EXIDE TECHNOLOGIES
Form 10-K
July 31, 2014

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

FORM 10-K
(Mark One)

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

For the fiscal year ended March 31, 2014

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

Commission File Number 1-11263

EXIDE TECHNOLOGIES
(Exact Name of Registrant as Specified in Its Charter)

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

(678) 566-9000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $.01 par value
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No þ
Indicate by a check mark whether the Registrant: (i) 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 (ii) has been subject to such filing requirements for the past 90 days. Yes ¨ No þ
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ 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 the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ¨
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act. (check one):

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

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

The aggregate market value of common stock held by non-affiliates of the Registrant as of September 30, 2013 was $29,348,295.

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

As of June 2, 2014, 79,078,088 shares of common stock were outstanding.

1

EXIDE TECHNOLOGIES
TABLE OF CONTENTS

EXIDE TECHNOLOGIES
PART I
Item 1. Business
Overview and General Discussion of the Business
Exide Technologies (referred to together with its subsidiaries, unless the context requires otherwise, as “Exide” or the “Company”) is a Delaware corporation organized in 1966 to succeed to the business of a New Jersey corporation founded in 1888. Exide’s principal executive offices are located at 13000 Deerfield Parkway, Building 200, Milton, Georgia 30004.
The Company is a global leader in stored electrical energy solutions, and one of the largest manufacturers and suppliers of lead-acid batteries for transportation and industrial applications in the world, with fiscal 2014 net sales of approximately $2.9 billion. The Company’s operations in the Americas and Europe and Rest of World (“ROW”) represented approximately 39.4% and 60.6%, respectively, of fiscal 2014 net sales.
Unless otherwise indicated or unless the context otherwise requires, references to “fiscal year” refer to the twelve months ended March 31 of that year (e.g., “fiscal 2014” refers to the period beginning April 1, 2013 and ending March 31, 2014). Unless the context indicates otherwise, the “Company,” “Exide,” “we,” "our," or “us” refers to Exide Technologies and its subsidiaries.
Chapter 11 Case
On June 10, 2013 (“Petition Date”), Exide Technologies ("Debtor") filed a voluntary petition for relief (“Chapter 11 Case”) under Chapter 11 of the United States Bankruptcy Code (“Bankruptcy Code” or “Chapter 11”), in the United States Bankruptcy Court for the District of Delaware (“Bankruptcy Court”) under the caption In re Exide Technologies, case number 13-11482. The Company's subsidiaries, foreign and domestic, have been excluded from the Chapter 11 Case continue to operate their businesses without supervision from the Bankruptcy Court, and are not subject to the requirements of the Bankruptcy Code.
The Company filed for reorganization under Chapter 11 as it offered the most efficient alternative to restructure the Company's balance sheet and access new working capital while continuing to operate in the ordinary course of business. Factors leading to the reorganization included the Company's significant debt burden, the adverse impact of economic conditions on the Company's markets, particularly the U.S. and European markets, ongoing competitive pressures, loss of key customers over several years, the unplanned temporary suspension of operations at one of the Company's facilities, and higher commodity costs including purchased spent batteries. These factors contributed to higher costs and lower revenues and resulted in significant operating losses and material adverse reductions in cash flows, severely affecting the Company's financial condition and its ability to make debt payments coming due. Downgrades of the Company's credit rating and loss of credit insurance used by certain suppliers adversely affected supplier trade credit terms, further affecting the Company's liquidity.
Exide is currently operating as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as a debtor-in-possession, Exide is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.
Exide has received Bankruptcy Court approval for, among other things, access to a $500.0 million debtor-in-possession financing facility ("DIP Credit Facility") on the terms set forth in the Amended and Restated Superpriority Debtor-in-Possession Credit Agreement ("DIP Credit Agreement"), the ability to pay pre-petition and post-petition employee wages, salaries and benefits, and to honor customer warranty, sales returns and rebate obligations. Subsequent to the Petition Date, the Company received approval from the Bankruptcy Court to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Company's operations including employee obligations, taxes, and from limited available funds, pre-petition claims of certain critical vendors, certain customer programs, limited foreign supplier obligations, adequate protection payments, and certain other pre-petition claims. Additionally, the Company has been paying and intends to continue to pay undisputed post-petition obligations in the ordinary course of business.
Effective July 24, 2013, the DIP Credit Agreement was amended to permit an increase in the quarterly maximum capital expenditure limits of $25.0 million by $2.5 million should the preceding quarter's EBITDA exceed 110.0% of

the DIP budget, with the rolling four quarter maximum capital expenditures increased to $90.0 million for the four quarters ending after March 31, 2014.

