EXIDE TECHNOLOGIES
Form 10-K/A
March 01, 2005
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K/A

FOR ANNUAL AND TRANSITION REPORTS

PURSUANT TO SECTIONS 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2004

OR

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

For the transition period from to

Commission File Number 1-11263

Exide Technologies

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**23-0552730**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification No.)**

Crossroads Corporate Center, 3150 Brunswick Pike, Suite 230 Lawrenceville, New Jersey 08648

Telephone: (609) 512-3000

(Address, including zip code, and telephone number, including area code, of Registrant s Principal Executive Offices)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value

Warrants to subscribe for Common Stock

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

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the Registrant s old voting stock held by non-affiliates of the Registrant as of September 30, 2003, based on the average bid and asked prices of the Registrant s old common stock on the over-the-counter market on such date of $0.03 per share, was approximately $684,577.

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to distribution of securities confirmed by a Court.   Yes x   No ¨

As of June 24, 2004, there were outstanding 23,414,327 shares of the Registrant s new common stock.

DOCUMENTS INCORPORATED BY REFERENCE

None

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Explanatory Note: This Form 10-K/A amends Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations and certain footnotes to the financial statements filed with our Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 29, 2004 (the Original Form 10-K) and includes a revised report of our independent registered public accounting firm with respect to such financial statements. As a result of this, the Section 302 and Section 906 certifications filed as exhibits to the Original 10-K have been re-executed as of the date of this Form 10-K/A. Except for the aforementioned amendments, this Form 10-K/A does not modify or update other disclosures in the Original Form 10-K, including the nature and character of such disclosures, to reflect events occurring, or items discovered, after the original filing date of the Original Form 10-K. Accordingly, this Form 10-K/A should be read in conjunction with the Company s filings made with the Securities and Exchange Commission subsequent to the original filing date of the Original Form 10-K, including any amendments to those filings.

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

(in thousands, except per share data)

Important Matters

After April 15, 2002, the Debtors operated their businesses and managed their properties as debtors-in-possession throughout the course of the bankruptcy case. The Debtors, along with the Official Committee of Unsecured Creditors filed the Plan with the Bankruptcy Court on February 27, 2004 and, on April 21, 2004, the Bankruptcy Court confirmed the Plan. As of the Effective Date, the Debtors substantially consummated the transactions provided for in the Plan. See Item 1. Business Emergence from Chapter 11 Bankruptcy Protection , which contains a summary of certain transactions that became effective on the Effective Date.

The Consolidated Financial Statements for fiscal 2004 and 2003 contained herein have been prepared in accordance with Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code (SOP 90-7). The Consolidated Financial Statements for fiscal 2002 are not prepared in accordance with SOP 90-7 because the Chapter 11 cases were filed in fiscal 2003. See Note 1 to the Consolidated Financial Statements. The amounts reported in subsequent financial statements will materially change due to the restructuring of the Company s assets and liabilities as a result of the Plan and the application of the provisions of SOP 90-7 with respect to reporting upon emergence from Chapter 11 (fresh start accounting). Financial statements for periods subsequent to the Company s emergence from Chapter 11 will not be comparable with those of prior periods.

External Factors That Affect Our Financial Performance

Competition. The global transportation, motive power and network power battery markets, particularly in North America and Europe, are highly competitive. In recent years, competition has continued to intensify and the Company continues to come under increasing pressure for price reductions. This competition has been exacerbated by excess capacity and fluctuating lead prices as well as low-priced Asian imports impacting our markets.

Exchange Rates. The Company is exposed to foreign currency risk in most European countries, principally from fluctuations in the Euro and British Pound. The Company is also exposed, although to a lesser extent, to foreign currency risk in Australia and the Pacific Rim. Movements of exchange rates against the U.S. dollar can result in variations in the U.S. dollar value of non-U.S. sales. In some instances, gains in one currency may be offset by losses in another. Movements in European currencies impacted the Company s results for the periods presented herein.

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, telecommunications and material handling markets. Economic difficulties experienced in these markets and geographic locations have and continue to impact the Company s financial results.

Seasonality and weather. The Company sells most of its automotive aftermarket batteries during the fall and early winter (the Company s second and third fiscal quarters). Retailers buy automotive batteries during these periods so they will have enough inventory when cold weather strikes. In addition, many of the Company s industrial battery customers in Europe do not place their battery orders until the end of the calendar year. The seasonality of the Company s business increases its working capital requirements.

Demand for automotive aftermarket batteries is significantly affected by the weather. Unusually cold winters or hot summers accelerate battery failure and increase demand for automotive replacement batteries. Mild winters and cool summers have the opposite effect. As a result, if the Company s sales are reduced by an unusually warm winter or cool summer, it is not possible for the Company to recover these sales in later periods. Further, if the Company s sales are adversely affected by the weather, the Company cannot make offsetting cost reductions to protect its gross margins in the short-term because a large portion of the Company s manufacturing and distribution costs are fixed.

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

Lead. Lead is the primary material by weight used in the manufacture of batteries, representing approximately one-third 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.

Critical Accounting Policies and Estimates

The Company s discussion and analysis of its financial condition and results of operations are based upon the Company s 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 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 the following critical accounting policies and estimates affect the preparation of its Consolidated Financial Statements.

Inventory Reserves. The Company writes down its inventory to estimated market value based upon assumptions of future demand and market conditions. If actual market conditions are less favorable than those projected by the Company, additional inventory write-downs may be required. During the third quarter of fiscal 2002, the Company began a company-wide effort to reduce inventory levels. Based on those findings, the Company concluded that it would not recover the carrying costs of certain of this excess inventory. This excess inventory has been written down to its estimated recoverable value. As this effort continues, the Company may determine that actual recoveries differ from those estimated.

Valuation of Long-lived Assets. The Company s long-lived assets include property, plant and equipment, goodwill and identified intangible assets. Long-lived assets (other than goodwill and indefinite lived intangible assets) are depreciated over their estimated useful lives, and are reviewed for impairment whenever changes in circumstances indicate the carrying value may not be recoverable. Goodwill and indefinite-lived intangible assets are reviewed for impairment on both an annual basis and whenever changes in circumstances indicate the carrying value may not be recoverable. The fair value of goodwill and indefinite-lived intangible assets are based upon the Company s estimates of future cash flows and other factors including discount rates to determine the fair value of the respective assets. If these assets or their related assumptions change in the future, the Company may be required to record impairment charges. An erosion of future business results in any of the Company s business units could create impairment in goodwill or other long-lived assets and require a significant write down in future periods.

Employee Benefit Plans. The Company s pension plans and postretirement benefit plans are accounted for using actuarial valuations required by SFAS No. 87, Employers Accounting for Pensions (SFAS 87) and SFAS No. 106, Employers Accounting for Postretirement Benefits Other Than Pensions (SFAS 106) . The Company considers accounting for employee benefit plans critical because management is required to make significant subjective judgments about a number of actuarial assumptions, including discount rates, compensation growth, long-term return on plan assets, retirement, turnover, health care cost trend rates and mortality rates. Depending on the assumptions and estimates used, the pension and postretirement benefit expense could vary within a range of outcomes and have a material effect on reported results. In addition, the assumptions can materially affect accumulated benefit obligations and future cash funding. For a detailed discussion of the Company s retirement benefits, see Employee Benefit Plans herein and Note 14 to the Consolidated Financial Statements.

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Deferred Taxes. The Company records valuation allowances to reduce its deferred tax assets to amounts that are more likely than not to be realized. While the Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for valuation allowances, if the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the Company s net recorded amount, an adjustment to the net deferred tax asset would increase income in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the net deferred tax asset would decrease income in the period such determination was made. The Company has historically recorded full valuation allowances against deferred tax assets in the U.S. and the United Kingdom.

Revenue recognition. The Company records sales when revenue is earned. Shipment terms are generally FOB shipping point and revenue is recognized when product is shipped to the customer. In limited cases, terms are FOB destination and in these cases, revenue is recognized when product is delivered to the customer s delivery site. The Company records sales net of estimated reserves for warranties, discounts, customer allowances and returns.

Warranty Reserves. The Company recognizes a provision for the estimated cost of product warranties in the period in which the related revenue is recognized. While the Company engages in product quality programs and processes, including independent testing of product performance and compliance to ratings, the Company s warranty obligations are affected by product failure rates and customers in-store return policies and procedures. In addition, should actual product return rates or the lag between the date of sale and claim/return date differ from the Company s estimates, revisions to estimated warranty reserves would be required.

Environmental Reserves. The Company is subject to numerous environmental laws and regulations in all the countries in which it operates. In addition, the Company can be held liable for investigation and remediation of sites impacted by its past operating activities. In certain countries including the United States, the Company maintains reserves for the reasonable cost of addressing these liabilities. These estimates are determined through a combination of methods, including outside estimates of likely expense and the Company s historical experience in the management of these matters.

Because environmental liabilities are not accrued until a liability is determined to be probable and reasonably estimable and there is a constructive obligation to remediate, 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 result in either an increase or decrease in the reserves and have a significant impact on the Company s liquidity.

