

EXIDE TECHNOLOGIES

Form PRE 14A

July 02, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

EXIDE TECHNOLOGIES

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD AUGUST 22, 2007**

To our Shareholders:

The 2007 annual meeting of shareholders of Exide Technologies will be held at the Hilton Garden Inn Atlanta North/Alpharetta at 4025 Windward Plaza Drive, Alpharetta, Georgia 30005, on Wednesday, August 22, 2007, beginning at 9:00 a.m. local time. At the meeting, the holders of our outstanding common stock will act on the following matters:

- (1) The election of nine directors;
- (2) A proposal to amend our Certificate of Incorporation to increase our authorized shares of common stock from 100,000,000 to 200,000,000 and the aggregate number of shares of capital stock from 101,000,000 to 201,000,000;
- (3) A proposal to ratify the appointment of our independent auditors for fiscal 2008; and
- (4) Any other matters that properly come before the meeting.

All holders of record of shares of our common stock (NASDAQ: XIDE) at the close of business on June 28, 2007 are entitled to vote at the meeting and any postponements or adjournments of the meeting.

The enclosed proxy statement describes the proposals set forth above in more detail. We urge you to read the proxy statement carefully before you decide how to vote.

You are cordially invited to attend the meeting. Please note that space limitations make it necessary to limit attendance to shareholders and one guest. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and seating will begin at 8:30 a.m. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.

By order of the Board of Directors,

Gordon A. Ulsh
*President and
Chief Executive Officer*

Brad S. Kalter
*Deputy General Counsel and
Corporate Secretary*

July 16, 2007

YOUR VOTE IS IMPORTANT

If you are unable to attend the meeting in person, you may vote on the proposals by proxy. To do so, please complete, date, sign and return the enclosed proxy card. We have enclosed a prepaid envelope to expedite the return of your proxy card. You may also vote by telephone or over the Internet as noted in the proxy card instructions. If you have voted by telephone, Internet or mail and later decide to attend and vote at the meeting, you may do so.

TABLE OF CONTENTS

| | Page |
|--|-------------|
| <u>About the Annual Meeting</u> | 1 |
| <i><u>Why did I receive these materials?</u></i> | 1 |
| <i><u>Who is entitled to vote at the meeting?</u></i> | 1 |
| <i><u>How many votes do I have?</u></i> | 1 |
| <i><u>Who can attend the meeting?</u></i> | 1 |
| <i><u>How many shares must be present or represented to conduct business at the annual meeting?</u></i> | 2 |
| <i><u>How can I vote my shares in person at the annual meeting?</u></i> | 2 |
| <i><u>How can I vote my shares without attending the annual meeting?</u></i> | 2 |
| <i><u>Can I vote by telephone or electronically?</u></i> | 2 |
| <i><u>Can I change my vote after I return my proxy card?</u></i> | 2 |
| <i><u>Who counts the votes?</u></i> | 3 |
| <i><u>What are the Board of Directors' recommendations?</u></i> | 3 |
| <i><u>Will shareholders be asked to vote on any other matters?</u></i> | 3 |
| <i><u>What vote is required to approve each item?</u></i> | 3 |
| <i><u>How are votes counted?</u></i> | 3 |
| <i><u>What should I do if I receive more than one set of voting materials?</u></i> | 4 |
| <i><u>Where can I find the voting results of the annual meeting?</u></i> | 4 |
| <u>Proposals Submitted for Shareholder Vote</u> | 5 |
| <u>Item 1 Election of Directors</u> | 5 |
| <u>Item 2 Amendment to the Certificate of Incorporation to authorize additional common stock</u> | 7 |
| <u>Item 3 The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors for fiscal 2008</u> | 8 |
| <u>Governance of the Company</u> | 10 |
| <i><u>Board of Directors Committees and Meetings</u></i> | 11 |
| <i><u>Compensation Committee Interlocks and Insider Participation</u></i> | 13 |
| <u>Report of the Audit Committee</u> | 13 |
| <u>Compensation Discussion & Analysis</u> | 15 |
| <u>Report of the Compensation Committee</u> | 26 |
| <u>Executive Compensation</u> | 27 |
| <i><u>Summary Compensation Table</u></i> | 27 |
| <i><u>All Other Compensation Table</u></i> | 28 |
| <i><u>Grants of Plan-Based Awards Table</u></i> | 29 |
| <i><u>Outstanding Equity Awards at Fiscal Year End Table</u></i> | 31 |
| <i><u>Option Exercises and Stock Vested Table</u></i> | 32 |
| <i><u>Pension Benefits Table</u></i> | 32 |
| <i><u>Director Compensation Table</u></i> | 33 |
| <i><u>Potential Payments Upon Termination or Change In Control Table</u></i> | 34 |
| <u>Security Ownership of Certain Beneficial Owners and Management</u> | 36 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u> | 37 |
| <u>Certain Relationships and Related Transactions</u> | 37 |
| <u>Shareholder Proposals and Director Nominations for 2008 Annual Meeting</u> | 39 |
| <i><u>Shareholder Proposals</u></i> | 39 |
| <i><u>Nomination of Director Candidates</u></i> | 39 |

| | |
|--------------------------------------|----|
| <u>Copy of Bylaw Provisions</u> | 39 |
| <u>Availability of Annual Report</u> | 40 |
| <u>Additional Information</u> | 40 |

**13000 DEERFIELD PARKWAY
BUILDING 200
ALPHARETTA, GEORGIA 30004**

PROXY STATEMENT, DATED JULY 16, 2007

The Board of Directors of Exide Technologies is soliciting proxies from its shareholders to be used at the annual meeting of shareholders to be held on Wednesday, August 22, 2007, beginning at 9:00 a.m., at the Hilton Garden Inn Atlanta North/ Alpharetta at 4025 Windward Plaza Drive, Alpharetta, Georgia 30005, and at any postponements or adjournments thereof. This proxy statement contains information related to the annual meeting. This proxy statement, a proxy card and our Annual Report on Form 10-K for the fiscal year ended March 31, 2007 are being mailed to shareholders on or about July 16, 2007. The fiscal year ended March 31, 2007 is referred to as *fiscal 2007* in this proxy statement. Unless the context indicates otherwise, the Company, Exide, we or us refers to Exide Technologies and its subsidiaries.

QUESTIONS AND ANSWERS RELATING TO THE ANNUAL MEETING

Why did I receive these materials?

Shareholders as of the close of business on June 28, 2007, which is referred to as the *Record Date*, are entitled to vote at our annual meeting of shareholders, which will be held on August 22, 2007. As a shareholder, you are invited to attend the annual meeting and are requested to vote on the items of business described in this proxy statement. We are required by law to distribute these proxy materials to all shareholders as of the *Record Date*. This proxy statement provides notice of the annual meeting of shareholders, describes the proposals presented for shareholder action and includes information required to be disclosed to shareholders. The accompanying proxy card enables shareholders to vote on the matters without having to attend the annual meeting in person.

Who is entitled to vote at the meeting?

Only shareholders of record at the close of business on the *Record Date* are entitled to receive notice of, and to participate in, the annual meeting. If you were a shareholder of record on the *Record Date*, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

How many votes do I have?

You will be entitled to one vote for each outstanding share of our common stock you own as of the *Record Date*. As of the *Record Date*, there were 61,210,421 shares of our common stock outstanding and eligible to vote.

Who can attend the meeting?

Subject to space availability, all shareholders as of the *Record Date*, or their duly appointed proxies, may attend the meeting, and each may be accompanied by one guest. Since seating is limited, admission to the

meeting will be on a first-come, first-served basis. Registration will begin at 8:00 a.m., and seating will begin at 8:30 a.m. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in street name (that is, through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the Record Date and check in at the registration desk at the meeting.

