first half of fiscal 2011 by approximately $2.4 million. The remaining decrease was due primarily to decreases in sales commissions, and other spending controls.

General and administrative decreased $3.1 million, to $86.2 million in the first half of fiscal 2011 from $89.3 million in the first half of fiscal 2010. Foreign currency translation favorably impacted general and administrative costs in the first half of fiscal 2011 by approximately $2.2 million. The remaining decrease was primarily due to savings from headcount reductions.

Restructuring decreased $34.0 million, to $12.1 million in the first half of fiscal 2011 from $46.1 million in the first half of fiscal 2010. This decrease primarily related to fiscal 2010 restructuring activities, principally the closure of the Auxerre, France transportation battery plant and the Over Hulton, U.K. industrial energy battery plant.

Other expense (income) was $1.2 million in the first half of fiscal 2011 versus ($10.4) million in the first half of fiscal 2010. The change is primarily due to a currency remeasurement loss of $0.2 million in the first half of fiscal 2011 compared with a $16.9 million gain in the first half of fiscal 2010.

Interest expense increased $0.6 million, to $30.1 million in the first half of fiscal 2011 from $29.5 million in the first half of fiscal 2010.

Foreign currency translation favorably impacted expenses by $9.1 million in the first half of fiscal 2011.

	For the Six Months Ended		FAVORABLE / (UNFAVORABLE)		
				Currency	Non-Currency
	September 30, 2010	September 30, 2009	TOTAL	Related	Related
			(In thousands)		
Transportation					
Americas	$ 60,054	$ 62,516	$ 2,462	$	$ 2,462
Europe & ROW	50,239	68,014	17,775	2,759	15,016
Industrial Energy					
Americas	22,173	20,595	(1,578)		(1,578)
Europe & ROW	68,115	96,149	28,034	4,803	23,231
Unallocated expenses	49,741	36,375	(13,366)	1,577	(14,943)

TOTAL	$ 250,322	$ 283,649	$ 33,327	$ 9,139	$ 24,188

Transportation Americas expenses were $60.1 million in the first half of fiscal 2011 versus $62.5 million in the first half of fiscal 2010. The decrease in expenses was primarily due to lower restructuring expenses.

Transportation Europe and ROW expenses were $50.2 million in the first half of fiscal 2011 versus $68.0 million in the first half of fiscal 2010. Foreign currency translation favorably impacted expenses in the first half of fiscal 2011 by approximately $2.8 million. Excluding the impact of foreign currency translation, expenses decreased by $15.0 million primarily due to $17.2 million

lower restructuring expenses primarily related to the closure of the Auxerre, France battery plant in the fiscal 2010 period, partially offset by increased costs related to new product engineering initiatives.

Industrial Energy Americas expenses were $22.2 million in the first half of fiscal 2011 versus $20.6 million in the first half of fiscal 2010. The increase in expenses was primarily due to higher selling and marketing costs related to the increase in sales as well as higher costs related to new product engineering initiatives.

Industrial Energy Europe and ROW expenses were $68.1 million in the first half of fiscal 2011 versus $96.1 million in the first half of fiscal 2010. Expenses, excluding a favorable foreign currency translation impact of $4.8 million, decreased by $23.2 million primarily due to $13.9 million in lower restructuring and $5.8 million of asset impairment expenses related to the closure of the U.K. battery plant in the fiscal 2010 period, as well as lower selling and marketing and general and administrative expenses.

Unallocated expenses were $49.7 million in the first half of fiscal 2011 versus $36.4 million in the first half of fiscal 2010:

	For the Six Months Ended September 30, 2010	September 30, 2009	FAVORABLE (UNFAVORABLE)
		(In thousands)	
Corporate expenses	$ 18,917	$ 21,684	$ 2,767
Restructuring	599	1,057	458
Other (income) expense:			
Currency remeasurement loss (gain)	250	(16,167)	(16,417)
(Gain) loss on revaluation of warrants	(168)	202	370
Other	(1)	62	63
Interest, net	30,144	29,537	(607)
TOTAL	$ 49,741	$ 36,375	$ (13,366)

Foreign currency translation favorably impacted unallocated expenses by $1.6 million in the first half of fiscal 2011.