Purchase Commitments. The Company has three worldwide supply agreements expiring in December 2009 to purchase its polyethylene battery separators. The supply agreements were entered into in fiscal 2000 with Daramic, the party that purchased the Company s battery separators manufacturing operation, as a condition of the sale of those operations. At the time of the sale, the agreements contained minimum annual purchase commitments in excess of the Company s requirements. Accordingly, the Company established a reserve, and reduced the gain on sale of the manufacturing operations, for commitments in excess of the Company s requirements and for the contractual purchase prices in excess of market. The Company currently has a reserve for the incremental purchase requirements over the remaining life of the agreement in excess of the Company s projected requirements. Whenever there is a significant change in the Company s unit volume outlook based on changes to its business plan, this reserve will be adjusted.

Litigation. The Company has legal contingencies that have a high degree of uncertainty. When a contingency becomes probable and reasonably estimable, a reserve is established. Numerous lawsuits have been filed against the Company for which the liabilities are not considered probable and/or reasonably estimable. Consequently, no reserves have been established for these matters. If future litigation or other resolution of these matters result in liability to the Company, such liability could have a significant impact on the Company s future results and liquidity.

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Recently Issued Accounting Standards.

Effective April 1, 2003, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations (SFAS 143). The provisions of SFAS 143 address financial accounting and reporting requirements for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs and require companies to record an asset and related liability for the cost associated with the retirement of long-lived tangible assets if a legal liability to retire the asset exists.

The adoption of SFAS 143 resulted in a charge, which is reflected in the consolidated statements of operations as a cumulative effect of change in accounting principle of $15,593, or $0.57 per share in the first quarter of fiscal 2004. The charge results from certain commitments made by the Company in accordance with permit requirements for its North American lead recycling and hazardous waste facilities. The Company is obligated under these permits to undertake agreed-upon remediation and decommissioning activities in the event of a facility closure. The recorded asset retirement obligation is based upon estimated investigation, remediation and decommissioning costs. These estimates are determined through a combination of methods including outside estimates of likely expense and the Company s historical experience in the management of these matters. Future findings or changes in estimates could result in either an increase or decrease in the asset retirement obligation. The pro forma impact on net loss before cumulative effect of change in accounting principle for the year ended March 31, 2003 would have been immaterial.

In May 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements Nos. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections . This Statement requires gains and losses from extinguishments of debt to be classified as an extraordinary item only if the criterion in Opinion 30 has been met. Further, lease modification with economic effects similar to sale-leaseback transactions must be accounted for in the same manner as sale-leaseback transactions. While the technical corrections to existing pronouncements are not substantive in nature, in some instances they may change accounting practice. The provisions of this Statement related to the rescission of SFAS No. 4 and the amendment of SFAS No. 13 are effective beginning in fiscal 2003 and for transactions occurring after May 15, 2002, respectively, and did not have a material impact on the Company s Consolidated Financial Statements. All other provisions are effective for financial statements issued on or after May 15, 2002, and did not have a material impact on the Company s Consolidated Financial Statements.

In June 2002, the FASB issued SFAS No. 146, Accounting for Exit or Disposal Activities (SFAS 146). SFAS 146 provides guidance on the recognition and measurement of liabilities for costs associated with exit or disposal activities that are initiated after December 31, 2002, including restructuring activities that were previously accounted for pursuant to the guidance that the emerging Issues Task Force (EITF) set forth in EITF Issue No. 94-3. The Company has applied the provisions of this statement to restructuring activities following the Effective Date.

In January 2003, the FASB issued FASB Interpretation No. (FIN) 46, Consolidation of Variable Interest Entities, an Interpretation of ARB 51 . This Interpretation addresses consolidation by business enterprises of certain variable interest entities (VIEs). The Interpretation was effective immediately for all enterprises with variable interests in VIEs created after January 31, 2003. For variable interests in special purpose entities created before February 1, 2003, the provisions of this Interpretation became applicable on December 31, 2003. For all other variable interests in VIEs created before February 1, 2003, the provisions of this Interpretation were applicable on March 31, 2004. Further, the disclosure requirements of the Interpretation were applicable for all financial statements initially issued after January 31, 2003, regardless of the date on which the VIE was created. The Company has performed an evaluation to identify such entities and does not believe that it has arrangements with any entities that fall within the scope of this standard, other than the special purpose entity established in connection with the Company s European accounts receivable securitization facility, which was accounted for as a secured borrowing in accordance with the requirements of SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities , until refinanced in February 2004.

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In April 2003, the FASB issued SFAS No. 149, Amendment of FASB Statement 133 on Derivative Instruments and Hedging Activities. This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative discussed in SFAS No. 133, clarifies when a derivative contains a financing component, amends the definition of an underlying to conform it to language used in FIN No. 45, and amends certain other existing pronouncements. This Statement is effective for contracts entered into or modified after June 30, 2003.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS 150). SFAS 150 addresses how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The Company adopted SFAS 150 as of July 1, 2003. As of March 31, 2004, and for the year then ended, the Company had no such financial instruments outstanding.

In May 2003, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 01-08, Determining Whether an Arrangement Contains a Lease. EITF Issue No. 01-08 provides guidance on how to determine if an arrangement contains a lease that is within the scope of SFAS 13, Accounting for Leases. The Company adopted EITF Issue No. 01-08 as of July 1, 2003. The adoption of EITF Issue No. 01-08 did not have a material impact on the Company s Consolidated Financial Statements.

On December 8, 2003, President Bush signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) into law. In May 2004, the FASB issued FASB Staff Position No. FAS 106-2, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 , which provides guidance on accounting for the federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. This guidance is effective for periods beginning after June 15, 2004. The Company expects that application of this guidance will not have a material impact on the Company s Consolidated Financial Statements.

Results of Operations

The Company has previously reported its results for three global business segments, Transportation, Motive Power and Network Power. Effective April 1, 2004, the Company consolidated Motive Power and Network Power into one business unit, Industrial Energy, coincident with organizational changes the Company enacted. In light of ongoing organizational changes, effective October 1, 2004, the Company split its two then-existing business units into separate geographic regions. The Company now reports its results for four business segments, Transportation North America, Transportation Europe and Rest of World (ROW), Industrial Energy North America and Industrial Energy Europe and ROW. Segment results for fiscal years 2004, 2003 and 2002 have been reclassified to conform to the current presentation. The Company will continue to evaluate its reporting segments pending the current changes and such future organizational changes that may take place.

Fiscal Year Ended March 31, 2004 compared with Fiscal Year Ended March 31, 2003

Overview

Net loss for fiscal 2004 was $114,083, or $4.17 per diluted share versus fiscal 2003 net loss of $140,885, or $5.14 per diluted share. Included in fiscal 2004 consolidated net loss were reorganization items in connection with the bankruptcy of $67,042, restructuring costs of $52,708 ($35,326 after tax) and a charge of $15,593 for the cumulative effect of a change in accounting principle. Included in the consolidated net loss for fiscal 2003 were reorganization items of $36,370, restructuring costs of $25,658 and a non-cash charge of $37,000 for goodwill impairment resulting from an evaluation of results and updated projections of the Industrial Energy Europe and ROW segment, following the deterioration of this segment s performance. In addition, currency remeasurement gains of $43,846 and $22,753, primarily on U.S. dollar denominated debt in Europe, have been recognized in Other (income) expense, net in fiscal 2004 and 2003, respectively.

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Net Sales

Net sales were $2,500,493 for fiscal 2004 versus $2,361,101 in fiscal 2003. Currency positively impacted net sales for fiscal 2004 by approximately $229,000. The strength of the Euro in the Company s European markets also resulted in competitive pricing pressures from Asian imports, negatively impacting average selling prices.

Transportation North America net sales were $817,710 for fiscal 2004 versus $833,493 for fiscal 2003. Revenues declined slightly due to reduced unit volumes in both the aftermarket and original equipment channels.

Transportation Europe and ROW net sales were $760,512 for fiscal 2004 versus $660,417 for fiscal 2003. Volumes declined in the original equipment channel following the loss of certain original equipment business. Selling prices were lower in fiscal 2004, principally because of competitive pricing pressures. Currency positively impacted Transportation Europe and ROW net sales in fiscal 2004 by approximately $120,000.

Industrial Energy North America net sales were $210,572 for fiscal 2004 versus $199,856 for fiscal 2003. The increase was primarily due to higher material handling application volumes and higher telecommunications market volumes.

Industrial Energy Europe and ROW net sales were $711,699 for fiscal 2004 versus $667,335 for fiscal 2003. Sales volumes were lower due to lower European material handling application shipments, reductions from strong European military shipments in fiscal 2003 and weakness in the Asian market, including disruption of the Company s Chinese operations. Sales were also negatively impacted by competitive pricing pressures in Europe, including the impact of Asian imports. Currency positively impacted Industrial Energy Europe and ROW net sales in fiscal 2004 by approximately $109,000.

Gross Profit

Gross profit was $509,325 in fiscal 2004 versus $516,541 in fiscal 2003. Gross profit margin decreased to 20.4% in fiscal 2004 from 21.9% in fiscal 2003. Gross profit was negatively impacted by lower sales volumes, competitive pricing pressures and higher benefit costs, including medical and pension expenses, offset partially by the Company s cost reduction programs. Currency positively impacted gross profit in fiscal 2004 by approximately $47,300. The strength of the Euro in the Company s European markets also resulted in competitive pricing pressures from Asian imports, negatively impacting margins.