Please let us know if you plan to attend the meeting by marking the appropriate box on the enclosed proxy card or, if you vote by telephone or Internet, indicating your plans when prompted.

How many shares must be present or represented to conduct business at the annual meeting?

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the Record Date will constitute a quorum, permitting the conduct of business at the meeting. As of the Record Date, 61,210,421 shares of common stock, representing the same number of votes, were outstanding. Thus, the presence of the holders of common stock representing at least 30,605,211 votes will be required to establish a quorum.

Proxies received but marked as abstentions, votes withheld and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

How can I vote my shares in person at the annual meeting?

Shares held in your name as the shareholder of record may be voted by you in person at the annual meeting. Shares held by you beneficially in street name through a broker, bank or other nominee may be voted by you in person at the annual meeting only if you obtain a legal proxy from the broker, bank or other nominee that holds your shares giving you the right to vote the shares.

How can I vote my shares without attending the meeting?

Whether you hold shares directly as the shareholder of record or beneficially in street name, you may direct how your shares are voted without attending the annual meeting. If you are a shareholder of record (that is, if your shares are registered directly in your name with our transfer agent), you must complete and properly sign and date the accompanying proxy card and return it to us and it will be voted as you direct. A pre-addressed envelope is included for your use. If you are a shareholder of record and attend the meeting, you may deliver your completed proxy card in person. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, bank or other nominee.

Can I vote by telephone or electronically?

If you are a shareholder of record, you may vote by telephone, or electronically through the Internet, by following the instructions included with your proxy card. If your shares are held in street name, please check your proxy card or contact your broker, bank or other nominee to determine whether you will be able to vote by telephone or electronically. The deadline for voting by telephone or electronically is 11:59 p.m., Eastern Standard Time, on August 21, 2007.

Can I change my vote after I return my proxy card?

Yes. If you are a shareholder of record, you may revoke or change your vote at any time before the proxy is exercised by filing with our Corporate Secretary a notice of revocation or a duly executed proxy bearing a later date or by attending the annual meeting and voting in person. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares, by attending the meeting and voting in person. In either case, the powers of the proxy

holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

Who counts the votes?

Votes will be counted and certified by the Inspectors of Election, who are employees of American Stock Transfer & Trust Company (AST), our transfer agent. If you are a shareholder of record, your signed proxy card is returned directly to AST for tabulation. If you hold your shares in street name through a broker, bank or other nominee, your broker, bank or other nominee will return one proxy card to AST on behalf of its clients.

What are the Board of Directors recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board of Directors recommendation is set forth together with the description of each item in this proxy statement. In summary, the Board of Directors recommends a vote FOR each of the proposals.

Will shareholders be asked to vote on any other matters?

To our knowledge and the knowledge of management, shareholders will vote only on the matters described in this proxy statement. However, if any other matters properly come before the meeting, the persons named as proxies for shareholders will vote on those matters in the manner they consider appropriate.

What vote is required to approve each item?

Election of Directors. The affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors (Proposal 1). A properly executed proxy marked withhold authority with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

Amendment to Certificate of Incorporation. The affirmative vote of the holders of outstanding shares representing at least a majority of the voting power of all of the shares of our common stock issued and outstanding on the Record Date is required to amend our Certificate of Incorporation to increase the number of authorized shares of common stock (Proposal 2).

Ratification of Appointment of Independent Auditors. For the ratification of the appointment of our independent auditors for fiscal 2008 (Proposal 3), the affirmative vote of the holders of a majority of the votes cast in person or represented by proxy, and entitled to vote on the item will be required for approval.

A properly executed proxy marked abstain with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

How are votes counted?

In the election of directors, you may vote FOR all or some of the nominees or your vote may be WITHHELD with respect to one or more of the nominees. You may not cumulate your votes for the election of directors.

For the other items of business, you may vote FOR, AGAINST or ABSTAIN. If you elect to ABSTAIN, the abstention has the same effect as a vote AGAINST. If you provide specific instructions with regard to certain items,

your shares will be voted as you instruct on such items.

If you hold your shares in street name through a broker, bank or other nominee rather than directly in your own name, then your broker, bank or other nominee is considered the shareholder of record, and you are considered the beneficial owner of your shares. We have supplied copies of our proxy statement of shareholders to the broker, bank or other nominee holding your shares of record, and they have the

responsibility to send it to you. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares at the annual meeting. The broker, bank or other nominee that is the shareholder of record for your shares is obligated to provide you with a voting instruction card for you to use for this purpose. If you hold your shares in a brokerage account but you fail to return your voting instruction card to your broker, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered present and entitled to vote on that proposal. If a quorum is present at the annual meeting, the persons receiving the greatest number of votes will be elected to serve as directors. As a result, broker non-votes will not affect the outcome of the voting on the election of directors (Proposal 1). The approval of the ratification of the appointment of our independent auditors (Proposal 3) requires the affirmative vote of a majority of the shares of common stock present in person or represented by proxy at the annual meeting and entitled to vote on the proposal. A broker non-vote is treated as not being entitled to vote on the matter and, therefore, is not counted for purposes of determining whether the proposal has been approved. However, broker non-votes will have the same effect as a vote against the proposal to amend our Certificate of Incorporation to increase the number of authorized shares of common stock (Proposal 2) because this proposal must be approved by a majority of the voting power of all of the shares of our common stock issued and outstanding on the Record Date, regardless of whether all of such shares are present and entitled to vote at the meeting. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

If you are a beneficial owner and your broker, bank or other nominee holds your shares in its name, it is permitted to vote your shares on the election of directors (Proposal 1), the amendment to our Certificate of Incorporation (Proposal 2) and the ratification of the appointment of our independent auditors (Proposal 3), even if the broker, bank or other nominee does not receive voting instructions from you.

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Where can I find the voting results of the annual meeting?

We intend to announce the preliminary voting results at the annual meeting and publish the final results in our quarterly report on Form 10-Q for the quarter ending September 30, 2007.

PROPOSALS SUBMITTED FOR SHAREHOLDER VOTE

PROPOSAL 1 ELECTION OF DIRECTORS

Each of the directors below will be a nominee for election to serve a one-year term set to expire at the annual meeting in 2008 and until their successors are duly elected and qualified. Our Board of Directors expects that all of the nominees will be able and willing to serve as directors. If any nominee is not available to serve as a director at the time of the annual meeting, the persons named on the proxy will vote for another candidate nominated by our Board of Directors, or our Board of Directors may reduce the number of directors. Our Board of Directors has determined that each of the director nominees below, except Gordon A. Ulsh, is an independent director as defined in the listing standards of the Nasdaq Global Market, as currently in effect. The Board determined that Mr. Lash's employment with Tontine Associates, LLC, did not impair his independence under the NASDAQ Marketplace Rules.

Each of the nominees named below is currently a member of our Board of Directors. Biographical information about each director nominee, as of July 16, 2007, appears below.

Director Nominees

Herbert F. Aspbury

Director since 2006

Mr. Aspbury, 62, is an investor and advisor at Private Client Resources LLC, a privately held company founded in 2001, which provides consolidated financial information for high wealth investment managers and their clients. Since 2002, Mr. Aspbury has also served as an Adjunct Professor at the Fisher Graduate School of International Business of the Monterrey Institute of International Studies and is a guest lecturer in Cornell University's Joint MBA program with Queens University of Canada. Mr. Aspbury retired from Chase Manhattan Bank in 2000 where he served in a number of capacities, most recently as the London-based Managing Director and Regional Executive for Europe, Africa and the Middle East. Mr. Aspbury was a member of Chase Manhattan Corporation's Management Committee.

Mr. Aspbury also served in a number of capacities with Chemical Bank until its merger with Chase Manhattan.