Income Taxes

	For the Six Months Ended September 30, 2010	September 30, 2009
	(In thousands)	
Pre-tax (loss) income	$ 5,270	$ (47,934)
Income tax (benefit) provision	(3,813)	14,002
Effective tax rate	-72.4%	-29.2%

The effective tax rate for the half of fiscal year 2011 and fiscal year 2010 was impacted by the generation of income in tax-paying jurisdictions in certain countries in Europe, the U.S., Asia, and Canada, and the recognition of valuation allowances on tax benefits generated from losses in the United Kingdom, Spain, and France. The effective tax rate for the first half of fiscal 2010 was additionally impacted by the recognition of valuation allowances in Australia and Italy. The Company released its full valuation allowance in second quarter fiscal 2011 recorded in Australia and Italy after determining that it was more likely than not that the Company would realize all deductible temporary differences and carryforwards in the foreseeable future.

The effective tax rate for the first half of fiscal 2011 was primarily affected by the following discrete items: The release of valuation allowance in Australia and Italy ($9.0) million; the benefit through a Polish adjustment to tax

basis in intangibles of ($4.2) million; and release of liability for uncertain tax positions in Australia ($0.9) million. The effective tax rate for the first half of fiscal 2010 was impacted by the recognition of valuation allowance of $11.7 million on current period tax benefits generated primarily in the United Kingdom, France, Spain, Italy, and Australia. The Company is also subject to tax audits by governmental authorities in the U.S. and in non-U.S. jurisdictions.

Liquidity and Capital Resources

As of September 30, 2010, the Company had cash and cash equivalents of $77.4 million and availability under the Company s revolving senior secured credit facility (Revolving Loan Facility) of $126.6 million. This compared to cash and cash equivalents of $89.6 million and availability under the Revolving Loan Facility of $124.6 million as of March 31, 2010.

In August 2010, the Company postponed its previously announced offering of up to $675 million aggregate principal amount of senior secured notes due to adverse capital market conditions. The Company will continue to monitor capital market conditions and may refinance existing indebtedness in the future. The Company currently has no significant debt maturities until May 2012 for the Term Debt and September 2013 for the Senior Notes.

The Credit Agreement

In May 2007, the Company entered into a five-year $495.0 million Credit Agreement. The Credit Agreement consists of a $295.0 million term loan and a $200.0 million asset-based revolving loan and matures in May 2012. The Credit Agreement contains no financial maintenance covenants.

The Revolving Loan

Borrowings under the Revolving Loan Facility bear interest at a rate equal to the London Interbank Offered Rate, or LIBOR, plus 1.50%. The applicable spread on the Revolving Loan Facility will be subject to change and may increase or decrease in accordance with a leverage-based pricing grid. The Revolving Loan Facility includes a letter of credit sub-facility of $75.0 million and an accordion feature that allows the Company to increase the facility size up to $250.0 million if the Company can obtain commitments from existing or new lenders for the incremental amount. The Revolving Loan Facility will mature in May 2012, but is prepayable at any time at par.

Availability under the Revolving Loan Facility is subject to a borrowing base comprised of up to 85.0% of the Company s eligible accounts receivable plus 85.0% of the net orderly liquidation value of eligible North American inventory less, in each case, certain limitations and reserves. Revolving loans made to the Company domestically under the Revolving Loan Facility are guaranteed by substantially all domestic subsidiaries of the Company, and revolving loans made to Exide Global Holding Netherlands C.V. (Exide C.V.) under the Revolving Loan Facility are guaranteed by substantially all domestic subsidiaries of the Company and certain foreign subsidiaries. These guaranteed obligations are secured by liens on substantially all of the assets of such respective borrowers and guarantors, including, subject to certain exceptions, in the case of security provided by the domestic subsidiaries, first priority liens in current assets and second priority liens in fixed assets.