Transportation North America gross profit was $146,790 or 18.0% of net sales in fiscal 2004 versus $154,349 or 18.5% of net sales in fiscal 2003. The decrease was primarily due to the effects of lower sales volumes

Transportation Europe and ROW gross profit was $159,062 or 20.9% of net sales in fiscal 2004 versus $154,079 or 23.3% of net sales in fiscal 2003. The effects of lower sales volumes and lower pricing were partially offset by the benefits from plant rationalization and headcount reductions. Currency positively impacted Transportation Europe and ROW gross profit in fiscal 2004 by approximately $24,500.

Industrial Energy North America gross profit was $47,032 or 22.3% of net sales in fiscal 2004 versus $47,889 or 24.0% of net sales in fiscal 2003. Gross profit was negatively impacted by competitive pricing pressures, partially offset by higher sales volume.

Industrial Energy Europe and ROW gross profit was $156,441 or 22.0% of net sales in fiscal 2004 versus $160,224 or 24.0% of net sales in fiscal 2003. Gross profit was negatively impacted by lower sales volumes and competitive pricing pressures. Currency positively impacted Industrial Energy Europe and ROW gross profit in fiscal 2004 by approximately $22,800.

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Expenses

Expenses were $537,035 in fiscal 2004 versus $593,887 in fiscal 2003. Included in expenses are restructuring charges of $52,708 in fiscal 2004 and $25,658 in fiscal 2003. Also included in fiscal 2003 expenses is a charge for goodwill impairment of $37,000. Excluding these items, expenses were $484,327 and $531,229 in fiscal 2004 and 2003, respectively. Currency unfavorably impacted expenses by approximately $45,600 in fiscal 2004. The net decrease in expenses was impacted by the following matters: (i) fiscal 2004 selling, marketing and advertising costs in each of the Company s business segments were favorably impacted by the Company s cost-reduction programs, primarily through headcount reductions; (ii) expenses in each of the Company s business segments for fiscal 2004 were negatively impacted by an increase in benefit costs, including medical and pension expenses; (iii) expenses for fiscal 2004 include $9,700 net gain on asset sales, included in Other (income) expense, net; and (iv) fiscal 2004 and 2003 expenses included currency remeasurement gains of $43,846 and $22,753, respectively, included in Other (income) expense, net.

Transportation North America expenses were $83,770 in fiscal 2004 versus $90,624 in fiscal 2003. The decrease in expenses was due primarily to the Company s cost reduction programs, offset partially by increased benefit costs, including medical and pension expenses.

Transportation Europe and ROW expenses were $83,422 in fiscal 2004 versus $71,440 in fiscal 2003. Currency unfavorably impacted Transportation Europe and ROW expenses in fiscal 2004 by approximately $12,400. The resulting decrease in expenses was due primarily to the Company s cost reduction programs, offset partially by increased benefit costs, including pension expense.

Industrial Energy North America expenses were $32,635 in fiscal 2004 versus $43,263 in fiscal 2003. The decrease was due primarily to the Company s cost reduction programs and restructuring expenses in fiscal 2003 associated with the downsizing of a manufacturing facility, partially offset by higher selling expenses and increased benefit costs, including medical and pension expenses.

Industrial Energy Europe and ROW expenses were $152,002 in fiscal 2004 versus $165,593 in fiscal 2003. Fiscal 2004 expenses included a $3,175 gain on the sale of the Company s European non-lead battery assets. Fiscal 2003 expenses included a goodwill impairment charge of $37,000. Excluding these items, expenses were $155,177 and $128,593 in fiscal 2004 and 2003, respectively. The increase was due primarily to restructuring expenses associated with the Company s European consolidation efforts and increased benefit costs, including pension expense, partially offset by the Company s cost reduction programs. Currency unfavorably impacted Industrial Energy Europe and ROW expenses in fiscal 2004 by approximately $20,500.

Unallocated expenses, net, which include corporate expenses, interest expense, currency remeasurement losses (gains) and losses on sales of accounts receivable, were $185,206 in fiscal 2004 versus $222,967 in fiscal 2003. Expenses for fiscal 2004 and 2003 included currency remeasurement gains of $43,846 and $22,753, respectively. Currency unfavorably impacted unallocated expenses in fiscal 2004 by approximately $12,700. Corporate expenses in fiscal 2004 and fiscal 2003 were $118,765 and $127,943, respectively. The decrease in corporate expenses was due to the favorable impact of the Company s cost-reduction programs, offset partially by increased benefit costs, including medical and pension expenses and higher restructuring costs. Interest expense, net was $99,027 in fiscal 2004 versus $105,788 in fiscal 2003. The decrease in interest expense is due to lower interest rates and lower amortization expense associated with deferred financing costs.

Loss before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $27,710, or (1.1)% of net sales in fiscal 2004 versus $77,346, or (3.3)% of net sales in fiscal 2003 due to the items discussed above.

Transportation North America income before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $63,020, or 7.7% of net sales in fiscal 2004 versus $63,725, or 7.6% of net sales in fiscal 2003, due to the items discussed above.

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Transportation Europe and ROW income before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $75,640, or 9.9% of net sales in fiscal 2004 versus $82,639, or 12.5% of net sales in fiscal 2003, due to the items discussed above.

Industrial Energy North America income before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $14,397, or 6.8% of net sales in fiscal 2004 versus $4,626, or 2.3% of net sales in fiscal 2003, due to the items discussed above.

Industrial Energy Europe and ROW income (loss) before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $4,439, or 0.6% of net sales in fiscal 2004 versus ($5,369), or (0.8)% of net sales in fiscal 2003, due to the items discussed above.

Reorganization Items

Reorganization items represent amounts the Company incurred as a result of the Chapter 11 filing and are presented separately in the Consolidated Statements of Operations. Reorganization items for fiscal 2004 and 2003 were $67,042 and $36,370, respectively. These items include professional fees including financial and legal services, employee retention costs for key members of management, costs associated with rejection of certain executory contracts and interest income earned as a result of having assumed excess cash balances due to the Chapter 11 filing. The increase in reorganization expenses for fiscal 2004 reflects a significant increase in legal costs associated with development of the Company s Plan and preparation for Bankruptcy Court hearings. See Note 8 to the Consolidated Financial Statements.

Income Taxes

In fiscal 2004, an income tax provision of $3,271 was recorded on a pre-tax loss of $94,752. In fiscal 2003, an income tax provision of $26,969 was recorded on a pre-tax loss of $113,716. The effective tax rate was (3.5%) and (23.7%) in fiscal 2004 and 2003, respectively. The effective tax rate for fiscal 2004 and fiscal 2003 was impacted by the generation of income in tax-paying jurisdictions, principally Europe, with limited or no offset on a consolidated basis as a result of recognition of valuation allowances on tax benefits generated from current period losses in both the U.S. and certain international regions. The effective tax rate for fiscal 2004 was also impacted by the adjustment of previously recognized valuation allowances in certain international jurisdictions based on updated financial projections. The effective tax rate for fiscal 2003 was also impacted by the non-deductibility of the $37,000 Industrial Energy Europe and ROW goodwill impairment charge.

During fiscal 2003, the Company reorganized the ownership structure of certain of its foreign subsidiaries and recorded an impairment charge on certain intercompany investments for statutory purposes. These actions have no effect on reported pre-tax operating results but resulted in a net tax benefit.

Fiscal Year Ended March 31, 2003 compared with Fiscal Year Ended March 31, 2002

Overview

Net loss for fiscal 2003 was $140,885, or $5.14 per diluted share versus fiscal 2002 net loss of $304,082 or $11.35 per diluted share. Included in the consolidated net loss for fiscal 2003 is a non-cash charge of $37,000 for goodwill impairment resulting from an evaluation of results and updated projections of the Industrial Energy Europe and ROW segment, following the deterioration of this segment s performance. Results also include fiscal 2003 restructuring costs of $25,658 and reorganization items in connection with the Bankruptcy of $36,370. Fiscal 2002 results included a goodwill impairment charge of $105,000 in the Industrial North America segment, restructuring costs of $33,122 related to work force reductions and a $13,873 charge related to debt-for-equity exchanges. In addition, the Company recorded a gain of $8,185 during fiscal 2002 relating to the early termination of a purchased research and development agreement with Lion Compact Energy, a privately held company conducting research in dual-graphite technology (LCE). In addition, currency remeasurement loss (gain) of ($23,753) and $5,108, primarily on U.S. dollar denominated debt in Europe, have been recognized in Other (income) expense, net in fiscal 2003 and 2002, respectively.

Net Sales

Net sales were $2,361,101 for fiscal 2003 versus $2,428,550 in fiscal 2002. This decrease resulted from lower sales volumes in all of the Company s business segments during fiscal 2003. Net sales were positively impacted by $136,900 due to the strong Euro.

Transportation North America net sales were $833,493 for fiscal 2003 versus $893,695 for fiscal 2002. Revenues declined due to reduced unit volumes principally due to lost business and territories in our aftermarket accounts. These reductions were partially offset by benefits from warranty management programs. Results for fiscal 2003 were also favorably impacted by approximately $4,800 from changes in estimates of historical warranty obligations based upon new commercial arrangements.