Mr. Aspbury serves as Vice Chairman of the Board of Trustees of Villanova University and is the Chair of its Audit & Finance Committee, as well as Chairman of the Royal Oak Foundation, the U.S. arm of Britain's National Trust.

Mr. Aspbury is the Chairman of the Finance Committee and a member of the Audit Committee.

Michael R. D Appolonia

Director since 2004

Mr. D Appolonia, 58, currently serves as President and Chief Executive Officer of Kinetic Systems, Inc., a global provider of process and mechanical solutions to the electronics and biopharmaceutical industries and a currently non-active member and former President of Nightingale & Associates, LLC, a global management consulting firm providing financial and operational restructuring services to both publicly and privately held middle-market companies. In his consulting capacity, Mr. D Appolonia served as the President of Reorganized Cone Mills Corporation and from October 2003 to May 2005 served as Chief Restructuring Officer of Cone Mills Corporation. From September 2002 to October 2003, Mr. D Appolonia served as President and Director of Moll Industries, Inc. Previously Mr. D Appolonia served as President and Chief Executive Officer of McCulloch Corporation, Ametech, Inc., Halston Borghese, Inc. and Simmons Upholstered Furniture Inc. Mr. D Appolonia is a member of the Board of Directors of The Washington Group International, Inc. and Kinetic Systems Inc. Mr. D Appolonia is Chairman of the Compensation Committee.

David S. Ferguson

Director since 2005

*Mr. Ferguson, 62, is the principal of DS Ferguson Enterprises, LLC, a retail consulting business. From September 2000 through July 2003, Mr. Ferguson served as President and Chief Executive Officer of Wal*Mart Europe. Prior to that, he was President and Chief Executive Officer of Wal*Mart Canada from February 1996 to September 2000. Mr. Ferguson was President and Chief Operating Officer as well as a*

director of Stuarts Department Stores from August 1994 through October 1995. Mr. Ferguson is the Vice Chairman of N.S.B., a U.K. software and services company, and is a member of the Board of Directors of Sobeys Inc., a Canadian grocery chain and is a member of the Dean's Advisory Board of the Business School at Morehouse College. Mr. Ferguson is currently on the Board of Advisors of Miller Zell, Inc. Mr. Ferguson is a member of the Compensation and Nominating and Corporate Governance Committees.

Paul W. Jennings

Director since 2006

Mr. Jennings, 50, is President and Chief Executive Officer of Innospec Inc., an international specialty chemicals company headquartered in England. From November 2002 through his appointment as CEO, Mr. Jennings served as Innospec's Executive Vice President and Chief Financial Officer. Mr. Jennings previously served as CFO of Griffin LLC, a joint venture between Griffin Corporation and Dupont, and from 1986 to 1999 held the positions of CFO and Vice President of Finance for various divisions and regions of Courtaulds plc, working in the United States, Europe and Singapore. Mr. Jennings is a member of the Nominating and Corporate Governance Committee.

Joseph V. Lash

Director since 2007

Mr. Lash, 44, has been employed by Tontine Associates, LLC, a Greenwich, Connecticut-based investment firm, since July 2005. Tontine Associates, LLC is an affiliate of Jeffrey L. Gendell, the beneficial owner of 28.1% of our common stock as described in a Form 3 filed by Mr. Gendell on September 20, 2006. Prior to that, Mr. Lash was a Senior Managing Director of Conway, Del Genio, Gries & Co., LLC, a financial advisory firm from April 2002 to July 2005. From June 1998 to April 2001, Mr. Lash was a Managing Director of JP Morgan Chase & Co., a financial services firm. Mr. Lash also serves as a director of Integrated Electrical Services, Inc., an electrical contracting services provider, and Neenah Foundry Company, a metals casting manufacturer. Mr. Lash is a member of the Finance Committee.

John P. Reilly

Director since 2004

Mr. Reilly, 63, is the retired Chairman, President and Chief Executive Officer of Figgie International. Mr. Reilly has more than thirty years of experience in the automotive industry, where he has served as President and CEO of a number of automotive suppliers, including Stant Corporation and Tenneco Automotive. He has also held leadership positions at the former Chrysler Corporation and Navistar, and has served as President of Brunswick Corporation. Mr. Reilly is currently on the Board of Directors of Material Sciences Corporation, Marshfield Door Systems, Inc. and Timken Company. Mr. Reilly serves as Chairman of the Board of Directors and a member of the Compensation Committee.

Michael P. Ressler

Director since 2004

Mr. Ressler, 58, is a retired Nortel Networks executive who, between 1981 and 2003, served in a number of senior financial and operational management positions. Mr. Ressler was an Adjunct Professor of Applied Financial Management at North Carolina State University between 2002 and 2004. He has been an adviser within the College of Management at North Carolina State University since 2004. Mr. Ressler currently serves as a member of the Board of Directors for the following companies: Arsenal Digital Solutions, Entrust, Inc., Magellan Health Services, Inc. and Tekelec, Inc. Mr. Ressler is Chairman of the Audit Committee and a member of the Finance Committee.

Gordon A. Ulsh

Director since 2005

Mr. Ulsh, 61, is our President and Chief Executive Officer. Mr. Ulsh was appointed to his current position in April 2005. From 2001 until March 2005, Mr. Ulsh was Chairman, President and Chief Executive Officer of FleetPride Inc., the nation's largest independent aftermarket distributor of heavy-duty truck parts. Prior to joining FleetPride in 2001, Mr. Ulsh worked with Ripplewood Equity Partners, providing analysis of automotive industry segments for investment opportunities. Earlier, he served as President and Chief Operating Officer of Federal-Mogul Corporation in 1999 and as head of its Worldwide Aftermarket Division in 1998.

Prior to Federal-Mogul, he held a number of leadership positions with Cooper Industries, Inc., including Executive Vice President of its automotive products segment. Mr. Ulsh joined Cooper's Wagner Lighting business unit in 1984 as Vice President of Operations, following 16 years in manufacturing and engineering management at Ford Motor Company. Mr. Ulsh currently serves as a member of the Board of Directors of OM Group, Inc.

Carroll R. Wetzel

Director since 2005

Mr. Wetzel, 64, most recently served as Chairman of the Board of Directors of Safety Components International, Inc., a supplier of automotive airbag fabric and cushions and technical fabrics from 2000 to 2005. From 1988 to 1995, Mr. Wetzel served as co-head of the Merger and Acquisition Group at the Chase Manhattan Bank and its predecessor institutions. Previously he held positions at Dillon Read & Co., Inc. and Smith Barney, and served as Vice Chairman and lead director at Arch Wireless from 2001 through 2002. Mr. Wetzel currently serves as a member of the Board of Directors of Laidlaw International, Inc. Mr. Wetzel is Chairman of the Nominating and Corporate Governance Committee and a member of the Audit and Finance Committees.

The Board of Directors recommends that the shareholders vote FOR the election of each of the director nominees named above.

PROPOSAL 2 A PROPOSAL TO AMEND OUR CERTIFICATE OF INCORPORATION TO INCREASE OUR AUTHORIZED SHARES OF COMMON STOCK FROM 100,000,000 TO 200,000,000 AND THE AGGREGATE NUMBER OF SHARES OF CAPITAL STOCK FROM 101,000,100 TO 201,000,000

The Board of Directors has approved and recommended, subject to shareholder approval, an amendment to our Certificate of Incorporation that would increase the number of shares of common stock from 100,000,000 shares to 200,000,000 shares and to make a corresponding change in the aggregate number of shares of all classes of stock which we have authority to issue to 201,000,000. The Board of Directors has directed that this proposed amendment be submitted for approval to stockholders at the annual meeting. If approved by our shareholders, the increase in authorized common stock (and the corresponding increase in the aggregate number of shares of all classes of stock) would become effective as soon as reasonably practicable after the annual meeting by filing a certificate of amendment to our Certificate of Incorporation with the Secretary of State of the State of Delaware.