The Revolving Loan Facility contains customary terms and conditions, including, without limitation, limitations on liens, indebtedness, implementation of cash dominion and control agreements, and other typical covenants. A springing fixed charge financial covenant of 1.0:1.0 will be triggered if the excess availability under the Revolving Loan Facility falls below $40.0 million. The Company is also required to pay an unused line fee that varies based on usage of the Revolving Loan Facility.

The Term Loan

Borrowings under the term loan in U.S. Dollars bear interest at a rate equal to LIBOR plus 3.00%, and borrowings under the Term Loan in Euros bear interest at a rate equal to LIBOR plus 3.25%. The term loans will mature in May 2012, but are prepayable at any time at par value.

The term loans will amortize as follows: 0.25% of the initial principal balance of the term loans will be due and payable on a quarterly basis, with the balance payable at maturity. Mandatory prepayment by the Company may be required under the term loans as a result of excess cash flow, asset sales and casualty events, in each case, subject to certain exceptions.

The portion of the term loan made to the Company is guaranteed by substantially all domestic subsidiaries of the Company, and the portion of the term loan made to Exide C.V. is guaranteed by substantially all domestic subsidiaries of the Company and certain foreign subsidiaries. These obligations are secured by a lien on substantially all of the assets of such respective borrowers and guarantors, including, subject to certain exceptions, in the case of security provided by the domestic subsidiaries, first priority liens in fixed assets and second priority liens in current assets.

The term loan contains customary terms and conditions, including, without limitation, (1) limitations on debt (including a leverage or coverage based incurrence test), (2) limitations on mergers and acquisitions, (3) limitations on

restricted payments, (4) limitations on investments, (5) limitations on capital expenditures, (6) limitations on asset sales with limited exceptions, (7) limitations on liens, and (8) limitations on transactions with affiliates.

Borrowings of the Company and other domestic borrowers are guaranteed by substantially all domestic subsidiaries of the Company, and borrowings of Exide C.V. are guaranteed by the Company, substantially all domestic subsidiaries of the Company, and certain foreign subsidiaries. These guarantee obligations are secured by liens on substantially all of the assets of such respective borrowers and guarantors.

The Senior Notes

In March 2005, the Company issued $290.0 million in aggregate principal amount of 10.5% senior secured notes due 2013. Interest of $15.2 million is payable semi-annually on March 15 and September 15. The 10.5% senior secured notes are redeemable at the option of the Company, in whole or in part, on or after March 15, 2010, at 102.625% of the principal amount, plus accrued interest, declining to 100% of the principal amount, plus accrued interest on or after March 15, 2011. The 10.5% senior secured notes were redeemable at the option of the Company, in whole or in part, subject to payment of a make whole premium, at any time prior to March 15, 2009. In the event of a change of control or the sale of certain assets, the Company may be required to offer to purchase the 10.5% senior secured notes from the note holders. Those notes are secured by a junior priority lien on the assets of the U.S. parent company, including the stock of its subsidiaries. The Indenture for these notes contains financial covenants which limit the ability of the Company and its subsidiaries to among other things incur debt, grant liens, pay dividends, invest in non-subsidiaries, engage in related party transactions and sell assets. Under the Indenture, proceeds from asset sales (to the extent in excess of a $5.0 million threshold) must be applied to offer to repurchase notes to the extent such proceeds exceed $20.0 million in the aggregate and are not applied within 365 days to (i) retire senior secured credit agreement borrowings or (ii) to make investments or capital expenditures.