Transportation Europe and ROW net sales were $660,417 for fiscal 2003 versus $624,424 for fiscal 2002. Sales volumes were slightly lower, primarily in original equipment. Currency positively impacted Transportation Europe and ROW net sales in fiscal 2003 by approximately $68,800.

Industrial Energy North America net sales were $199,856 for fiscal 2003 versus $254,643 for fiscal 2002. Lower sales volumes resulted from the general softness in the United States economy, including the impact on demand for material handling application volumes and a significant decline in capital spending in the telecommunications sector.

Industrial Energy Europe and ROW net sales were $667,335 for fiscal 2003 versus $655,788 for fiscal 2002. Lower sales volumes were a direct result of the significantly weaker telecommunications markets in Europe and Asia. Currency positively impacted Industrial Energy Europe and ROW net sales in fiscal 2003 by approximately $68,100.

Gross Profit

Gross profit was $516,541 in fiscal 2003 versus $463,919 in fiscal 2002. Gross profit margin increased to 21.9% in fiscal 2003 from 19.1% in fiscal 2002. The favorable change in gross profit is primarily due to the warranty management programs in Transportation North America, including a $4,800 reduction in warranty reserves related to changes in estimates of historical obligations, continued plant rationalization and headcount reduction programs and lower lead pricing in Europe, offset partially by lower sales volumes and higher production costs related to under-absorption of fixed overheads. The strong Euro versus the U.S. dollar positively impacted gross profit in fiscal 2003 by approximately $32,800.

Transportation North America gross profit was $154,349 or 18.5% of net sales in fiscal 2003 versus $117,059 or 13.1% of net sales in fiscal 2002. The effect of lower sales volumes was more than offset by the benefits from plant rationalization and headcount reductions and warranty management programs, including a $4,800 reduction in warranty reserves related to a change in estimate of historical obligations. Fiscal 2002 gross profit was reduced by a $15,500 charge to costs of sales to increase reserves for purchase commitments (See Note 23) and a $500 charge to write down excess inventories.

Transportation Europe and ROW gross profit was $154,079 or 23.3% of net sales in fiscal 2003 versus $127,511 or 20.4% of net sales in fiscal 2002. The increase was due primarily to the benefits from plant rationalization and headcount reductions, lower lead pricing in Europe and European currency effects. Fiscal 2002 gross profit was reduced by a $2,500 charge to write down excess inventories. Currency positively impacted Transportation Europe and ROW gross profit in fiscal 2003 by approximately $16,500.

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Industrial Energy North America gross profit was $47,889 or 24.0% of net sales in fiscal 2003 versus $89,040 or 35.0% of net sales in fiscal 2002. Gross profit was negatively impacted by lower sales volumes, unfavorable sales mix (smaller size battery systems) and higher production costs related to under-absorption of fixed overheads. Gross profit in fiscal 2002 was negatively impacted by a $500 charge to write down excess inventories.

Industrial Energy Europe and ROW gross profit was $160,224 or 24.0% of net sales in fiscal 2003 versus $130,309 or 19.9% of net sales in fiscal 2002. The increase was due to positive currency impact, lower lead pricing in Europe and the benefits from plant rationalization and headcount reductions, partially offset by significantly weaker demand in the telecommunications market and higher production costs related to under-absorption of fixed overheads. Gross profit in fiscal 2002 was negatively affected by a $6,500 charge to write down excess inventories and a $2,200 charge to write-off inventory in the Company s operation in China. Currency positively impacted Industrial Energy Europe and ROW gross profit in fiscal 2003 by approximately $16,300.

Expenses

Expenses were $593,887 in fiscal 2003 versus $768,716 in fiscal 2002. Fiscal 2003 and fiscal 2002 expenses included charges for goodwill impairment of $37,000 and $105,000, respectively. Also included in expenses are restructuring charges of $25,658 in fiscal 2003 and $33,122 in fiscal 2002. Fiscal 2002 expenses also include bad debt provisions of $16,000 related to Kmart receivables and the Company s China operations, a $13,873 non-cash charge related to debt-for-equity exchanges included in Other (income) expense, net, and a credit of $8,185 related to the early termination of a purchased research and development agreement with LCE. Excluding these items, expenses were $531,229 and $608,906 in fiscal 2003 and 2002, respectively. Stronger European currencies unfavorably impacted expenses by approximately $30,500 in fiscal 2003. The change in expenses was impacted by the following matters: (i) fiscal 2003 selling, marketing and advertising costs in each of the Company s business segments were favorably impacted by the Company s cost-reduction programs, primarily through headcount reductions; (ii) general and administrative expenses in fiscal 2003 were unfavorably impacted by higher pension costs, rising insurance premiums and information technology costs, offset partially by cost-reduction programs; (iii) interest, net decreased $30,453, principally due to ceasing accruing certain interest on pre-petition debt classified as subject to compromise; and (iv) fiscal 2003 expenses included currency remeasurement gains of $22,753.

Transportation North America expenses were $90,624 in fiscal 2003 versus $131,046 in fiscal 2002. Fiscal 2002 expenses include a $12,600 bad debt provision on Kmart receivables. The remaining decrease in expenses was due primarily to the Company s cost reduction programs.

Transportation Europe and ROW expenses were $71,440 in fiscal 2003 versus $62,095 in fiscal 2002. The increase in expenses was due primarily to unfavorable currency impact and higher restructuring and impairment costs, partially offset by the Company s cost reduction programs. Currency unfavorably impacted Transportation Europe and ROW expenses in fiscal 2003 by approximately $7,200.

Industrial Energy North America expenses were $43,263 in fiscal 2003 versus $158,644 in fiscal 2002. Fiscal 2002 expenses include a goodwill impairment charge of $105,000. The remaining decrease was primarily due to the Company s cost reduction programs.

Industrial Energy Europe and ROW expenses were $165,593 in fiscal 2003 versus $120,954 in fiscal 2002. Fiscal 2003 expenses include a goodwill impairment charge of $37,000. Fiscal 2002 includes a $3,400 provision for bad debts related to the Company s operations in China. Excluding these items, operating expenses were $128,593 and $117,554 in fiscal 2003 and 2002, respectively. The increase was primarily due to unfavorable currency impact, partially offset by the Company s cost reduction programs. Currency unfavorably impacted Industrial Energy Europe and ROW expenses in fiscal 2003 by approximately $13,000.

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Unallocated expenses, net, which include corporate expenses, interest expense, currency remeasurement losses (gains) and losses on sales of accounts receivable, were $222,967 in fiscal 2003 versus $295,977 in fiscal 2002. Fiscal 2003 net expenses include currency remeasurement gains of $22,753. Fiscal 2002 net expenses include a gain of $8,200 due to the LCE agreement termination, $13,873 of charges related to debt-for-equity exchanges, currency remeasurement losses of $5,109 and costs incurred in connection with debt waivers obtained. Currency unfavorably impacted unallocated expenses in fiscal 2003 by approximately $10,300. Corporate expenses in fiscal 2004 and fiscal 2003 were $127,943 and $139,992, respectively. The Company s cost-reduction programs favorably impacted corporate expenses in fiscal 2003. Interest expense, net was $105,788 in fiscal 2003 versus $136,241 in fiscal 2002. The decrease is due to ceasing accruing certain interest on pre-petition debt classified as subject to compromise in the Company s consolidated balance sheet in accordance with SOP 90-7. Interest at the stated contractual amount on debt that was not charged to operations for fiscal 2003 was approximately $39,600. Excluding interest not charged pursuant to SOP 90-7, higher interest costs in fiscal 2003 were driven by the DIP Credit Facility and amortization of deferred financing costs incurred on the DIP Credit Facility and European accounts receivable securitization facility.

Loss before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $77,346, or (3.3)% of net sales in fiscal 2003 versus $304,797, or (12.6)% of net sales in fiscal 2002 due to the items discussed above.

Transportation North America income (loss) before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $63,725, or 7.6% of net sales in fiscal 2003, versus ($13,987), or (1.6)% of net sales in fiscal 2002, due to the items discussed above.

Transportation Europe and ROW income before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $82,639, or 12.5% of net sales in fiscal 2003, versus $65,416, or 10.5% of net sales in fiscal 2002, due to the items discussed above.

Industrial Energy North America income (loss) before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was $4,626, or 2.3% of net sales in fiscal 2003, versus ($69,604), or (27.3)% of net sales in fiscal 2002, due to the items discussed above.

Industrial Energy Europe and ROW income (loss) before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle was ($5,369), or (0.8)% of net sales in fiscal 2003, versus $9,355, or 1.4% of net sales in fiscal 2002 due to the items discussed above.

Reorganization Items

Reorganization items represent amounts the Company incurred as a result of the Chapter 11 filing and are presented separately in the consolidated statements of operations. Reorganization items for fiscal 2003 were $36,370. These items include professional fees including financial and legal services, employee retention costs for key members of management and interest income earned as a result of having assumed excess cash balances due to the Chapter 11 filing. See Note 8 to the Consolidated Financial Statements.