Effective October 9, 2013, a second amendment provided additional flexibility to the Company with regard to certain non-core asset transactions and further clarified certain terms of the DIP Credit Agreement. The second amendment revised the definition of "Permitted Liens" to permit contractual encumbrances in connection with certain permitted dispositions under the DIP Credit Agreement. The second amendment further changed the definition of "Total Adjusted Operating Cash Flow" to exclude the effect of Frisco Escrow Account receipts from "Total Adjusted Operating Cash Flow."

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

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

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

On July 22, 2014, the Company entered into the sixth amendment to the DIP Credit Agreement, which, among other things, sought to modify the DIP Credit Agreement as follows:

- eliminate restrictions on capital expenditures, modify the definition of EBITDA and adjust the minimum EBITDA covenant to address lower anticipated future period earnings, and provide other covenant relief;
- extend the maturity date of the loans made under the DIP Credit Agreement to December 31, 2014 ("the Extension Amendment") effective upon the satisfaction of certain conditions, including, among other things, the Company and members of the Unofficial Committee of Senior Secured Noteholders (“UNC”) holding a majority in principal amount of the Company's Senior Secured Notes entering into a customary plan support agreement with respect to an Acceptable Plan of Reorganization, as that term is defined in the amended DIP Credit Agreement; and
- provide for $60.0 million in additional term loan financing (the "Upsizing Amendment"), which will be funded pursuant to a commitment letter executed by certain members of the UNC to provide additional term loan financing with net cash proceeds of $60.0 million, subject to satisfaction of certain conditions including approval by the Bankruptcy Court.

On July 28, 2014, the Bankruptcy Court entered an order approving the Upsizing Amendment.

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

The DIP Credit Facility is used to supplement cash flows from operations during the reorganization process including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted pre-petition claims, working capital needs, letter of credit requirements, and other general corporate purposes. The DIP Credit Facility contains certain financial covenants. Failure to maintain compliance with these covenants would result in an event of default which would restrict the availability of funds necessary to maintain the Company's operations and assist in funding the Company's reorganization plans.

The Chapter 11 petition triggered defaults on substantially all debt obligations of the Company and, as a result, the Company's Senior Secured Notes (“Senior Secured Notes” or “Notes”) and convertible senior subordinated notes ("Convertible Notes") have been accelerated and are due and payable. Under Section 362 of the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most other pending litigation, are stayed. Absent an order of the Bankruptcy Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization approved by the Bankruptcy Court. There can be no assurance that a plan will be proposed by the Company or confirmed by the Bankruptcy Court or that any such plan will be successfully implemented.

On August 9, 2013, the Company filed with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Company as shown by the Company's books and records on the petition date, subject to the assumptions contained in certain Notes filed in connection therewith. The schedules and statements of financial affairs are subject to further amendment or modification. On September 13, 2013, the

Bankruptcy Court entered an order which, among other things, established October 31, 2013, as the general bar date for filing claims and December 9, 2013 as the bar date for claims by certain governmental authorities. The claims bar date order was supplemented by a further order on October 24, 2013 extending the bar date to January 31, 2014 solely with respect to personal injury claims related to the Company's secondary lead recycling facility in Vernon, California. As the distribution to holders of allowed claims will likely

4

be addressed by a plan of reorganization that has not yet been filed, the amount of distribution with respect to allowed claims is not presently ascertainable.

On June 30, 2014, the Company received a non-binding proposal for a plan of reorganization (“POR Proposal”) from the UNC, whose members hold a substantial majority of the term loan component of the DIP Credit Facility and pre-petition senior secured notes. The POR Proposal, which is subject to completion of definitive documentation and certain other conditions, would provide approximately $485.0 million in new capital, and is currently expected to be comprised of the following:

- A preferred convertible equity capital commitment of approximately $300.0 million (a portion of which will be in the form of a rights offering backstopped by certain members of the UNC and another portion in the form of a direct investment by certain members of the UNC);
- A $185.0 million bond issuance also backstopped by certain members of the UNC; and
- An asset based loan facility for which commitments would be obtained from potential lenders in conjunction with the plan confirmation process.