The Convertible Notes

Also, in March 2005, the Company issued floating rate convertible senior subordinated notes due September 18, 2013, with an aggregate principal amount of $60.0 million. These notes bear interest at a per annum rate equal to the 3-month LIBOR, adjusted quarterly, minus a spread of 1.5%. The interest rate at September 30, 2010 and March 31, 2010 was 0.0%. Interest is payable quarterly. The notes are convertible into the Company s common stock at a conversion rate of 61.6143 shares per one thousand dollars principal amount at maturity, subject to adjustments for any common stock splits, dividends on the common stock, tender and exchange offers by the Company for the common stock and third-party tender offers, and in the case of a change in control in which 10% or more of the consideration for the common stock is cash or non-traded securities, the conversion rate increases, depending on the value offered and timing of the transaction, to as much as 70.2247 shares per one thousand dollars principal amount.

At September 30, 2010, the Company was in compliance with covenants contained in the Credit Agreement and indenture agreements that cover the 10.5% senior secured notes and floating rate convertible subordinated notes.

At September 30, 2010, the Company had outstanding letters of credit with a face value of $53.6 million and surety bonds with a face value of $2.3 million. The majority of the letters of credit and surety bonds have been issued as collateral or financial assurance with respect to certain liabilities that the Company has recorded, including but not limited to environmental remediation obligations and self-insured workers compensation reserves. Failure of the Company to satisfy its obligations with respect to the primary obligations secured by the letters of credit or surety bonds could entitle the beneficiary of the related letter of credit or surety bond to demand payments pursuant to such instruments. The letters of credit generally have terms up to one year. Collateral held by the surety in the form of letters of credit at September 30, 2010, pursuant to the terms of the agreement, was $2.2 million.

Risks and uncertainties could cause the Company s performance to 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 costs or increases in costs beyond predicted levels would place a strain on the Company s liquidity.

Sources 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. Additional cash has been generated in recent years through rights offerings, common stock issuances, and the sale of non-core businesses and assets.

Cash flows provided by operating activities were $25.9 million and $64.2 million in the first six months of fiscal 2011 and fiscal 2010, respectively. The operating cash flows decreased primarily due to increases in customer demand versus the prior year period related to inventory building in preparation for the selling season.

Total debt at September 30, 2010 was $652.3 million, as compared to $659.5 million at March 31, 2010. See Note 7 to the Condensed Consolidated Financial Statements for the composition of such debt.

Going forward, the Company s principal sources of liquidity will be cash on hand, cash from operations, and borrowings under the revolving loan facility.

Uses Of Cash

The Company s liquidity needs arise primarily from the funding of working capital needs, 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 June through October.

Cash (used in) provided by financing activities was ($10.7) million and $5.6 million in the first six months of fiscal 2011 and fiscal 2010, respectively. This decrease relates primarily to increased payments under the Company s Credit Agreement and increased ownership interests in certain subsidiaries not wholly owned.

The Company believes that it will have ongoing liquidity to support its operational restructuring programs during the remainder of fiscal 2011, which include, among other things, payment of remaining accrued restructuring costs of approximately $15.0 million as of September 30, 2010. For further discussion see Note 13 to the Condensed Consolidated Financial Statements.

Capital expenditures were $30.6 million and $35.9 million in the first six months of fiscal 2011 and 2010, respectively.

The estimated fiscal 2011 pension plan contributions are $19.2 million and other post-retirement contributions are $1.9 million. Payments aggregating $7.6 million were made during the first half of fiscal 2011.

Financial Instruments and Market Risk

From time to time, the Company has used forward contracts to economically hedge certain commodity price exposures, including lead. The forward contracts are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The Company expects that it may increase the use of financial instruments, including fixed and variable rate debt as well as swaps, forward and option contracts to finance its operations and to hedge interest rate, currency and certain commodity purchasing requirements in the future. The swap, forward, and option contracts would be entered into for periods consistent with related underlying exposures and would not constitute positions independent of those exposures. The Company has not entered into, and does not intend to enter into, contracts for speculative purposes nor be a party to any leveraged instruments. See Note 3 to the Condensed Consolidated Financial Statements.