Income Taxes

In fiscal 2003, an income tax provision of $26,969 was recorded on a pre-tax loss of $113,717. In fiscal 2002, an income tax benefit of $1,422 was recorded on a pre-tax loss of $304,796. The effective tax rate was (23.7%) and 0.5% in fiscal 2003 and 2002, respectively. The effective tax rate for fiscal 2003 was impacted by the generation of income in tax-paying jurisdictions, principally Europe, with no offset on a consolidated basis as a result of recognition of valuation allowances on tax benefits generated from current period losses in both the U.S. and certain international regions as well as the non-deductibility of the $37,000 Industrial Energy Europe and ROW goodwill impairment charge. The effective tax rate for fiscal 2002 was impacted by the recognition of valuation allowances on tax benefits generated from current period losses in both the United States and certain international regions, the tax treatment of the debt-for-equity exchanges and LCE agreement termination as well as the non-deductibility of the $105,000 Industrial Energy North America goodwill impairment charge. As a result of certain pledges of stock of foreign subsidiaries in connection with bank amendments obtained during fiscal 2002, the Company was required to recognize certain foreign sourced income (Subpart F Income) as a constructive dividend for U.S. tax purposes. The constructive dividend has otherwise reduced operating loss tax carry-forwards. During fiscal 2003 and 2002 the Company reorganized the ownership structure of certain of its foreign subsidiaries and recorded an impairment charge on certain inter-company investments for statutory purposes. These actions have no effect on reported pre-tax operating results but resulted in a net tax benefit.

Lion Compact Energy

In fiscal 2000, the Company recorded charges totaling approximately $14,300 for purchased in-process research and development resulting from the acquisition of a controlling interest in LCE.

Purchased in-process research and development represents the value assigned in a purchase business combination to research and development projects of the acquired business that were commenced, but not yet completed, at the date of acquisition and which, if unsuccessful, have no alternative future use in research and development activities or otherwise. In accordance with SFAS No. 2, Accounting for Research and Development Costs, as interpreted by FASB Interpretation No. 4, amounts assigned to purchased in-process research and development meeting the above criteria must be charged to expense at the date of consummation of the purchase business combination.

The Company obtained appraisals in connection with the valuation of the acquired assets of LCE, principally purchased in-process research and development. The valuation was completed based on an analysis of discounted cash flow, using assumptions and estimates about the range of possible cash flows, and their probabilities.

During fiscal 2002, the Company exercised an option to re-convey its interest in LCE to the seller in exchange for extinguishment of the remaining purchase price obligations due. The Company recorded a credit to income of $8,200, at that time, equal to the present value of the expected future purchase price payments.

Liquidity and Capital Resources

Capitalization

On February 13, 2004, the Company entered into the Replacement DIP Credit Facility which replaced the prior DIP Credit Facility. In addition to refinancing the prior DIP Credit Facility, the Replacement DIP Credit Facility refinanced the Company s European accounts receivable securitization facility. The Replacement DIP Credit Facility also included a commitment to refinance the 9.125% Senior Notes which were due April 15, 2004, and provided additional working capital borrowing availability. The Replacement DIP Credit Facility provided for interest at LIBOR plus 3.75% per annum. Total availability under the Replacement DIP Credit Facility as of March 31, 2004 was $43,400.

On April 15, 2004 the Company paid off the 9.125% Senior Notes using funds borrowed under the Replacement DIP Credit Facility.

On May 5, 2004, the Effective Date, the Company entered into a new $600,000 Senior Secured Credit Agreement (the Credit Agreement) which includes a $500,000 Multi-Currency Term Loan Facility and a $100,000 Multi-Currency Revolving Loan Facility including a letter of credit sub-facility of up to $40,000. The Revolving Loan Facility matures on May 5, 2009, while the Term Loan Facility, which includes quarterly principal payments beginning in September 2005, matures on May 5, 2010. The Term Loan Facility bears interest at LIBOR plus 3.5% per annum and EURO-LIBOR plus 4.0% per annum for the U.S. Dollar and Euro components, respectively. The Revolving Loan Facility bears interest at LIBOR plus 4.0% per annum. As of the Effective Date, the Company had $500,000 outstanding under the Term Loan Facility and had not drawn on the Revolving Loan Facility.

Proceeds of the Term Loan Facility were used to finance the repayment of the Replacement DIP Credit Facility and to finance various costs and expenses associated with the exit financing and the Plan.

The Credit Agreement requires the Company to comply with financial covenants with respect to certain ratios and tests, as defined in the Credit Agreement, including interest coverage, leverage, earnings, asset coverage and capital expenditures. Although there can be no assurances, the Company believes, based upon its financial forecast and plans, that it will comply with these covenants for the foreseeable future. Failure to comply with such covenants, without waiver, would result in an event of default under the Credit Agreement. If the Company were not able to maintain compliance with these covenants, it would have to consider additional actions, including refinancings, asset sales and further restructurings. Credit Agreement borrowings are guaranteed by substantially all of the subsidiaries of the Company and are secured by substantially all of the assets of the Company and the subsidiary guarantors. The Credit Agreement also contains other customary covenants, including reporting covenants and covenants that restrict the Company s ability to incur indebtedness, create or incur liens, sell or dispose of assets, make investments, pay dividends, change the nature of the Company s business or enter into related party transactions.

Total availability under the Credit Agreement as of June 24, 2004 was $80,750.

At March 31, 2004, the Company had outstanding letters of credit with a face value of $2,732 and surety bonds with a face value of $43,264. 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 financial institution issuing the surety bonds (the Surety) holds approximately $8,200 in cash collateral as security against demands made by the beneficiaries of such bonds. The letters of credit generally have terms up to one year. The Company expects limited availability of new surety bonds from traditional sources, which could impact the Company s liquidity needs in future periods. Pursuant to authorization from the Bankruptcy Court, the Company reached agreement with the Surety to maintain its current surety bonds through July 31, 2006. The agreement requires the Company to increase the cash collateral held by the Surety in several stages: forty percent collateralization of outstanding bonds by January 31, 2004; seventy percent collateralization of outstanding bonds by August 1, 2004; and full collateralization by August 1, 2005. The Company has amended the agreement with the Surety regarding the terms of the initial forty percent collateralization of which $750 was paid on February 15, 2004 and the remainder was paid on June 16, 2004.

Sources of Cash

The Company s liquidity requirements have been met historically through operating cash flows, borrowed funds and the proceeds of sales of accounts receivable and sale-leaseback transactions. Additional cash has been generated in recent years from the sale of non-core businesses and assets.

The Company generated $26,717 and $6,783 in cash from the sale of non-core businesses and other assets in fiscal 2004 and fiscal 2003, respectively. On April 15, 2003, the Company sold its European non-lead battery assets for proceeds of $16,300. Of this amount, $12,600 was held in escrow pursuant to the Company s borrowing arrangements and is included in restricted cash in the consolidated balance sheet at March 31, 2004. See Note 22 to the Consolidated Financial Statements. In accordance with the Plan, these funds were remitted to the Company on the

Effective Date. Remaining proceeds from asset sales in fiscal 2004 were primarily used to reduce debt.

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Cash flows (used in) provided by financing activities were ($9,667) and $278,882 in fiscal 2004 and fiscal 2003, respectively. Cash flows used in financing activities in fiscal 2004 relate primarily to financing costs incurred in conjunction with the Replacement DIP Credit Facility and net repayments of other debt obligations. Cash flows provided by financing activities in fiscal 2003 relate primarily to net borrowings under the DIP Credit Facility and the impact of the European asset securitization refinancing.

Total debt at March 31, 2004 was $1,847,656, as compared to $1,804,903 at March 31, 2003. The increase in total debt was principally due to currency translation of non-U.S. dollar debt. See Note 13 to the Consolidated Financial Statements for the composition of such debt. On the Effective Date, indebtedness of the Debtors classified as subject to compromise, amounting to approximately $1,081,293 at March 31, 2004, was discharged or exchanged for new common stock and Warrants, in accordance with the Plan.

Going forward, in addition to operating cash flows, the Company s principal sources of liquidity will be cash from operations, the Credit Agreement, and proceeds from any asset sales.

Uses of Cash

The Company s liquidity needs arise primarily from the funding of working capital needs, obligations on indebtedness and capital expenditures. Because of the seasonality of the Company s business, more cash has been typically 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 flows provided by (used in) operating activities were $40,551 in fiscal 2004 and ($239,858) (including $261,723 usage of cash related to the net change from sales of receivables) in fiscal 2003. Excluding the effect of the accounts receivable securitization activity in fiscal 2003, comparative cash flows were positively impacted by higher accounts receivable collections, offset by higher payments of accrued expenses, reflecting the payment of accrued professional fees associated with the Chapter 11 reorganization process as well as payment of accrued restructuring costs.

The Company expects that it will have ongoing liquidity needs to support its operational restructuring programs during fiscal 2005 and fiscal 2006, including payment of remaining accrued restructuring costs of approximately $42,500 as of March 31, 2004. The Company s ability to successfully implement these restructuring strategies on a timely basis may be impacted by its access to sources of liquidity.

Prior to and during the Company s Chapter 11 proceeding, the Company experienced a tightening of trade credit availability and terms. The Company expects improvement in its ability to obtain favorable trade credit terms following its emergence from Chapter 11.

Capital expenditures were $65,128 and $45,878 in fiscal 2004 and fiscal 2003, respectively. Capital expenditures during fiscal 2003 were impacted by the Chapter 11 filing, related liquidity availability and cost containment efforts. Capital expenditures for fiscal 2004 were also higher due to investment in new technologies for charging batteries. Subject to restrictions under the Credit Agreement, capital expenditures are expected to be approximately $60,000 in fiscal 2005.

