

**EXIDE TECHNOLOGIES**  
**AUDIT COMMITTEE CHARTER**

**I. Purpose**

The purpose of the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board”) of Exide Technologies (the “Company”) is to assist the Board in overseeing the accounting and financial reporting processes and the audits of the Company’s financial statements. The Audit Committee’s primary duties and responsibilities are to:

- Monitor the integrity of the Company’s financial reporting process and systems of internal controls regarding finance, accounting and legal compliance,
- Appoint, approve and monitor the independence, services, performance and compensation of the Company’s independent auditors and internal audit services,
- Provide an avenue of communication among the independent auditors, the Company’s Disclosure Committee, management, employees, the internal audit function and the Board of Directors,
- Review and approve, as appropriate, related party transactions for potential conflict of interest situations,
- Prepare the report that the Securities and Exchange Commission (“SEC”) rules require to be included in the Company’s annual proxy statement, and
- Monitor and approve the scope of the Company’s internal audit plan and work program and coordinate the Company’s internal and external audits.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, management and Company employees. The Audit Committee has the ability to retain, at the Company’s expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate, are in accordance with generally accepted accounting principles, and fairly present the financial condition and financial result of the Company. This is the responsibility of management and the independent auditors. The Audit Committee shall have the power to resolve any disagreements between management and the independent auditor regarding financial reporting.

## **II. Composition**

The Audit Committee shall have at least three members, comprised solely of independent directors (as defined in the applicable rules of the Nasdaq National Market) and shall also satisfy the Nasdaq National Market's heightened independence requirement for members of an audit committee. Each member of the Audit Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement, or will become able to do so within a reasonable period of time after his or her appointment to the Audit Committee. Additionally, the Audit Committee shall have at least one member that has past employment experience in finance or accounting and the requisite professional certification in accounting or any other comparable experience or background that results in the individual's sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities (the "Financial Expert").

The members of the Audit Committee shall be appointed by the Board at least annually at a meeting of the Board or until their successors shall be duly appointed and qualified. Unless a Chairman is elected by the full Board, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership. The designation of the Audit Committee Financial Expert shall be made by the Board at least annually. No member of the Audit Committee shall serve simultaneously on the audit committees of more than two other public companies without the prior approval of the Board.

## **III. Meetings**

The Audit Committee shall meet at least quarterly, or more frequently as circumstances dictate, including at the request of the independent auditors. All Audit Committee members are expected to attend each meeting. The Audit Committee shall invite members of management, auditors and others to attend meetings and provide pertinent information, as necessary. As part of its responsibility to foster open communication, the Audit Committee should meet periodically with management, the internal auditor, and the independent auditor in separate sessions to discuss any matters that the Audit Committee or either of these groups believe should be discussed privately. When deemed appropriate, Audit Committee meetings may be held in person or by telephone, or the Audit Committee may act by unanimous written consent. The provisions of the Company's bylaws regarding meetings of and actions by the Board, including with respect to format, calling, notice and quorum, shall apply to the Audit Committee as if it were the Board. Meeting agendas shall be prepared and provided in advance to members, along with appropriate background materials. Minutes or other records of meetings and activities of the Audit Committee shall be maintained and reported to the full Board.

## **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

## Review Procedures

1. Review and reassess the adequacy of the Charter at least annually. Submit the Charter to the Board for approval and have the document published at least every three years in accordance with regulations promulgated by the SEC.
2. Review the regular internal reports to management prepared by the internal auditor and management's response. Review activities of the internal audit group, its objectives, organization and staffing, audit plans and procedures, and its coordination with the independent auditors and financial reporting function.
3. Review the Company's annual audited financial statements prior to filing with the SEC or distribution to shareholders and the public. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices and judgments. Based on review and discussions, make recommendations to the Board whether the Company's annual audited financial statements should be included in the Company's Annual Report on Form 10-K.
4. Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and/or prior to filing with the SEC or distribution to shareholders or the public. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance.
5. Review and discuss with management and the independent auditor, as appropriate earnings press releases and other financial information to be disseminated to the public and earnings guidance provided to analysts and to rating agencies in advance of their release to the public.