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

Accounts Receivable Factoring Arrangements

In the ordinary course of business, the Company utilizes accounts receivable factoring arrangements in countries where programs of this type are typical. Under these arrangements, the Company may sell certain of its trade accounts receivable to financial institutions. The arrangements do not contain recourse provisions against the Company for its customers failure to pay. The Company sold approximately $59.1 million and $38.5 million of foreign currency trade accounts receivable as of September 30, 2010 and March 31, 2010, 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 Condensed Consolidated Statements of Cash Flows.

Item 3. *Quantitative and Qualitative Disclosures about Market Risks*

Changes to the quantitative and qualitative market risks as of September 30, 2010 are described in Item 2 above, Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Instruments and Market Risk . Also, see Part II, Item 7A of the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2010 for further information.

Table of Contents

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the
Exchange Act, 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 the Company s disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). Based upon, and as of the date of this evaluation, the chief executive officer and the chief financial officer concluded that the Company s disclosure controls and procedures were effective as of September 30, 2010.

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 September 30, 2010 that have materially affected or are reasonably likely to materially affect the Company s internal control over financial reporting.

Table of Contents

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 includes this cautionary statement for the express purpose of availing itself of the protection afforded by the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include, but are not limited to (a) projections of revenues, cost of raw materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, the effect of currency translations, capital structure, and other financial items, (b) statements of plans and objectives of the Company or its management or Board of Directors, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors or regulating authorities, (c) statements of future economic performance, and (d) 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 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, (ii) the Company s ability to implement and fund business strategies based on current liquidity, (iii) the Company s ability to realize anticipated efficiencies and avoid additional unanticipated costs related to the Company s restructuring activities, (iv) the cyclical nature of the industries in which the Company operates and the impact of current adverse economic conditions on those industries, (v) unseasonable weather (warm winters and cool summers), which could adversely affect demand for automotive and some industrial batteries, (vi) the Company s substantial debt and debt service requirements which may restrict the Company s operational and financial flexibility, as well as impose significant interest and financing costs, (vii) 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, (viii) the realization of the tax benefits of the Company s net operating loss carry forwards, which is dependent upon future taxable income, (ix) the negative results of tax audits in the U.S. and Europe, (x) competitiveness of the battery markets in the Americas and Europe, (xi) 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, (xii) the ability to acquire goods and services and/or to fulfill later needs at budgeted costs, (xiii) general economic conditions (xiv) the Company s ability to successfully pass along increased material costs to the Company s customers, (xv) recently adopted U.S. lead emissions standards and the implementation of such standards, and (xvi) those risk factors described in the Company s fiscal 2010 Form 10-K filed on June 2, 2010.

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.

Table of Contents

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

See Note 11 to the Condensed Consolidated Financial Statements in this Form 10-Q.

Item 1A. ***Risk Factors***

The risk factors have not materially changed since we filed our fiscal 2010 Form 10-K for the year ended March 31, 2010. See Item 1A to Part I of the Company s fiscal 2010 Form 10-K for a complete discussion of these risk factors.

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

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1 through July 31	176	$ 5.76		
August 1 through August 31	208	$ 6.05		
September 1 through September 30	8,021	$ 4.76		

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

Item 3. ***Defaults Upon Senior Securities***

None

Item 4. ***[Removed and Reserved]***

None

Item 5. ***Other Information***

None

Item 6. ***Exhibits***

10.1 Agreement between Exide Technologies and Edward R. Tetreault, dated September 18, 2010.

10.2 Release, Settlement and Income Protection Agreement between Exide Technologies and George S. Jones, Jr., dated October 21, 2010.

10.3 Performance Unit Award Agreement, dated as of May 4, 2009 by and between the Company and Gordon A. Ulsh.

31.1 Certification of James R. Bolch, 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.

Table of Contents

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: November 4, 2010

35