At this time it is not possible to predict the ultimate effect of the Chapter 11 reorganization on the Company's business, various creditors and security holders, or when it may be possible to emerge from Chapter 11. The Company believes that under any reorganization plan the Company's common stock would likely be substantially diluted or canceled in its entirety. Accordingly, the Company urges that caution be exercised with respect to existing and future investments in any of these securities or other Company claims. In addition, the Company's common stock has been delisted from trading on the Nasdaq Stock Market ("NASDAQ"). Further, it is also expected that the Company's Senior Secured Notes and Convertible Notes will suffer substantial impairment.

Additional information about the Company's Chapter 11 Case is available on www.exiderestructures.com and www.exiderestructuringinfo.com. See also Item 7 - Chapter 11 Case for further information regarding the Chapter 11 Case.

Company Products and Business Segments

The Company reports its financial results through four principal business segments: Transportation Americas, Transportation Europe and ROW, Industrial Energy Americas, and Industrial Energy Europe and ROW. Refer to Note 21 to the Consolidated Financial Statements for financial information about the Company’s business segments and the geographic areas in which the Company operates.

Transportation

The Company’s transportation batteries include starting lighting and ignition (“SLI”) batteries for cars, trucks, off-road vehicles, agricultural and construction vehicles, motorcycles, recreational vehicles, marine, and other applications including Micro-hybrids (Start & Stop vehicles). The Company’s principal batteries sold in the transportation markets are represented by the following brands: Exide, Exide Extreme, Exide NASCAR Select, Centra, DETA, Orbital, Fulmen, and Tudor, as well as other brands under various private labels. The market for transportation batteries is divided between sales to aftermarket customers and original equipment manufacturers (“OEM”). Transportation segments represented approximately 59.2% of the Company’s net sales in fiscal 2014. Within the transportation segments, aftermarket and OEM net sales, including original equipment service ("OES") represented approximately 73.0% and 27.0% of fiscal 2014 net sales, respectively.

Aftermarket sales are impacted by a number of factors, including the number of vehicles in use, average battery life, average age of vehicles, weather conditions, and population growth. Aftermarket demand historically has been less cyclical than OEM demand due to the typical four to five year replacement cycle. Some of the Company’s major aftermarket customers include Bosch, Tractor Supply, Canadian Tire, ADI, ATR International, GroupAuto International, and The Home Depot. In addition, the Company is also a supplier of authorized replacement batteries for major OEMs including the BMW Group, Fiat Group, Honda, Iveco, John Deere, PSA Group, Scania, Volvo Trucks, Toyota, Volkswagen Group, Renault-Nissan, PACCAR, and many others.

OEM sales are primarily impacted by new vehicle manufacturing builds, based on consumer demand for new vehicles. The Company believes that the OEM market increasingly prefers suppliers with innovative energy storage technology supporting carbon dioxide reductions and suppliers with established global production capabilities that can meet their needs as they expand internationally and increase platform standardization across multiple markets. The

Company supplies batteries for five of the 10 top-selling vehicles in Europe. Some of the Company’s significant OEM customers include the BMW Group, Fiat Group, International Truck & Engine, the PSA Group (Peugeot S.A./Citroën), Case/New Holland, John Deere, Renault, Nissan, Scania, Volvo Trucks, Volkswagen Group, Chrysler, Toyota, Jaguar, Land Rover, among others.

Transportation Americas

In the Americas, the Company sells aftermarket transportation products through various distribution channels, including mass merchandisers, auto parts outlets, wholesale distributors, and battery specialists. The Company sells its OEM transportation replacement products principally through dealer networks. The Company's Americas operations include a network of 69 branches which sell and distribute batteries and other products to the Company's distributor channel customers, battery specialists, national account customers, retail stores, and OEM dealers. In addition, these branches collect spent batteries for the Company's recycling facilities.