Employee Benefit Plans

Description

The Company has noncontributory defined benefit pension plans covering substantially all hourly and salaried employees in North America. Plans covering hourly employees provide pension benefits of stated amounts for each year of credited service. Salaried employees in North America are covered by a cash balance plan providing benefits as a percentage of salary up to qualified limits.

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European subsidiaries of the Company sponsor defined benefit plans that cover substantially all employees who are not covered by statutory plans. In most cases the defined benefit plans in Europe are not funded and the benefit formulas are similar to those used by the North American hourly plans.

The Company provides certain health care and life insurance benefits for a limited number of retired employees.

Assets funded under both the North American and European defined benefit plans consist primarily of equity and fixed income securities. At March 31, 2004, the fair market value of assets for the Company s defined benefit plans was $283,967, compared to $236,157 at March 31, 2003.

Accounting and Significant Assumptions

The Company accounts for pension benefits using the accrual method set forth in SFAS 87, Employers Accounting for Pensions . The accrual method of accounting for pensions involves the use of actuarial assumptions concerning future events that impact estimates of the amount and timing of benefit obligations and future benefit payments.

The significant assumptions used in calculating the Company s pension benefit obligations and related expense are the discount rate, rate of compensation increase and the expected long-term rate of return on plan assets. The Company establishes these underlying assumptions in consultation with its actuaries. Depending on the assumptions used, pension obligations and related expense could vary within a range of outcomes and have a material effect on reported results, benefit obligations and cash funding requirements.

The discount rates used by the Company for determining benefit obligations are generally based on high quality corporate bonds. The assumed rate of compensation increase reflects an estimate of the projected change in compensation levels based on future expectations, general price levels, productivity and historical experience, among other factors. In evaluating the expected long term rate of return on plan assets, the Company considers the allocation of assets and the expected return on various asset classes in the context of the long-term nature of pension obligations.

A one-percentage point change in the weighted average expected return on plan assets would change net periodic benefit cost by approximately $2,400 in fiscal 2004. A one-percentage point change in the weighted average discount rate would change net periodic benefit cost by approximately $6,000 in fiscal 2004.

At March 31, 2004 and March 31, 2003, the Company has lowered the discount rates used to value its pension benefit obligations to reflect the decline in yields on high quality corporate bonds. As of March 31, 2003, the Company lowered the rate of compensation increase to reflect current inflationary expectations and lowered the expected long term return on plan assets in light of market conditions and recent equity market performance. The aggregate effect of these changes increased the present value of future benefit obligations as of March 31, 2004 and had the effect of increasing pension expense in fiscal 2004. Pension expense for its defined benefit pension plans was $34,650 in fiscal 2004 compared to $23,917 in fiscal 2003, reflecting the impact of these changes, as well as amortization of previously unrecognized actuarial losses described below.

As of March 31, 2004, unrecognized actuarial losses for the Company s defined benefit plans were $184,779, compared to $164,457 at March 31, 2003. The unrecognized actuarial losses principally reflect declines in the fair market value of plan assets, actual asset return experience falling short of actuarial assumptions and the reduction in discount rates since fiscal 2002. SFAS 87 provides for delayed recognition of such actuarial losses, whereby these losses, to the extent they exceed 10% of the greater of the projected benefit obligation or the market related value of plan assets are amortized as a component of pension expense over a period that approximates the average remaining service period of active employees (for the Company a period of approximately 10 years), unless and to the extent they are not offset by actuarial gains in future years. The amortization of actuarial losses increased pension expense by approximately $5,800 in fiscal 2004 from 2003.

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Minimum Pension Obligations

To the extent that the fair market value of pension plan assets of an individual plan is less than the accumulated benefit obligation for such plan, SFAS 87 may require recognition of an additional minimum pension liability, and in such circumstances a reduction in stockholders equity or establishment of an intangible asset. The Company has recognized additional minimum pension liabilities of $156,714 and $139,051 as of March 31, 2004 and March 31, 2003, respectively, resulting in charges in accumulated other comprehensive loss included in stockholders equity (deficit) and establishment of intangible assets.

Plan Funding Requirements

Cash contributions to the Company s plans are generally made in accordance with minimum regulatory requirements. Because of the downturn experienced in global equity markets and ongoing benefit payments, the Company s North American plans are currently significantly under-funded. Based on current assumptions and regulatory requirements, the Company s minimum future cash contribution requirements for its North American plans are expected to increase significantly in future fiscal years, and unless provided regulatory or other relief available under IRS regulations, are expected to approximate $140,000 during the next four years.

The Company has applied for the temporary waiver of its minimum funding requirements for its North American plans for calendar years 2003 and 2004 under Section 412(d) of the Internal Revenue Code. If granted, the waiver would provide for deferral of the Company s minimum contributions for those years to be paid over a subsequent five-year period. There can be no assurances that the Company s waiver application will be granted. If the waiver is not granted, the Company s liquidity would be adversely impacted.

Restructuring Activities and Related Impairment Charges

Following the acquisition of GNB Technologies in September 2000, the Company initiated various restructuring programs involving facility, branch and corporate office closures and consolidation, principally in connection with overall integration plans to affect the combination of the two organizations. Such actions impacted both existing Exide and acquired GNB employees and facilities. The specific actions taken under the overall restructuring plan were designed to reduce costs and improve earnings and cash flows with an expected annual benefit of approximately $90,000. The impact of the benefits of restructuring initiatives on operating results have been more than offset by lower volumes and ongoing fixed costs.

During fiscal 2002, 2003 and 2004, the Company continued to implement operational changes to streamline and rationalize its structure in an effort to simplify the organization and eliminate redundant and/or unnecessary costs. As part of these restructuring programs, the nature of the positions eliminated ranged from plant employees and clerical workers to operational and sales management.

Fiscal 2004

During fiscal 2004, the Company recognized restructuring and impairment charges of $52,708, representing $43,519 for severance, $8,972 for related closure costs and $217 for non-cash charges related to write down of property, plant and equipment.

During the fourth quarter of fiscal 2004, the Company recognized restructuring and impairment charges of $32,734, representing $25,605 for severance, $6,968 for related closure costs, and $161 for a non-cash charge related to the write down of machinery and equipment. During the third quarter of fiscal 2004, the Company recognized restructuring and impairment charges of $12,662, representing $11,857 for severance and $805 for related closure costs. During the second quarter of fiscal 2004, the Company recognized restructuring and impairment charges of $4,827, representing $4,121 for severance and $706 for related closure costs. During the first quarter of fiscal 2004, the Company recognized restructuring and impairment charges of $2,485, representing $1,936 for severance, $493 for related closure costs and $56 for a non-cash charge related to the write down of machinery and equipment. These charges resulted from actions undertaken during fiscal 2004 related to Industrial Energy Europe and ROW consolidation efforts, the announced closure of the Company s Industrial Energy Europe and ROW facility in Weiden, Germany, the announced closure of the Company s Industrial Energy Europe and ROW facility in Casalnuovo, Italy, Corporate severance, Transportation Europe and ROW headcount reductions and the closure of a Transportation North America facility. Approximately 275 positions have been eliminated in connection with fourth quarter fiscal 2004 plans, 330 positions have been eliminated in connection with the third quarter fiscal 2004 plans, 100 positions have been eliminated in connection with the second quarter fiscal 2004 plans and approximately 75 positions have been eliminated in connection with the first quarter fiscal 2004 plans. These actions provide annual savings through reduced wages and salaries, reductions in facility costs, lower depreciation and improved manufacturing plant absorption. In the aggregate, payments made during fiscal 2004 from operating cash flows to terminated employees and third parties for other closure costs totaled approximately $33,000.

Fiscal 2003

During fiscal 2003, the Company recognized restructuring and impairment charges of $25,658, representing $18,519 for severance, $2,754 for related closure costs and $4,385 for non-cash charges related to the write-down of property, plant and equipment.

Of these total charges, $9,142 for severance, $1,841 for related closure costs and $3,139 for non-cash charges related to the write-off of property, plant and equipment were recorded during the first three quarters of the year. The charges for the first quarter of fiscal 2003 related to the downsizing of an Industrial Energy North America facility in Kankakee, Illinois and the closure of a Transportation Europe and ROW facility in Cwmbran, UK. Approximately 300 positions, principally plant employees, were eliminated in connection with the first quarter fiscal 2003 plans. The charges for the second quarter of fiscal 2003 principally resulted from corporate severance and the closure of a Transportation North America facility in Florence, Mississippi. Approximately 120 positions were eliminated in connection with the second quarter fiscal 2003 plans. The charges for the third quarter of fiscal 2003 resulted from European headcount reductions, changes in prior estimates of fiscal 2002 pension curtailment obligations at the Maple, Ontario plant and ongoing costs associated with fiscal 2002 North American plastics and manufacturing facility closures. Approximately 15 positions were eliminated in connection with these third quarter actions.

During the fourth quarter of fiscal 2003, the Company recognized net restructuring and impairment charges of $11,536, representing $9,377 severance, $913 related closure costs and $1,246 of non-cash charges related to the write-down of machinery and equipment. Approximately 215 employees were terminated in connection with the fourth quarter plans. The fourth quarter fiscal 2003 charge includes a credit of $3,100, following recently finalized changes to the Company s original plans for restructuring of its European shared services operations.