If the amendment is approved, the text of Section 1 of Article IV of the Certificate of Incorporation would read in its entirety as follows:

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 201,000,000 shares, of which 200,000,000 shares shall be Common Stock of the par value of \$0.01 per share (hereinafter called Common Stock) and 1,000,000 shares shall be Preferred Stock of the par value of \$0.01 per share (hereinafter called Preferred Stock).

Our current authorized common stock is 100,000,000 shares. As of the Record Date, there were 61,210,421 shares of common stock issued and outstanding, 6,621,165 warrants issued and issuable pursuant to our 2004 plan of reorganization covering 6,621,165 shares of common stock, 6,057,677 shares of common stock reserved for issuance under our 2004 Stock Incentive Plan for directors, employees and consultants and 3,584,229 shares of common stock reserved for issuance upon the conversion of the convertible notes. Based on the number of outstanding and reserved shares of common stock described above, we currently have approximately 22,526,508 shares of common stock remaining available for issuance. In addition, we are required to issue shares of common stock under our 2004 plan of reorganization to holders of disputed prepetition unsecured claims as such claims are resolved and may be required to

issue additional shares to holders of prepetition secured claims if our reserve for unsecured claims is exceeded.

If approved by our shareholders, the additional shares of common stock authorized would be available for issuances for any proper corporate purpose from time to time as determined by our Board of Directors without

further approval of the shareholders, except as otherwise required by law or the rules of any national securities exchange in which our shares of common stock are listed. For example, we may issue shares of common stock in public or private offerings for cash, for use in our operations, for use as equity incentives to employees and officers and for use as consideration in acquiring other companies or assets with stock. Our Board of Directors also believes the amendment to our Certificate of Incorporation will enhance our flexibility in managing our capitalization, raising capital and structuring appropriate equity compensation. Our Board of Directors determines whether, when and on what terms to issue shares of common stock and preferred stock, including the additional shares proposed to be authorized.

Our Board of Directors is seeking approval for additional authorized common stock at this time because opportunities requiring prompt action may arise in the future and our Board of Directors believes the delay and expense in seeking shareholder approval for additional authorized common stock could deprive us and our shareholders of the ability to benefit effectively from opportunities and/or cause the loss of attractive acquisitions or financing arrangements.

The additional shares of common stock to be authorized will have rights identical to the currently outstanding common stock. The proposed amendment will not affect the par value of the common stock, which will remain at \$0.01 per share. Under our Certificate of Incorporation, our shareholders do not have preemptive rights to subscribe to additional securities which may be issued by us. This means that current shareholders do not have a prior right to purchase any new issue of our capital stock in order to maintain their proportionate ownership of common stock. Under Delaware law, shareholders will not have any dissenters' or approval rights in connection with the proposed amendment.

If we issue additional shares of common stock or other securities convertible into common stock in the future, it could dilute the voting rights of existing holders of common stock and could also dilute earnings per share and book value per share. In addition, such issuances could trigger the anti-dilution provisions under our convertible notes or existing warrants.

This proposal to increase the authorized number of shares of common stock has been prompted by business and financial considerations. We are not currently aware of any attempt to acquire or take-over the Company and this proposal is not being presented with the intent that it be used as a type of anti-takeover device or to secure management's positions within the Company. However, we could use the additional shares of common stock to oppose a hostile takeover attempt or delay or prevent changes in control or management.

Required Vote

The affirmative vote of the holders of outstanding shares representing at least a majority of the voting power of all of the shares of our common stock issued and outstanding on the Record Date will be required to approve Proposal 2.

The Board of Directors recommends a vote FOR the proposal to amend our Certificate of Incorporation.

PROPOSAL 3 *A PROPOSAL TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR FISCAL 2008*

The Audit Committee selects our independent auditors. This proposal is put before the shareholders because, though the shareholder vote is not binding on the Audit Committee, the Board of Directors believes that it is good corporate practice to seek shareholder ratification of the Audit Committee's appointment of the independent auditors. If the appointment of PricewaterhouseCoopers LLP (PwC) is not ratified, the Audit Committee will evaluate the basis for the shareholders' vote when determining whether to continue the firm's engagement, but may ultimately determine to continue the engagement of the firm or another audit firm without re-submitting the matter to shareholders. Even if the

appointment of PwC is ratified, the Audit Committee may in its sole discretion terminate the engagement of the firm and direct the appointment of another independent auditor at any time during the year.

Representatives of PwC are expected to attend the 2007 annual meeting and to respond to appropriate questions from shareholders present at the meeting and will have an opportunity to make a statement if they desire to do so.

Fees of Independent Public Accountants for Fiscal 2007 and 2006

The following table presents fees for professional services rendered by PwC for the audit of our annual financial statements and internal control over financial reporting for fiscal 2006 and fiscal 2007, together with any fees for audit-related services and tax services rendered by PwC for fiscal 2007 and fiscal 2006.

| | Fiscal 2007 | Fiscal 2006 |
|---------------------------|--------------------|--------------------|
| (1) Audit fees(a) | \$ 8,975,193 | \$ 7,946,183 |
| (2) Audit-related fees(b) | 24,200 | 362,128 |
| (3) Tax fees(c) | 109,130 | |
| (4) All other fees(d) | 34,600 | |

- (a) Fees for professional services performed by PwC for the audit of our annual financial statements and review of financial statements included in our Form 10-Q filings, and services that are normally provided in connection with statutory regulatory filings or engagements. Fees for fiscal 2007 and fiscal 2006 also included \$1,995,313 and \$2,964,459 for the audit of our internal control over financial reporting, respectively. Note that \$1,218,571 of fees reflected in the fiscal 2007 amount above relate to fees for fiscal 2006, primarily due to supplemental billings and the audit of Exide Global Holdings Netherlands CV and Subsidiaries.
- (b) Fees for assurance and related services performed by PwC that are reasonably related to the performance of the audit or review of our financial statements, including employee benefit plan or subsidiary pension audits.
- (c) Fees for professional services performed by PwC with respect to compliance and tax consulting.
- (d) Fees in fiscal 2007 related to an attestation engagement for environmental statutory requirements and assistance with conversion to the International Financial Reporting Standards for two of our non-U.S. subsidiaries.

All audit, audit-related and tax services were pre-approved by the Audit Committee, which concluded that the provision of such services by PwC was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The Audit Committee's charter provides that individual engagements must be separately approved. The policy also requires specific approval by the Audit Committee if total fees for audit-related and tax services would exceed total fees for audit services in any fiscal year. The policy authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services.

Pursuant to the Audit Committee charter, the Audit Committee must approve all audit engagement fees and other significant compensation to be paid to the independent auditor and the terms of such engagement. Additionally, the Audit Committee must pre-approve any non-audit services to be provided to our company by the independent auditor. Based on the fees disclosed above, approximately 25.1% of PwC's fees approved by the Audit Committee related to audit of our internal control over financial reporting for the fiscal year ended March 31, 2007.

The Board of Directors recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for fiscal 2008.

OTHER MATTERS

As of the date of this proxy statement, we know of no business that will be presented for consideration at the 2007 annual meeting other than the items referred to above. If any other matter is properly brought before the meeting for action by shareholders, proxies in the enclosed form returned to us will be voted in accordance

with the recommendation of the Board of Directors or, in the absence of such a recommendation, in accordance with the best judgment of the proxy holders.