The Company currently operates three recycling facilities in North America. These operations supply recycled lead for a significant portion of Exide's Transportation and Industrial Energy products manufactured in North America. The recycling facilities also recover and recycle battery acid as well as plastic materials that are used to produce new battery covers and cases. The remaining lead requirements are secured from external sources under one to three year supply agreements.

Transportation Europe and ROW

In Europe and ROW, the Company sells OEM batteries to the light vehicle, light commercial vehicle and commercial vehicle industries. The commercial vehicle industry includes truck manufacturers as well as construction and agriculture vehicle manufacturers. Exide supplies most of its OEM batteries directly to the assembly plants of its customers. The Company also delivers service and replacement batteries into this segment. Those are either distributed by the OEM customers themselves or delivered directly to the service points through the Exide logistics network. The Company also supplies advanced lead-acid batteries for micro-hybrid vehicles equipped with carbon dioxide reducing technologies such as Start & Stop with and without regenerative braking systems and other fuel saving technologies, which require advanced battery technologies.

The Company sells Europe and ROW aftermarket batteries primarily through automotive parts and battery wholesalers, mass-merchandisers, auto centers, service installers, and international buying groups. Wholesalers have traditionally represented the majority of this market, but sales through hypermarket chains and automotive parts stores, most often integrated in European-wide buying groups, have increased. Many automotive parts wholesalers are also increasingly organized in European organizations active in purchasing and merchandising programs. Battery specialists sell and distribute batteries to a network of automotive parts retailers, service stations, independent retailers, and garages throughout Europe.

Industrial Energy

The Company's Industrial Energy segments supply both Motive Power and Network Power applications. Industrial Energy represented 40.8% of the Company's net sales in fiscal 2014. Within the Industrial Energy segments, Motive Power and Network Power net sales represented approximately 55.1% and 44.9% of Industrial Energy net sales, respectively.

Motive Power batteries are used in the material handling industry for electric forklift trucks, and in other industries, including floor cleaning machinery, powered wheelchairs, railroad locomotives, mining, and the electric road vehicles market. The battery technologies for the Motive Power markets include flooded flat plate products, tubular plate products, absorbed glass mat ("AGM") products, and gel electrolyte products. The Company also offers a complete range of battery chargers and related equipment for the operation and maintenance of battery-powered vehicles.

Network Power batteries are used to provide back-up power for use with telecommunications systems, computer installations or data centers, hospitals, air traffic control systems, security systems, utilities, railway and military applications. Telecommunications applications include central and local switching systems, satellite stations, wireless base stations and mobile switches, optical fiber repeating boxes, cable TV transmission boxes, and radio transmission stations. The Company's strongest Network Power battery brands, Absolyte and Sonnenschein, offer customers the choice of AGM or gel electrolyte valve regulated battery technologies and deliver among the highest energy and power densities in their class.

Industrial Energy Americas

In the Americas, the Company distributes Motive Power products and services through multiple channels. These include sales and service locations owned by the Company that are augmented by a network of independent manufacturers' representatives. The Company serves a wide range of customers including OEM suppliers of lift trucks, large industrial companies, retail distributors, warehousing companies, and manufacturers. Significant Motive Power customers in the Americas include Toyota, MCFA, NACCO, Walmart, and Target. The Company distributes Network Power products and services through sales and service locations owned by the Company augmented by a network of independent manufacturers' representatives. The Company's largest Network Power customers in the Americas include AT&T, APC, Emerson Electric, and Verizon Wireless.

Industrial Energy Europe and ROW

The Company distributes Motive Power products and services in Europe through in-house sales and service organizations and utilizes distributors and agents for the export of products from Europe to ROW countries. Motive Power products in

Europe are also sold to a wide range of customers in the aftermarket, ranging from large industrial companies and retail distributors to small warehousing and manufacturing operations. Motive Power batteries are also sold in complete packages, including batteries, chargers, and increasingly through on-site service. The Company’s major OEM Motive Power customers include Toyota Material Handling, the KION Group, and Jungheinrich. The Company distributes Network Power products and services in Europe and batteries and chargers in Australia and New Zealand through in-house sales and service organizations. In Asia, products are distributed through independent distributors. The Company utilizes distributors, agents, and direct sales to export products from Europe and North America to ROW. The Company’s major Network Power customers in Europe and ROW include Deutsche Telecom, Alcatel, Emerson Electric, Ericsson and Siemens Nokia Networks.