As a result of the fiscal 2003 actions and plans, financial results for future years will be benefited through lower depreciation and reduced salary costs, favorably impacting cost of sales and other operating expenses. In the aggregate, payments made during fiscal 2003 from operating cash flows to terminated employees and third parties for other closure costs totaled approximately $24,000.

Fiscal 2002

During fiscal 2002, the Company recognized restructuring and impairment charges of $33,100, representing severance and related costs of $20,000, $2,700 for related closure costs and $10,400 of non-cash charges related to the write-down of property, plant and equipment.

During the second and third quarters of fiscal 2002, the Company recognized restructuring and impairment charges of $24,700 representing severance and related costs of $16,600, $2,700 for related closure costs and $5,400 of non-cash charges related to the write-down of property, plant and equipment at the Maple, Ontario facility. Approximately 1,300 employees were terminated in connection with these restructuring actions and plans. As a result of these actions and plans, future financial results will be benefited through lower depreciation and reduced salary costs, favorably impacting cost of sales and other operating expenses.

During the fourth quarter of fiscal 2002, the Company recognized restructuring and impairment charges of $8,403, representing $3,403 severance and related costs and approximately $5,000 of non-cash charges related to the write-down of property, plant and equipment. These charges resulted from plans involving the closure of two Transportation North America plastics manufacturing plants, an Industrial Energy North America facility and office consolidations in Alpharetta, Georgia and Lombard, Illinois. Approximately 500 employees were terminated in connection with these plans. These actions are expected to provide annual savings through reduced wages and salaries, lower depreciation and improved manufacturing overhead absorption.

In the aggregate, payments made during fiscal 2002 from operating cash flows to terminated employees and third parties for other costs totaled approximately $65,200.

There have been no material changes to the fiscal 2002 restructuring charge accrued or the approved actions and plans to which this charge relates, other than the change in the prior estimate of the pension curtailment obligation at the Maple, Ontario plant, as discussed above, for which an additional charge was recognized in fiscal 2003. As a result of the unexpected downturn in the telecommunication industry and its negative impact on the Company s Industrial Energy North America operations, in November 2001, the Company announced that the Maple, Ontario manufacturing operations would not be reopened as an Industrial Energy North America manufacturing plant as previously announced.

Financial Instruments and Market Risk

The Company s ability to utilize financial instruments has been significantly restricted because of the Chapter 11 cases and the resultant tightening, and/or elimination of credit availability with counter-parties. While the Company s emergence from Chapter 11 may improve the Company s ability to utilize financial instruments, there can be no assurance that the Company will be able to do so in the future. At March 31, 2004, the Company had no outstanding hedging contracts. Accordingly, the Company is now exposed to greater risk with respect to its ability to manage exposures to fluctuations in foreign currencies, interest rates, and lead prices.

In the past, the Company used financial instruments, including fixed and variable rate debt as well as swap, forward and option contracts to finance its operations and to hedge interest rate currency and certain lead purchasing requirements. The swap, forward, and option contracts were entered into for periods consistent with related underlying exposures and did not constitute positions independent of those exposures. The Company did not enter into contracts for speculative purposes nor was it a party to any leveraged instruments.

On April 1, 2001, the Company adopted SFAS 133 Accounting for Derivative Instruments and Hedging Activities , as amended by SFAS 138 Accounting for Certain Derivative Instruments and Certain Hedging Activities . See Note 7 to the Consolidated Financial Statements for further discussion.

Receivables Securitization Programs

In the past, the Company maintained receivables securitization programs in the United States (the U.S. program) and Europe (the European program). Cash generated from these programs was used to provide liquidity requirements to the Company.

On May 31, 2002, the Company entered into a $177,500 European receivable securitization facility. A special purpose entity was established in connection with this securitization facility which the Company has determined is a variable interest entity in accordance with the provisions of FIN 46. This entity is consolidated by the Company, such that the new facility is accounted for as a secured borrowing in accordance with the requirements of SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of

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Liabilities , whereby the accounts receivable and related borrowings are recorded on the Company s consolidated balance sheet. This facility replaced the Company s then existing European securitization program.

Under the previous European securitization program, certain of the Company s European subsidiaries sold selected receivables to a wholly owned bankruptcy-remote subsidiary of the Company, Exide Europe Funding Ltd., which in turn established a multi-currency receivable sale facility (collectively, the European Agreement) with a financial institution, whereby the financial institution committed to purchase on a continuous basis, with limited recourse, all right, title and interest in these receivables up to a maximum net investment of $175,000.

The Company also entered into a receivables sale agreement (the U.S. Agreement) with certain banks, and under this agreement, the banks committed to purchase, with limited recourse, all right, title and interest in selected accounts receivable of the U.S. Company, up to a maximum net investment of $200,000. In connection with the U.S. Agreement, the Company established a wholly owned, bankruptcy-remote subsidiary, Exide U.S. Funding Corporation, to purchase accounts receivable at a discount from the Company on a continuous basis, subject to certain limitations as described in the U.S. Agreement. Exide U.S. Funding Corporation simultaneously sold the accounts receivable to the banks.

During fiscal 2003, the Company terminated and repurchased uncollected securitized accounts receivable under the U.S. program and previous European securitization program for $117,455 and $124,793, respectively.

On February 13, 2004, the May 2002 European securitization program was refinanced by the Company s Replacement DIP Credit Facility.

Losses and expenses related to receivables sold under or pledged to these agreements for fiscal years 2004, 2003 and 2002 were $11,260, $11,989 and $14,635, respectively, and are included in other (income) expense, net in the consolidated statements of operations.

Except for the May 2002 European securitization program, the above transactions qualified as sales under the provisions of SFAS 140. The Company adopted SFAS 140 in the beginning of fiscal 2002 for transfers of receivables after March 31, 2001.

Contractual Obligations and Commercial Commitments

Under the Bankruptcy Code, actions to collect pre-petition indebtedness of the Debtors, as well as most other pending litigation against the Debtors, were stayed and other contractual obligations against the Debtors have not been enforced. In addition, the Debtors have rejected certain executory contracts, including lease obligations. Therefore, the commitments shown in the table and discussed below may not reflect actual cash outlays in the future.

The Company s contractual obligations and commercial commitments at March 31, 2004 are summarized by fiscal year in which the payments are due in the following table:

	Total at March 31, 2004	2005	2006	2007	2008	2009	2010 and beyond
	(in millions)						
Long-term debt, including capital leases	$ 1,839.0	$ 1,200.1	$ 622.8	$ 1.6	$ 1.6	$ 1.6	$ 11.3
Short-term borrowings	8.6	8.6					
Operating leases	97.0	37.3	20.4	11.1	8.3	6.1	13.8
Unconditional purchase obligations (a)	170.3	33.4	33.7	34.0	34.0	35.2	
Total contractual cash obligations	$ 2,114.9	$ 1,279.4	$ 676.9	$ 46.7	$ 43.9	$ 42.9	$ 25.1

(a) Reflects the Company s projected annual minimum purchase commitment, including penalties under the supply agreements entered into as a result of the sale of the Company s separator business; amounts may vary based on actual purchases. See Note 23 to the Consolidated Financial Statements

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At March 31, 2004, the Company had outstanding letters of credit of $2,732, and surety bonds of $43,265.

Certain of the Company s European subsidiaries have bank guarantees outstanding, which have been issued as collateral or financial assurance in connection with environmental obligations, income tax claims and customer contract requirements. At March 31, 2004, bank guarantees with a face value of $16,786 were outstanding.

Trading Activities

The Company does not have any trading activity that involves non-exchange traded contracts accounted for at fair value.

Related Parties

The services of Lisa J. Donahue, Chief Restructuring Officer until May 5, 2004, were provided to the Company pursuant to a services agreement, dated October 25, 2001, between the Company and AP Services, LLC (formerly JA&A Services LLC). Under the Services Agreement, the Company was charged an hourly fee for Ms. Donahue s and other temporary employees services, and Ms. Donahue, a principal in AP Services, LLC, was compensated independently by AP Services, LLC. The agreement with AP Services, LLC also provided for payment of a one-time success fee upon the Company s emergence from bankruptcy. AP Services, LLC is an affiliate of AlixPartners, LLC, a financial advisory and consulting firm specializing in corporate restructuring, which was retained by the Company in connection with its financial restructuring. Ms. Donahue is also a principal in AlixPartners, LLC. Fees incurred by the Company during fiscal 2004, 2003 and 2002 under the Services Agreement were $8,281, $10,749 and $5,154, respectively.

Effects of Inflation

Inflation has not had a material impact on the Company s operations during the past three years. The Company generally has been able to partially offset the effects of inflation with cost-reduction programs and operating efficiencies.

Future Environmental Developments

As a result of its multinational manufacturing, distribution and recycling operations, the Company is subject to numerous federal, state and local environmental, occupational safety and health laws and regulations, as well as similar laws and regulations in other countries in which the Company operates. For a discussion of the legal proceedings relating to environmental matters, see Item 3. Legal Proceedings.