## Independent Auditors

6. Appointment of the independent auditor.
7. The independent auditors are ultimately accountable to the Audit Committee and the Board. The Audit Committee shall review the independence and evaluate the performance of the auditors, the provision of audit and non-audit services, and discharge of auditors when circumstances warrant. In performing this review, the Audit Committee shall:
  - At least annually, obtain and review a report by the independent auditor describing: the auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company,

- Take into account the opinions of management and the internal auditor,
  - Review and evaluate the lead partner of the independent auditor, and
  - Present its conclusions with respect to the independent auditor to the Board.
8. Approve all audit engagement fees and other significant compensation to be paid to the independent auditor and the terms of such engagement. Pre-approve any non-audit services to be provided to the Company by the independent auditor. Set clear hiring policies by the Company with respect to employees or former employees of the independent auditor.
  9. Ensure the rotation of the lead audit partner every five years and other audit partners every seven years, and consider whether there should be a regular rotation of the independent auditor itself.
  10. On an annual basis, the Audit Committee should review and discuss with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.
  11. Review the independent auditors' audit plan. Discuss scope, staffing, locations, reliance upon management and general audit approach.
  12. Review with the independent auditor its evaluation of the quality of the Company's accounting principles and such matters as are required to be discussed with the Audit Committee under generally accepted auditing standards.

#### Financial Reporting Process

1. Prior to releasing year-end earnings, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to audit committees in accordance with SAS No. 61, including such things as management judgments and accounting estimates, significant audit adjustments, disagreements with management and difficulties encountered in performing the audit. Review significant accounting and reporting issues of complex or unusual transactions and the effect of off-balance sheet structures on the financial statement of the Company.
2. Discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor and legal counsel, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
3. Consider the independent auditors' judgments about the quality (not just the acceptability) and appropriateness of the Company's accounting principles as applied in financial accounting. Inquire as to the independent auditor's views about whether management's choices of accounting principles appear reasonable

from the perspective of income, asset and liability recognition, and whether those principles are common practices or are minority practices.

4. In consultation with management, the internal auditor and the independent auditor, consider the integrity of the Company's financial reporting processes and controls, both external and internal. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the internal auditor and the independent auditor together with management's responses, including the status of previous recommendations.
5. Discuss earnings press releases and the use of "pro-forma" information as well as other financial information and earnings guidance provided to analysts and rating agencies.
6. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal auditor.

#### Internal Controls and Legal Compliance

1. Review the budget, plan, changes in plan, activities, organizational structure and qualifications of the controller's office, as needed. Review significant reports prepared by the controller's office together with management's response and follow-up to these reports.
2. Review the appointment, performance and replacement of the controller and any other senior personnel responsible for financial reporting.
3. Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal control and ensuring that all individuals' possess an understanding of their roles and responsibilities.
4. Review and investigate any matters relating to the integrity of management, potential conflicts of interest and adherence to the Company's policies.
5. Review disclosures made by the CEO and CFO in connection with the certification of the Company's annual and quarterly reports.
6. Consider and review with management, the internal auditor and the independent auditors the effectiveness or weakness in the Company's internal controls. Develop, in consultation with management, a timetable for implementing recommendations to correct identified weaknesses.
7. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

8. Review management's monitoring of the Company's compliance with laws and management's exercise of ethical practices and ensure that management has the proper review systems in place to ensure that the Company's financial statements, reports and other information disseminated to governmental organizations, and the public, satisfy legal requirements.

#### Reports of the Audit Committee

1. Report to the Board about Audit Committee activities and issues that arise with respect to the quality or integrity of the Company's financial statement, or internal controls over financial reporting.
2. Annually prepare a report to shareholders as required by the SEC in the Company's annual proxy statement.
3. Report annually to the shareholders, describing the Audit Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.

#### Miscellaneous

1. Review and pre-approve all related-party transactions as defined by the Nasdaq National Market.
2. Retain such outside counsel, experts and other advisors as the Audit Committee may deem appropriate in its sole discretion.
3. Establish procedures for:
  - The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and
  - The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
4. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Audit Committee or the Board deems necessary or appropriate.