Quality

The Company recognizes that product performance and quality are critical to customer satisfaction and ultimately to its success. The Company has a standardized global Quality Management System (“QMS”) which it utilizes in conjunction with the deployment of lean manufacturing principles and new product development systems to drive improved levels of quality, productivity and services to the global transportation and industrial energy markets. The Company has an established history of utilizing lean manufacturing and six sigma tools and techniques that are now a standard part of its operations, are coordinated globally, and have also been applied to areas such as maintenance and energy management. The Company also utilizes a disciplined Value Analysis Value Engineering (“VAVE”) process in conjunction with the QMS to ensure that its customers are receiving high quality, competitive products and services.

The Company’s quality commitment begins in the design phase with an in-depth understanding of customer and application requirements. The Company’s products are designed using carefully selected processes, tools, and materials in order to meet required performance, industry, and customers' quality and durability standards. The Company’s focus on quality continues through the manufacturing process. The Company has quality audit processes and standards in each of its production and distribution facilities. The Company’s quality process extends throughout the entire product life cycle including operation in service as well as recycling.

All of the Company’s major production facilities are approved under ISO/TS 16949 and/or ISO 9001 quality standards. The Company has also obtained ISO 14001 Environmental Health & Safety (“EH&S”) certification at the majority of its manufacturing plants, and has received quality certifications and awards from a number of OEM and aftermarket customers.

Research and Development

The Company is committed to delivering new and technologically advanced products, services, and systems that provide superior performance and value to customers. To support this commitment, the Company focuses on developing opportunities across its global markets and operating a number of product and process-development centers of excellence around the world. These centers work cooperatively to define and improve the Company’s product design and production processes. By leveraging this network, the Company is able to transfer technological, product and process knowledge among its various operating facilities to adopt best practices for use throughout the Company. Investment in Research, Development and Engineering capability continues to be an important priority.

Patents, Trademarks and Licenses

The Company owns or has a license to use various trademarks that are valuable to its business. The Company believes these trademarks and licenses enhance the brand recognition of the Company’s products. The Company currently owns approximately 243 trademarks worldwide, and maintains licenses from others to use approximately 20 trademarks worldwide. The Company also acts as licensor under certain trademark licensing agreements.

The Company has generated a number of patents in the operation of its business and currently owns all or a partial interest in greater than 343 patents and applications for patents pending worldwide. Although the Company believes its patents and patent applications collectively are important to the Company’s business, and that technological innovation is important to the Company’s market competitiveness, currently no operating segment is substantially dependent on any single patent or group of patents.

In 2003, the Company served notices in the U.S. Bankruptcy Court for the District of Delaware (“2002 Bankruptcy Court”) to reject certain executory contracts with EnerSys, which the Company contended were executory, including a 1991 Trademark and Trade Name License Agreement (the “Trademark License”), pursuant to which the Company had licensed to EnerSys use of the “Exide” trademark on certain industrial battery products in the United States and 80 foreign countries. EnerSys objected to the rejection of certain of those contracts, including the Trademark License. In 2006, the 2002 Bankruptcy Court granted the Company's request to reject certain of the contracts, including the Trademark License. EnerSys appealed those rulings. On June 1, 2010, the Third Circuit Court of Appeals reversed the 2002 Bankruptcy Court ruling, and remanded to the lower courts, holding that certain of the contracts, including the Trademark License, were not executory contracts and, therefore, were not subject to rejection. On August 27, 2010, acting on the Third Circuit's mandate, the Bankruptcy Court vacated its prior orders and denied the Company's motion to reject the contracts on the grounds that the agreements are not executory. On September 20, 2010, the Company filed a complaint in the 2002 Bankruptcy Court seeking a declaratory judgment that EnerSys does not have enforceable rights under the Trademark License under Bankruptcy Code provisions. EnerSys filed a motion to dismiss that complaint, which the 2002 Bankruptcy Court granted on January 8, 2013.