Item 8. ***Financial Statements and Supplementary Data***

See Index to Consolidated Financial Statements and Schedule at page F-1.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 28, 2005.

EXIDE TECHNOLOGIES

By: /s/ CRAIG H. MUHLHAUSER

Craig H. Muhlhauser

President and

Chief Executive Officer

By: /s/ IAN J. HARVIE

Ian J. Harvie

Vice President, Corporate Controller and at June 29, 2004, Interim Chief Financial Officer

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INDEX TO EXHIBITS

2.1	Joint Plan of Reorganization of the Official Committees of Unsecured Creditors and the Debtors, dated March 11, 2004, incorporated by reference to the Company s Current Report on Form 8-K filed on May 6, 2004.
2.2	Amended Technical Amendment to Joint Plan of Reorganization of the Official Committee of Unsecured Creditors and the Debtors, dated April 21, 2004, incorporated by reference to Exhibit 2.2 of the Company s Current Report on Form 8-K, dated May 6, 2004
2.3	Order confirming the Joint Plan of Reorganization of the official Committee of Unsecured Creditors and the Debtors entered April 21, 2004, incorporated by reference to Exhibit 2.3 of the Company s Current Report on Form 8-K, dated May 6, 2004.
3.1	Amended and Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 1 of the Company s Form 8-A dated May 6, 2004.
3.2	Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 2 of the Company s Form 8-A dated May 6, 2004.
4.1	Credit and Guarantee Agreement dated as of May 5, 2004 by and among the Company, Exide Global Holding Netherlands C.V., the Lenders from time to time partly thereto, Credit Suisse First Boston and Fleet Securities Inc., Syndication Agents, Deutsche Bank AG New York Branch, as Administration Agent, Credit Suisse First Boston, as Book Running Manager, and Deutshe Bank Securities Inc, as Sole Lead Arranger and Book Running Manager, incorporated by reference to Exhibit 10.1 of the Company s Current Report on Form 8-K dated May 7, 2004.
4.2	Warrant Agreement dated as of May 5, 2004 by and between the Company and American Stock Transfer Trust Company, incorporated by reference to Exhibit 3 to the Company s on Form 8-A dated May 6, 2004.
10.9	Executive Employment Agreement with Craig H. Muhlhauser, as amended on June 14, 2002.
10.18	Restructuring Milestone Incentive Plan, incorporated by reference to Exhibit 10.19 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.19	Corporate Incentive Plan, incorporated by reference to Exhibit 10.20 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.20	Services Agreement, dated October 25, 2001, between JA&J Services LLC and the Company, incorporated by reference to Exhibit 10.21 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.21	North American Supply Agreement dated December 15, 1999 between Daramic, Inc. and Exide Corporation (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment), incorporated by reference to Exhibit 10.22 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.22	Automotive and Industrial Supply Contract dated July 31, 2001 between Daramic, Inc. and Exide Corporation (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment), incorporated by reference to Exhibit 10.23 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.

10.23	Golf Cart Separator Supply Contract dated July 31, 2001 between Daramic, Inc. and Exide Corporation (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment), incorporated by reference to Exhibit 10.24 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.24	Amendment to Supply Contracts dated July 31, 2001 between Daramic, Inc. and Exide Corporation (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment), incorporated by reference to Exhibit 10.25 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.25	Amendment No. 2 to Supply Contracts dated July 11, 2002 between Daramic, Inc. and Exide Technologies (certain confidential portions have been omitted and filed separately with the SEC pursuant to a request for confidential treatment), incorporated by reference to Exhibit 10.26 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
10.26	Exide Technologies et al. Debtors Income Protection Plan, incorporated by reference to Exhibit 10.27 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2002.
21	Subsidiaries of the Company.
*31.1	Certification of Craig H. Muhlhauser, President and Chief Executive Officer, pursuant to Section 302 of Sarbanes-Oxley Act of 2002
*31.2	Certification of Ian J. Harvie, Interim Chief Financial Officer and Vice President, Corporate Controller, pursuant to Section 302 of Sarbanes-Oxley Act of 2002
*32.1	Certifications pursuant to Section 906 of Sarbanes-Oxley Act of 2002

* Filed with this Report.
Management contract or compensatory plan or arrangement.

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EXIDE TECHNOLOGIES AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

All other schedules are omitted because they are not applicable, not required, or the information required to be set forth therein is included in the Consolidated Financial Statements or in the Notes thereto.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

Exide Technologies

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Exide Technologies and its subsidiaries (Exide) at March 31, 2004 and 2003, and the results of their operations and cash flows for each of the three years in the period ended March 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of Exide s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 30 to the consolidated financial statements, the Company has incurred operating losses since emerging from bankruptcy, which in part have contributed to the Company s failure to meet certain debt covenants at the end of its second and third quarters of the fiscal year ending March 31, 2005. Bank amendments were obtained for both violations. The Company forecasts it will be in compliance with its covenants through March 31, 2005; however, without the proceeds from the proposed senior notes offering and/or with no easing of the current bank covenants its ability to meet certain covenants at June 30, 2005 and beyond is uncertain. Further, the Company s forecasted cash flows assume the Internal Revenue Service will grant an extension to the Company s conditional waiver of its minimum pension contributions to allow the Company adequate time to provide a lien satisfactory to the Pension Benefit Guarantee Corporation and defer $50 million of calendar year 2003 and 2004 contributions. If the bond offering isn t successful, if the IRS doesn t permit the Company to defer the $50 million pension contributions or if the Company isn t able to comply with its debt covenants at June 30, 2005 and beyond, the Company s liquidity would be adversely affected.

As explained in Note 27 to the consolidated financial statements, the Company has given retroactive effect to the change in reporting segments.

As discussed in Note 6 to the consolidated financial statements, on April 1, 2003, Exide adopted Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations. As discussed in Note 7 to the consolidated financial statements, on April 1, 2001, Exide adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

June 28, 2004, except for Note 27 and Note 30, as to which the date is February 28, 2005

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EXIDE TECHNOLOGIES AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per-share data)

	For the Fiscal Year Ended March 31,		
	2004	**2003**	**2002**
NET SALES	$ 2,500,493	$ 2,361,101	$ 2,428,550
COST OF SALES	1,991,168	1,844,560	1,964,631
Gross profit	509,325	516,541	463,919
EXPENSES:			
Selling, marketing and advertising	264,753	261,299	290,957
General and administrative	161,271	175,177	178,842
Restructuring and impairment (Note 20)	52,708	25,658	33,122
Goodwill impairment charge (Note 10)		37,000	105,000
Purchased research and development			(8,185)
Other (income) expense, net (Note 22)	(40,724)	(11,035)	32,739
Interest expense, net (Note 21)	99,027	105,788	136,241
	537,035	593,887	768,716
Loss before reorganization items, income taxes, minority interest and cumulative effect of change in accounting principle	(27,710)	(77,346)	(304,797)
REORGANIZATION ITEMS, NET (Note 8)	67,042	36,370	
INCOME TAX PROVISION (BENEFIT)	3,271	26,969	(1,422)
MINORITY INTEREST	467	200	211
Loss before cumulative effect of change in accounting principle	(98,490)	(140,885)	(303,586)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (Notes 6 and 7)	(15,593)		(496)
Net loss	$ (114,083)	$ (140,885)	$ (304,082)
NET LOSS PER SHARE, BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE			
Basic and Diluted	$ (3.60)	$ (5.14)	$ (11.33)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE PER SHARE			
Basic and Diluted	$ (0.57)	$	$ (0.02)
NET LOSS PER SHARE (Note 3)			
Basic and Diluted	$ (4.17)	$ (5.14)	$ (11.35)
WEIGHTED AVERAGE SHARES			
Basic and Diluted	27,383	27,383	26,798

The accompanying notes are an integral part of these statements.

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EXIDE TECHNOLOGIES AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except per-share data)

	March 31, 2004	March 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,413	$ 39,766
Restricted cash	15,469	6,297
Receivables, net of allowance for doubtful accounts of $24,433 and $35,666, respectively (Note 25)	667,026	655,010
Inventories (Note 11)	414,516	399,973
Prepaid expenses and other	24,372	16,451
Deferred financing costs, net	3,498	17,028
Deferred income taxes	34,035	33,233
Total current assets	1,196,329	1,167,758
Property, plant and equipment, net	543,124	533,375
Other assets:		
Goodwill, net (Note 10)	527,705	463,920
Other intangibles, net (Note 10)	46,440	47,560
Investments in affiliates	6,695	6,186
Deferred financing costs, net	1,645	647
Deferred income taxes (Note 17)	104,703	82,517
Other (Note 12)	45,167	70,728
	732,355	671,558
Total assets	$ 2,471,808	$ 2,372,691
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Short-term borrowings (Note 13)	$ 8,624	$ 7,778
Current maturities of long-term debt (Note 13)	736,165	598,427
Accounts payable	295,987	247,189
Accrued expenses	425,947	330,240
Total current liabilities	1,466,723	1,183,634
Long-term debt (Note 13)	21,574	117,405
Noncurrent retirement obligations	193,525	170,181
Other noncurrent liabilities	53,726	41,924
Liabilities subject to compromise (Note 9)	1,481,120	1,533,089
Total liabilities	3,216,668	3,046,233

Commitments and contingencies (Notes 18 and 19)