GOVERNANCE OF THE COMPANY

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe is essential to running our business efficiently, serving our shareholders well and maintaining our integrity in the marketplace. We have adopted a *Code of Ethics and Business Conduct* for directors, officers (including the principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions) and all of our employees. We have also adopted *Corporate Governance Guidelines*, which, in conjunction with our Certificate of Incorporation, Bylaws and committee charters, form the framework for our governance. Our *Corporate Governance Guidelines* and *Code of Ethics and Business Conduct* are available on the Investor Relations page of our website <http://www.exide.com>. We will post on this website any amendments to the Code or waivers of the Code for directors and executive officers and will disclose waivers of the Code in a Current Report on Form 8-K. Shareholders may request free printed copies of the *Code of Ethics and Business Conduct* from:

Exide Technologies
13000 Deerfield Parkway
Building 200
Alpharetta, Georgia 30004
Attn: Corporate Secretary

Board of Directors Committees and Meetings

The members of the Board of Directors on the date of this proxy statement, and the committees of the Board of Directors on which they currently serve, are identified below.

| Director | Compensation Committee | Audit Committee | Nominating and Corporate Governance Committee | Finance Committee |
|--------------------------|-------------------------------|------------------------|--|--------------------------|
| Herbert F. Aspbury | | Member | | Chair |
| Michael R. D Appolonia | Chair | | | |
| David S. Ferguson | Member | | Member | |
| Paul W. Jennings | | | Member | |
| Joseph V. Lash | | | | Member |
| John P. Reilly, Chairman | Member | | | |
| Michael P. Ressler | | Chair | | Member |
| Gordon A. Ulsh | | | | |
| Carroll R. Wetzel | | Member | Chair | Member |

The Board of Directors met 11 times during fiscal 2007. Each director attended at least 75% of all meetings of the Board of Directors and committees on which he served. Under our *Corporate Governance Guidelines*, each director is expected to attend Board of Directors meetings on a regular basis. Board members are encouraged, but not required, to attend the annual meeting of shareholders. All Board members attended the 2006 Annual Meeting

The Board of Directors has Audit, Nominating and Corporate Governance, Compensation and Finance Committees. Each of the committees operates under a written charter adopted by the Board of Directors. All of the committee charters are available on the Investor Relations page of our website at <http://ir.exide.com/committee.cfm>. A free printed copy of each of these charters are available to any shareholder who requests it from the address listed under the heading Governance of the Company.

The Company has entered into indemnity agreements with each of its directors and executive officers that provide for defense and indemnification against any judgment or costs assessed against them in the course of their service to us, as well as for the advancement of expenses and contribution in the event of joint liability.

In particular, the indemnification agreements provide contractual indemnification for the indemnitee that is meant to supplement the indemnification provided by our organizational documents. The indemnification agreements provide that we will indemnify and hold harmless each indemnitee, to the fullest extent permitted by law, against any and all expenses and losses, and any local or foreign stamp duties or taxes imposed as a result of the actual or deemed receipt of any payments under the indemnity agreement, that are paid or incurred by the indemnitee in connection with such proceeding. We will indemnify and hold harmless any indemnitee for all expenses paid or incurred by indemnitee in connection with each successfully resolved claim, issue or matter on which indemnitee was successful. The indemnification agreements further provide that we will not provide indemnification for any proceeding initiated or brought voluntarily by the indemnitee against us or our directors, officers or employees, or for any accounting of profits made from the purchase and sale by the indemnitee of our securities.

The indemnification agreements also provide that we will advance, to the fullest extent permitted by law, to the indemnitee any and all expenses paid or incurred by indemnitee in connection with any proceeding (whether prior to or after its final disposition), provided that the indemnitee is otherwise entitled to indemnification under the indemnification agreement.

The agreements do not permit indemnification for acts or omissions for which indemnification is not permitted under Delaware law.

Audit Committee

The Audit Committee met 10 times during fiscal 2007. The purpose of the Audit Committee is to assist the Board of Directors in overseeing the accounting and financial reporting processes and the audits of our financial statements. The Audit Committee's primary duties and responsibilities are to:

monitor the integrity of our 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 our independent auditors and internal audit services;

provide an avenue of communication among the independent auditors, our 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 Audit Committee report that the rules of the Securities and Exchange Commission (SEC) require to be included in our annual proxy statement; and

monitor and approve the scope of our internal audit plan and work program and coordinate our internal and external audits.

In August 2006, the Board of Directors determined that all of the members of the Audit Committee are independent within the meaning of SEC regulations, the listing standards of The Nasdaq Global Market and our *Corporate Governance Guidelines*. The Board of Directors has determined that Mr. Ressler, the chair of the Audit Committee, is qualified as an audit committee financial expert within the meaning of Commission rules, and that he has financial sophistication within the meaning of the listing standards of The Nasdaq Global Market.

The report of the Audit Committee is included herein under the heading Report of the Audit Committee. The charter of the Audit Committee is available on our website listed above.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee met 7 times during fiscal 2007. The primary purpose of the Nominating and Corporate Governance Committee is to assist the Board of Directors in identifying qualified individuals to serve as directors on the Board of Directors. To that end, the Nominating and Corporate Governance Committee has the following duties, among others:

establish criteria for selecting new directors, identify individuals qualified to become members of the Board of Directors members based on these criteria and recommend to the Board of Directors for its consideration such individuals as nominees to the Board of Directors;

oversee evaluations of the Board of Directors, individual members of the Board of Directors and the committees of the Board of Directors; and

develop, evaluate and make recommendations to the Board of Directors with respect to our corporate governance policies and procedures and *Code of Ethics and Business Conduct*.

In August 2006, the Board of Directors determined that all of the members of the Nominating and Corporate Governance Committee are independent within the meaning of SEC rules, the listing standards of The Nasdaq Global Market and our *Corporate Governance Guidelines*.

The Committee has set forth in its charter, qualities it seeks in individuals to be nominated to the Board. These qualities include a high degree of leadership experience in business or administrative activities, breadth of knowledge about issues affecting us and the ability and willingness to contribute special competencies to Board activities. These, and other individual attributes, including personal integrity and loyalty to Exide and concern for its success and welfare, are more fully described in the Committee's charter which is available on the Investor Relations page of our website at <http://www.ir.exide.com/committee.cfm>.

Compensation Committee

The Compensation Committee met 11 times during fiscal 2007. The purpose of the Compensation Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to compensation. The Compensation Committee's primary duties and responsibilities are to:

oversee the administration of our compensation plans, in particular our incentive compensation and equity-based plans;

develop and recommend to the Board of Directors total compensation for our Chief Executive Officer and determine compensation for all other executive officers, including oversight of the administration of our executive benefit plans; and

prepare the Compensation Discussion and Analysis and Compensation Committee report to be included in the annual proxy statement as required by the rules of the SEC.

In August 2006, the Board of Directors determined that all of the members of the Compensation Committee are independent within the meaning of SEC regulations, the listing standards of The Nasdaq Global Market and our *Corporate Governance Guidelines*.

Finance Committee

The Finance Committee did not conduct any meetings during fiscal 2007. The purpose of the Finance Committee is to assist the Board in reviewing and making recommendations to the Board regarding our senior debt financing facility and alternatives thereto, and regarding any other appropriate matters at the request of the Board on an ad-hoc basis.

Compensation Committee Interlocks and Insider Participation

During fiscal 2007, the Compensation Committee was comprised of Messrs. D Appolonia, Ferguson and Reilly, none of whom is one of our current or former executive officers. There were no interlocking relationships between any of the Compensation Committee's members and the Company's executive officers during fiscal 2007.

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, notwithstanding any general statement contained in any such filing incorporating this proxy statement by reference, except to the extent we specifically incorporate this Report by reference therein.

Purpose

The purpose, authority and responsibilities of the Audit Committee are specified in its charter, which is available on our website at <http://ir.exide.com/committees.cfm>. The composition of the Audit Committee and the function of the Audit Committee are described in further detail on page 12 of this proxy statement under the caption Audit Committee.