On June 7, 2013, EnerSys Delaware Inc., formally known as EnerSys, Inc. filed suit against the Company in the Court of Chancery for the State of Delaware seeking an accounting and restitution for alleged benefits received by the Company and alleged losses incurred by EnerSys allegedly as the result of the granting by the 2002 Bankruptcy Court in 2006 of an the Order which allowed the Company to reject the Trademark License and use the licensed "Exide" trademark for Industrial battery products and the 2002 Bankruptcy Court's subsequent August 2010 Order vacating the 2006 Order and denying the Company's request to reject the Trademark License. On June 10, 2013, the Company filed a voluntary petition for reorganization pursuant to Chapter 11 of the U.S. Bankruptcy Code in the District of Delaware, and the suit filed by EnerSys Delaware Inc. was automatically stayed pursuant to Section 362(a)(1) of the Bankruptcy Code. For further information regarding this matter, see Note 13 to the Consolidated Financial Statements.

Manufacturing, Raw Materials and Suppliers

Lead is the primary material used in the manufacture of the Company’s lead-acid batteries, representing approximately 43.7% of the cost of goods sold. The Company obtains a significant portion of North American lead requirements through the operation of three secondary lead recycling plants which reclaim lead by recycling spent lead-acid batteries. In North America, the Company obtains spent batteries for recycling primarily from the Company’s customers, through Company-owned branch networks, and from third party spent battery collectors. In Europe and ROW, the Company obtains a small portion of its lead requirements through the operation of two lead recycling plants. The majority of the Company’s lead requirements in Europe and ROW, however, are obtained from third-party suppliers.

The Company uses both polyethylene and AGM battery separators. There are a number of suppliers from whom the Company purchases AGM battery separators. Polyethylene battery separators are purchased primarily from one supplier pursuant to a supply agreement expiring in fiscal 2016. There is currently no second source that could readily provide the volume of certain polyethylene separators used by the Company. As a result, any major disruption in supply from the Company’s primary supplier of certain polyethylene separators would have a material adverse impact on the Company.

Other key raw materials and components in the production of batteries include lead oxide, acid, steel, plastics and chemicals, all of which are generally available from multiple sources. The Company has not experienced any significant material stoppage or disruption in production as a result of non-availability or delays in the availability of raw materials.

Competition

Transportation

The Americas and European transportation markets are highly competitive. The manufacturers in these markets compete on price, quality, technical innovation, service, and warranty. Well-recognized brand names are also important for aftermarket customers who do not purchase private label batteries. Most sales are made without long-term contracts.

In the Americas transportation segment, the Company believes it has the third largest market position. Other principal competitors in this market are Johnson Controls, Inc. and East Penn Manufacturing. Competition is strongest in the auto parts retail and mass merchandiser channels where large customers use their buying power to negotiate lower prices and longer payment terms. Due to technical and production qualification requirements, OEMs change battery suppliers less frequently than aftermarket customers, but because of their purchasing size, they can influence market participants to compete on price and other terms. The Company also believes that it has the overall second largest market position in Europe in transportation batteries for the light vehicles and commercial vehicles product categories. The Company’s largest competitor in the European transportation markets is Johnson Controls, Inc.

Industrial Energy

The Company believes that it is one of the significant participants in the global Motive Power battery market. Competitors in the Americas include EnerSys, Inc. and East Penn Manufacturing. Competitors in Europe include EnerSys, Inc., Hoppecke, MIDAC, and TAB. In Asia, GS/Yuasa, Shinkobe, and EnerSys, Inc. are primary competitors.

The Company is also one of the significant participants in the global Network Power battery market. Competitors in the Americas include C&D Technologies, EnerSys, Inc., and East Penn Manufacturing. The major competitors in Europe are EnerSys, Inc., Hoppecke, Fiamm and imported batteries mainly from Asia. In Asia, GS/Yuasa, Shinkobe, and EnerSys, Inc. are primary competitors.

Seasonal Factors

The Company sells a disproportionate share of its transportation aftermarket batteries during the fall and early winter (the Company's third and a portion of its fourth fiscal quarters). Retailers and distributors buy automotive batteries during these periods so they will have sufficient inventory for cold weather periods. Unusually cold winters and hot summers may accelerate battery failure and increase demand for transportation replacement batteries. Mild winters and cool summers, however, may have the opposite effect.

Environmental, Health and Safety Matters

As a result of its 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 (collectively, "EH&S laws"). For a discussion of the legal proceedings relating to environmental, health, and safety matters, see Note 13 to the Consolidated Financial Statements.

Employees

The Company employed approximately 8,986 persons at March 31, 2014, compared to approximately 9,628 persons at March 31, 2013.

Americas

As of March 31, 2014, the Company employed approximately 1,074 salaried employees and 2,381 hourly employees in the Americas, primarily in the U.S. Approximately 32.0% of these salaried employees are engaged in sales, service, marketing, and administration and 68.0% in manufacturing and engineering. Approximately 20.0% of the Company's hourly employees in the Americas are represented by unions. The Company believes that relations with its unions are generally good. Union contracts covering approximately 3.2% of the Company's domestic employees expire in fiscal 2015, and the remainder thereafter.

Europe and ROW

As of March 31, 2014, the Company employed approximately 2,166 salaried employees and 3,365 hourly employees outside of the Americas, primarily in Europe. Approximately 33.0% of these salaried employees are engaged in sales, service, marketing, and administration and 67.0% in manufacturing and engineering. Generally, the Company's hourly employees and some of its salaried employees in Europe and ROW are represented by unions. The Company meets regularly with the European Works Councils. The Company believes that relations with its unions are generally good. Contracts covering most of the Company's non-U.S. union employees expire on various dates in fiscal 2015.

Backlog

The Company's order backlog at March 31, 2014 and 2013, respectively, was approximately $55.9 million and $73.1 million for Industrial Energy Americas and approximately $128.3 million and $101.1 million for Industrial Energy Europe and ROW. The Company expects to fill the March 31, 2014 backlogs during fiscal 2015. The Transportation segments backlog at March 31, 2014 was not significant.

Available Information

The Company maintains a website at www.exide.com. The Company makes available free of charge through its website, by way of a hyperlink to a third-party Securities Exchange Commission ("SEC") filing website (www.sec.gov), its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports electronically filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934. The information on the Company's website is not, and shall not be deemed to be, a part of this annual report on form 10-K or incorporated into any other filings the Company makes with the SEC. The SEC website (www.sec.gov) contains reports, proxy and other statements, and other information regarding issuers, including the Company, that file electronically with the SEC. All of this information is available as soon as reasonably practicable after it is filed with the SEC. In addition, the public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C., 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The Company's Code of Ethics and Business Conduct may be accessed within the Investor Relations section of its website. Amendments and waivers of the Code of Ethics and Business Conduct will also be disclosed within four business days of issuance on the website. Information found in the Company's website is neither part of this annual report on Form 10-K nor any other report filed with the SEC.

Item 1A. Risk Factors

We filed for reorganization under Chapter 11 of the Bankruptcy Code on June 10, 2013 and are subject to the risks and uncertainties associated with the Chapter 11 Case.

For the duration of our Chapter 11 Case, our operations, including our ability to execute our business plan, are subject to the risks and uncertainties associated with bankruptcy. Risks and uncertainties associated with our Chapter 11 Case include the following:

- our creditors or other third parties may take actions or make decisions that are inconsistent with and detrimental to the plans we believe to be in the best interests of the Company;
- we may be unable to obtain court approval with respect to certain matters in the Chapter 11 Case from time to time;
- the court may not agree with our objections to positions taken by other parties;
- we may not be able to confirm and consummate a Chapter 11 plan of reorganization or may be delayed in doing so;
- we may not be able to obtain and maintain normal credit terms with vendors, strategic partners and service providers;
- we may not be able to enter into or maintain contracts that are critical to our operations at competitive rates and terms, if at all; and
- we may be exposed to risks associated with third parties seeking and obtaining court approval to (i) terminate or shorten our exclusivity period to propose and confirm a plan of reorganization, (ii) appoint a Chapter 11 trustee or (iii) convert the case to a Chapter 7 liquidation case.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events, the positions we take in court, or publicity associated with our Chapter 11 Case could adversely affect our sales and our relationship with our customers, as well as with vendors and our employees, which in turn could adversely affect our operations and financial condition, particularly if the Chapter 11 Case is protracted. Because of the risks and uncertainties associated with our Chapter 11 Case, the ultimate impact of events that occur during these proceedings will have on our business, financial condition and results of operations cannot be accurately predicted or quantified. If any one or more of these risks materializes, it could affect our ability to continue as a going concern.