Independent Auditor Communications

The Committee discussed with the independent auditors matters required to be discussed pursuant to Statement on Auditing Standards No. 61 (Communication with Audit Committees), including management judgments and accounting estimates, as well as whether there were any significant audit adjustments, any disagreements with management or any difficulties encountered in performing the audit. The Committee also discussed with PwC matters relating to its independence, which discussion included a review of the firm's audit and non-audit fees, as the fees may be modified or supplemented from time to time. In connection with

such discussions, the Committee received and reviewed the written disclosures and letter from PwC required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees).

Internal Controls

During fiscal 2007, the Committee discussed with management the scope and progress of management's evaluation of our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. The Committee also discussed with the independent auditors the status of its testing of internal controls over financial reporting and whether any deficiencies existed.

Review of Periodic Reports

The Committee reviewed and discussed with management and the independent auditors each of our quarterly and annual reports for fiscal 2007, including our audited financial statements, which review included a discussion regarding accounting principles, practices and judgments. The Committee also reviewed and discussed with management the earnings press releases accompanying such quarterly and annual reports.

Audited Financial Statements

As a result of its review of the audited financial statements, as well as its discussions with management and the independent auditors, the Committee recommended to the Board of Directors that our audited consolidated financial statements be included in our Annual Report on Form 10-K for fiscal 2007 for filing with the SEC.

Members of the Audit Committee

Michael P. Ressner, Chairman
Herbert F. Aspbury
Carroll R. Wetzel

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Committee Overview

The Compensation Committee of the Board of Directors (the Committee) is required by its charter to consist of no fewer than three independent directors, which are annually recommended by the Nominating and Corporate Governance Committee and approved by the Board of Directors (the Board). The Board evaluates the Committee members' independence in accordance with standards established by The NASDAQ Global Market. The Committee is presently comprised of three directors: Michael R. D'Appolonia (Chair), David S. Ferguson and John P. Reilly (Chairman of the Board). Generally, the Committee meets at least quarterly. During fiscal 2007, the Committee met a total of 11 times.

Compensation Committee Activities

The Committee's responsibilities include reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer (CEO) and, based on this evaluation, recommending the CEO's compensation to the Board. The Committee is also responsible for approving the compensation for all other executive officers and certain other key employees, overseeing the administration of our compensation and benefits plans, including our short-term cash incentive and long-term equity incentive compensation plans, and making recommendations to the Board regarding compensation for Board members.

The Committee delegates to the Benefits Administration Committee and the Benefits Investment Committee comprised of members of senior management, responsibilities related to administration and management of our various health and welfare plans for our U.S. employees. Additionally, the Committee delegates its responsibility to the Executive Vice President - Human Resources and Communications (EVP-HR) for administration of our 2004 Stock Incentive Plan, including responsibilities relating to creating foreign sub-plans to comply with foreign tax laws for non-U.S. participants, monitoring the un-issued options and restricted stock in the 2004 Plan and issuing award agreements.

The Committee's responsibilities are enumerated in full detail in the Committee's charter. The charter, originally adopted on May 12, 2004, was amended and approved by the Board on November 2, 2005. The charter was further amended on March 22, 2007, principally to address additional responsibilities related to completion of the Compensation Discussion and Analysis for each year's proxy statement. A copy of the charter can be found under the Investor Relations page of our website: <http://ir.exide.com/committee.cfm>.

Role of Executive Officers in Compensation Decisions

Annually, the Company's CEO, in consultation with the EVP-HR, makes recommendations to the Committee regarding adjustments to base salary for executive officers based on the CEO's assessments of each executive officer and market data for similarly positioned executives. Materials supporting the recommendations, including market survey data, peer group analysis and salary history for the executive are provided to the Committee for its review and consideration in consultation with the Committee's independent outside consultant. The CEO and EVP-HR attend the Committee's meetings to present their recommendations regarding base salary adjustments. The Committee reviews with the CEO such recommendations and approves or alters the proposed base salary adjustments. The Committee also considers proposed annual short-term cash incentive and long-term equity incentive compensation based, in part, on recommendations from the Company's CEO. The CEO is not present when the Committee reviews the CEO's compensation.

Compensation Consultants

When analyzing various components of executive compensation, the Committee has elected to rely on an independent outside consultant's expertise and advice regarding prevailing market conditions. On March 27, 2006, the Committee entered into a retention agreement with AON Consulting ("AON") to serve as the Committee's compensation consultant. AON also assisted the Committee in 2005. The Committee annually reviews the retention of its independent outside consultant.

Upon request of the Committee, AON provides data regarding metrics for the Committee's review of the CEO's base salary, short-term cash incentive compensation and long-term equity incentive compensation. AON frequently coordinates with the Company's EVP-HR regarding compensation packages for proposed new executive officers, as well as providing metrics for evaluating and scaling long-term incentive compensation. AON, through its international affiliations, also provides the Company recommendations concerning market data for the Company's European executive officers. Pursuant to the terms of the consulting agreement, AON reports directly to the Committee and acts at the Committee's request.

The fees for the Compensation Committee's consultant are paid directly by the Company pursuant to the Committee's charter.

Philosophy Regarding Executive Compensation

The Committee's primary objective is to design and implement an executive compensation program that attracts, motivates and retains a strong leadership team, and that rewards executives based upon achievement of the Company's financial objectives and long-term shareholder value. A core strategy of the executive compensation program is to link compensation to the Company's overall performance, the performance of its various divisions and the performance of individual executives.

The elements of executive officer compensation described below, are based, in part, on an external competitive market analysis that uses a variety of sources, including AON, Watson Wyatt, and Mercer compensation data, as well as Company objectives. The Committee also considers the executive officer's scope of responsibility and relative position in the corporate structure.

AON provides annual compensation benchmarking for executives using general market data, as well as peer group data. The criteria for the selection of the peer group include industry, size (based on top line revenue and number of employees), and financial performance metrics. The peer group participants for fiscal 2007 are listed below:

Autoliv Inc. (NYSE:ALV)
Borg Warner Inc. (NYSE:BWA)
C&D Technologies Inc. (NYSE:CHP)
Dana Corporation (OTC:DCNAQ.PK)
Dura Automotive Systems (OTC:DRRAQ.PK)
Energizer Holdings Inc. (NYSE:ENR)
Energys (NYSE:ENS)
Gentek Inc. (NASDAQ:GETI)
Hayes Lemmerz International Inc. (NASDAQ:HAYZ)
LKQ Corporation (NASDAQ:LKQX)
Modine Manufacturing Company (NYSE:MOD)
Spectrum Brands Inc. (NYSE:SPC)
Standard Motor Products (NYSE:SMP)
Superior Industries International, Inc. (NYSE:SUP)
Tenneco Automotive Inc. (NYSE:TEN)
Transport Technologies Industries Inc.
TRW Automotive Holdings Corporation (NYSE:TRW)
United Industrial Corporation (NYSE:UIC)

The Committee periodically reviews and evaluates, with its consultant, the appropriateness of the companies comprising the peer group.

Compensation Policies

The Committee does not currently endorse a policy regarding stock ownership or stock retention for executive officers. However, the Committee designs total compensation to include equity-based awards that promote employee retention and align the compensation of executive officers with long-term shareholder value through the accumulation of stock. The Committee will continue to evaluate the appropriateness of stock ownership guidelines for its executive officers as well as for the Board.

The Committee's determination of the amount and relative weight of equity awards as part of total compensation is based, in part, on the philosophy that equity awards available for management should not exceed 10% to 15% of total shares outstanding. Consequently, the Committee may vary the type and amount of long-term compensation to preserve this ratio and avoid equity award rates that would prematurely exhaust the 2004 Plan's reserve of stock and options available for future awards.