Operating under Chapter 11 may restrict our ability to pursue our business strategies.

Under Chapter 11, transactions outside the ordinary course of business will be subject to the prior approval of the Bankruptcy Court, which may limit our ability to respond in a timely manner to certain events or take advantage of certain opportunities. We must obtain Bankruptcy Court approval to, among other things:

- engage in certain transactions with our vendors;
- buy or sell assets outside the ordinary course of business;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- borrow for our operations, investments or other capital needs or to engage in other business activities that would be in our interest.

Our employees face uncertainty due to the Chapter 11 Case.

As a result of the Chapter 11 Case, our employees are facing uncertainty. A material erosion of our employees' commitment could have a material adverse affect on our business, particularly if the Chapter 11 Case is protracted.

The Company's businesses could suffer from a protracted restructuring.

The Company's future results are dependent upon the timely and successful filing, confirmation and implementation of a plan of reorganization. If a restructuring is protracted, it could adversely affect the Company's operating results, including its relationships with its employees, vendors, strategic partners and customers. If we experience a protracted reorganization, there is a significant risk that the value of the Company's enterprise would be substantially eroded to the detriment of all stakeholders.

We may be subject to claims that will not be discharged in the Chapter 11 Case.

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With a few exceptions primarily relating to environmental claims, all claims that arose prior to the filing of our Chapter 11 Case (i) will be subject to compromise, and/or discharge in the Chapter 11 Case in any plan of reorganization that may be certified, or (ii) will be discharged in accordance with the Bankruptcy Code and the terms of the plan of reorganization. However, the aggregate amount of such claims that are not subject to treatment under the plan of reorganization or that are not discharged may be material.

We may not have sufficient cash to maintain our operations during Chapter 11 and fund our emergence from the Chapter 11 Case.

Because of our weakened financial condition, we will continue to have heightened exposure to, and less ability to withstand, the operating risks that are customary in the industry, such as fluctuations in raw material prices. Any of these factors could result in the need for substantial additional funding. A number of other factors, including our Chapter 11 filing, our financial results in recent years, our substantial indebtedness and the competitive environment we face, adversely affect the availability and terms of funding that might be available to us during, and upon emergence from, our Chapter 11 Case. As a result of these and other factors, we may not be able to source capital at acceptable rates, on acceptable terms or at all, to fund our current operations and our exit from Chapter 11. An inability to obtain necessary additional funding on acceptable terms would have a material adverse impact on us and on our ability to sustain our operations, both currently and upon emergence from Chapter 11.

Trading in our securities during the pendency of the Chapter 11 Case is highly speculative and poses substantial risks. It is probable our common stock will be canceled and that holders of such common stock will not receive any distribution with respect to, or be able to recover any portion of, their investments.

At this time it is not possible to predict the ultimate effect of the Chapter 11 reorganization on our business, various creditors and security holders, or when it may be possible to emerge from Chapter 11. The Company believes that under any reorganization plan the Company's common stock would likely be substantially diluted or canceled in its entirety and the holders thereof would not be entitled to receive, and would not receive or retain, any property or interest in property on account of such equity interests. In the event of a cancellation of these equity interests, amounts invested by such holders in our outstanding equity securities will not be recoverable. Consequently, our currently outstanding common stock would have no value. Trading prices for our common stock are very volatile and may bear little or no relationship to the actual recovery, if any, by the holders of such securities in the Chapter 11 Case. Accordingly, we urge that extreme caution be exercised with respect to existing and future investments in our equity securities and any of our other securities.

Our common stock was delisted from NASDAQ and will not be listed on any other national securities exchange.

The Company's common stock was suspended at the opening of business on June 24, 2013 and the Company's securities were removed from listing and registration on NASDAQ

We may not be able to re-list our common stock on a national securities exchange, although our securities might begin to trade in the over-the-counter ("OTC") market. The trading of our common stock in the OTC market rat