Elements of Compensation

Base Salary

The Committee adheres to the principal that base salary should represent a key component of an executive officer's total compensation. In order to hire and retain highly qualified candidates, the Committee generally sets base salaries for its executive officers above the prevailing median of similarly situated executives. Consequently, base salaries for executive officers are generally established between the 50th and 75th percentile of current market rates.

The Committee establishes, and subsequently modifies, each executive officer's base salary based on several factors, including individual performance, current market conditions, years of experience, industry specific experience, national and local salaries for comparable positions (internally and externally) and level of responsibility. Each year, the Committee, based, in part, on review with its independent outside consultant and the CEO's recommendation, reviews the base salaries for the Company's executive officers other than the CEO. In conjunction with evaluations submitted by Board members, the Committee reviews the base salary for the CEO, and makes recommendations to the Board regarding any proposed change to the CEO's salary.

During fiscal 2007, as a result of the Company's operational performance and constrained liquidity, only a limited number of the named executive officers received annual increases in their base salary. These increases were generally due to a change in position or responsibility or a material misalignment with competitive market data. An individual adjustment was made for Mitchell S. Bregman, President Industrial Energy North America, whose base salary was increased from \$288,000 to \$320,000, effective April 1, 2006.

On March 22, 2007, the Committee reviewed Mr. Ulsh's base salary. Based on a review of market data and peer group analysis, as well as the Board's assessment of Mr. Ulsh's performance, the Committee recommended to the Board, and the Board approved, an increase in Mr. Ulsh's base salary from \$800,000 to \$900,000. The Committee also reviewed and increased the base salary for Edward J. O'Leary, President Transportation Americas, from \$325,000 to \$375,000. Both salary increases took effect May 1, 2007. Additionally, the base salary for Francis M. Corby, Jr., the Company's Executive Vice President and Chief Financial Officer, was increased from \$400,000 to \$450,000, effective March 1, 2007, pursuant to the terms of his employment agreement.

Short-Term Cash Incentive Compensation

The Committee believes that cash incentive payments based on the achievement of division and corporate goals are an important component of overall executive cash compensation. For the executive officers, the Committee generally establishes annual target cash incentive awards at 50% of base salary. For the CEO, Mr. Ulsh's employment agreement establishes a target cash incentive award at 100% of base salary. Mr. Corby's target cash incentive award was increased from 50% to 100% of base salary for fiscal 2008 pursuant to the terms of his employment agreement. The targets are established annually as part of the review of total cash compensation. Additionally, the Committee may, from time to time, approve lump sum payments to new employees upon their retention or to existing employees upon assumption of additional responsibilities.

On June 28, 2006, the Committee recommended and the Board approved a fiscal 2007 short-term incentive plan (the 2007 EP Plan or EP Plan). The 2007 EP Plan provides cash awards that are based on economic profit (EP). EP is defined as earnings before interest, taxes, depreciation and annual amortization (Adjusted EBITDA) less cash taxes and a capital charge of 2% per month on capital employed (defined as the sum of trade accounts receivable, inventory and fixed assets less trade accounts payable to generate such Adjusted EBITDA). The budgeted EP for fiscal 2007 includes target and stretch goals for Adjusted EBITDA and working capital reductions.

For fiscal 2007, executive officers began accruing award credit once a certain threshold level above the fiscal 2006 EP was reached and would receive 50% of their target award upon achievement of this threshold. Executives could earn an award of 100% of the individual executive's targeted cash incentive award if the Company achieved an EP level at the midpoint between actual fiscal 2006 EP and stretch fiscal 2007 EP

(Target EP) and an award of 200% of his or her target cash incentive award level if the Company achieved the stretch fiscal 2007 EP. Payments above target were uncapped.

For each of the executive officers serving as division presidents, EP awards were weighted 75% based on their division's EP performance and 25% for consolidated corporate EP performance. For the other executive officers, awards were weighted 100% on consolidated EP results.

Payments under the Company's fiscal 2007 EP plan did not occur until June 22, 2007, after the audit of the Company's financial statements was complete. Payouts to the Company's named executive officers, as well as target and stretch 2007 EP levels, are as follows:

| Named Executive Officer | Threshold(1) | Target(1) | Stretch(1) | Actual(1) |
|--------------------------------|---------------------|------------------|-------------------|------------------|
| Gordon A. Ulsh | 50% | 100% | 200% | 158.8% |
| Francis M. Corby, Jr. | 25% | 50% | 100% | 79.4% |
| Mitchell S. Bregman | 25% | 50% | 100% | 100.1% |
| E.J. O'Leary | 25% | 50% | 100% | 100.1% |
| Phillip A. Damaska | 15% | 30% | 60% | 47.6% |

(1) Percentage of individual named executive officer's base salary

As the Company opted to forego merit increases for fiscal 2007 for its executive officers and U.S. salaried employees, the Company's 2007 EP Plan provided an additional award equal to 3% of a participant's base salary upon the achievement of EP at the midpoint between the actual fiscal 2006 EP and the stretch fiscal 2007 EP, as described above. This award increased up to 6% of each individual's base salary if the stretch fiscal 2007 EP was achieved. Payment was received on or about June 22, 2007, after completion of the audit of the Company's financial statements. The Company's named executive officers all opted to forego this additional payment, principally in light of the payment that could be earned by the division's performance under the EP Plan.

On March 21, 2007, the Committee approved the award formula for the fiscal 2008 EP Plan, and on March 22, 2007, the Board adopted the same formula for the CEO. Eligible division employees will begin earning award credit once his or her division reaches the threshold of 80% of actual fiscal 2007 EP. For fiscal 2008, eligible employees can earn an award of 100% of an individual's targeted cash incentive award level if the division and the Company achieve an EP level at a specified level above the average of the actual and target fiscal 2007 EP levels. If any division's results fall below the minimum threshold of 80% of the division's actual fiscal 2007 EP, any payment to such division's employees will be limited to the corporate portion of the EP Plan, assuming the consolidated corporate results reach 80% of actual fiscal 2007 EP. Any payments above target are uncapped. Payments earned under the EP Plan will be made only after the completion of the fiscal 2008 audit report.

Due to the sensitive nature of the Company's Adjusted EBITDA results to its shareholders and various lender groups, the Company believes that disclosure of the specific targets for fiscal 2008 would cause undue harm to the Company. Payments at target and threshold levels under the fiscal 2008 EP Plan are as follows:

| Named Executive Officer | Threshold (1)(2) | Target (2) |
|--------------------------------|-----------------------------|-------------------|
|--------------------------------|-----------------------------|-------------------|

Edgar Filing: EXIDE TECHNOLOGIES - Form PRE 14A

| | | |
|-----------------------|-----|------|
| Gordon A. Ulsh | 80% | 100% |
| Francis M. Corby, Jr. | 80% | 100% |
| Mitchell S. Bregman | 40% | 50% |
| E.J. O Leary | 40% | 50% |
| Phillip A. Damaska | 24% | 30% |

(1) Assumes both division and consolidated corporate results are at 80% of actual fiscal 2007 EP.

(2) Percentage of individual named executive officer's base salary.

Long-Term Equity Incentive Compensation

Upon emergence from Chapter 11 bankruptcy protection in 2004, the Company sought and received approval from its shareholders for the creation of the 2004 Stock Incentive Plan (the 2004 Plan or the Plan). As originally designed, the 2004 Plan permits the award of options, restricted stock and performance unit awards, the latter being payable in cash or stock. In December 2006, the Board amended the 2004 Plan to provide for the award of restricted stock units. The 2004 Plan is administered by the Committee. Individuals eligible for the 2004 Plan include directors, certain consultants and employees.

The Committee believes that long-term incentive compensation issued under the 2004 Plan should be a significant element of total compensation for the Company's executive officers and other members of senior management. Long-term incentive compensation is designed to align management's performance with long-term shareholder value, principally through the issuance of equity securities. Long-term incentive awards have generally been established at 125% of base salary for the Company's executive officers and 250% of base salary for the Chief Executive Officer, subject to annual review by the Committee. For fiscal 2008, Mr. Ulsh's long-term incentive compensation award was set at 300% of base salary. The equity compensation levels are based, in part, on recommendations from the Company's independent outside consultant and comparative market data and conditions.

The relative weighting of equity and cash within the long-term incentive plan is based on several factors, including the number of remaining shares (options, restricted stock and restricted stock units) available for grant under the 2004 Plan and the anticipated vesting rate for previous grants. The Committee has included a cash component in the annual long-term incentive compensation grants when, in light of the prevailing price of the Company's common stock on The NASDAQ Global Market, issuance solely of equity would disproportionately reduce the number of remaining options, restricted stock and restricted stock units available for grant under the 2004 Plan.

Initial awards under the 2004 Plan were issued in October 2004, contingent upon shareholder approval of the 2004 Plan, which occurred at the Company's 2005 Annual Meeting. The awards provided an allocation of 75% options and 25% restricted stock. The allocation was recommended by the Committee's independent outside consultant in consultation with the EVP-HR, after reviewing anticipated award vesting rates and the Committee's desire to weight various forms of equity compensation to best accomplish the goals of employee retention and alignment of senior management's objectives with long-term shareholder return.

For fiscal 2006, the Committee, after review with its independent outside consultant, determined that an allocation of 25% options, 15% restricted shares and 60% performance unit cash awards would appropriately balance the goals of maximizing long-term shareholder value, compensating executive officers and preserving sufficient shares in the 2004 Plan for future grants without the need for shareholder approval. As with the prior awards, the fiscal 2006 awards were approved by the Committee and Board during the Company's third fiscal quarter.

In fiscal 2007, in connection with the Company's request that shareholders approve an equity rights offering and private placement of approximately 35 million shares of the Company's common stock, shareholders approved an amendment to the 2004 Plan that provided an additional four million shares of restricted stock and stock options. Despite the impact of the common stock's price on the size of stock option and restricted stock awards necessary to provide award recipients with appropriate long-term compensation value, the larger pool of shares available for awards permitted the Committee to increase options awarded to all plan participants to 50% of total awards, with restricted stock and performance unit cash awards at 25% each.

While the Committee's first three awards under the 2004 Plan were issued between September and November, the Committee believes that issuing awards near the April 1st start of the Company's fiscal year will allow the Committee

to concurrently assess annual base compensation adjustments, cash incentive targets and annual equity awards. Consequently, the Committee approved grants under the 2004 Plan for fiscal 2008 to executive officers and other plan participants on March 21, 2007.

For the fiscal 2008 grants, the Committee reviewed the amount of shares remaining in the 2004 Plan and determined that performance unit cash awards were not required. Accordingly, awards were equally weighted between stock options and restricted stock units. The Committee determined that restricted stock units would be issued in lieu of restricted stock in order to provide participants with the deferral of any ordinary income tax until full vesting of all such units. The restricted stock units will vest ratably over a five-year period, but stock certificates will not be issued until the end of the full vesting period.

Options

The Committee views the granting of stock options as an integral element of any equity-based award. Under the Company's 2004 Plan, options vest over a three-year period and must be exercised within ten years of the grant date. An option's value increases or decreases in connection with the fluctuations in price of the Company's common stock. Consequently, the Committee views such awards as aligning executives' interests with long-term shareholder return.

The number of options granted is based, in part, on the theoretical value of the options. The Committee uses the Black-Scholes Valuation Model (BSVM), a common form of fair value model. The BSVM is a complex calculation designed to provide the theoretical value of an option at the date of grant. The BSVM calculates a probability distribution of future stock prices at a future exercise date by using an expected return equal to the risk-free rate of return. The return varies with the volatility of the security calculated as of the date of grant. Probability-weighted future payouts are then discounted back to present day dollars based on a risk-free rate of return. The parameters used in valuations include:

Volatility: The tendency of the underlying option's market price to fluctuate either up or down.

Risk Free Rate: The theoretical rate of return attributed to an investment with zero risk.

Term: The expected life of a stock option held by a Company employee before exercise or cancellation.

Grant Price: Market value of stock price on day stock option was granted.

The Committee does not set the exercise price of stock options as of the date the award is granted. Rather, as a result of the Company's obligation to comply with the terms of its Warrant Agreement, dated May 5, 2004, the Committee determined that the award of options for the first 3,125,000 shares under the 2004 Plan must be issued with an exercise price based on the ten-day trailing average closing price of the Company's common stock prior to the date of grant. The actual exercise price for options can therefore be greater than, equal to or less than the stock price on the date of grant. For each of the Company's October 13, 2004 and November 29, 2005 grants, the exercise price was greater than the closing price of the Company's stock on the date of grant. The exercise price for options granted on September 21, 2006 and March 22, 2007 was lower than the closing price on the grant date.

Restricted Stock

The Committee includes shares of restricted stock as a component of annual long-term equity awards. The Committee has traditionally determined that the issuance of restricted stock should represent a smaller percentage of the overall equity award than options. The Committee believes restricted stock is a useful tool for employee retention and established a five-year vesting schedule for such awards. The Committee has traditionally used a ten-day trailing average closing price of the Company's common stock in establishing the number of shares of restricted stock awarded to participants.

Restricted Stock Units

In December 2006, the Company's Board approved amendments to the 2004 Plan, permitting it to award restricted stock units (RSUs). The RSUs allow participants to defer the recognition of ordinary income associated with long-term equity incentive awards until all RSUs have fully vested. For fiscal 2008, the Committee awarded RSUs to plan participants. The awards vest ratably over a five-year period, but shares of

common stock will not be delivered to the employees until the end of the full vesting period. If the recipient's employment with the Company terminates prior to the end of the five-year period, the employee will receive stock certificates for any vested RSUs.

Performance Unit Awards

Performance unit awards provide executives officers with the opportunity to receive cash compensation upon the satisfaction of specific financial objectives established by the Committee for a specified performance period.

The Committee believes long-term incentive compensation awards, when possible, should be limited to the issuance of equity. However, in fiscal 2006, the Committee evaluated the number of shares remaining in the Company's 2004 Plan, and concluded that a sufficient number of shares would likely not be available for future equity awards unless cash awards were a significant component of that year's long-term incentive compensation grants. Accordingly, the Committee determined that a performance award payable in cash would be necessary, and that such award would comprise 60% of the fiscal 2006 long-term incentive compensation award.

For the fiscal 2006 grants, the Committee established specific performance goals based on Adjusted EBITDA and return on assets (ROA) associated with the performance unit awards. Payment of the awards is contingent on the achievement of targets for the three-year period ending March 31, 2008. None of the performance unit cash awards will vest until completion of the fiscal year ended March 31, 2008. The Committee established a target award and performance level, a threshold performance level for which 40% of the target award would be paid, a stretch performance level for which 150% of the award would be paid and a maximum performance level for which 200% of the target award level would be paid.

The Committee's independent outside consultant evaluated the required Adjusted EBITDA and ROA targets and advised the Committee on the expected relationship of EBITDA growth during the performance period to anticipated appreciation in market capitalization and resulting increase in shareholder value.

Additionally, the Committee's independent outside consultant evaluated the proposed performance target and award payouts against the 22 peer companies listed below, and provided advice to the Committee with respect to both the recommended awards and targeted goals.

Autoliv Inc. (NYSE:ALV)
Borg Warner Inc. (NYSE:BWA)
C&D Technologies Inc. (NYSE:CHP)
Dana Corporation (OTC:DCNAQ.PK)
Dura Automotive Systems (OTC:DRRAQ.PK)
Energizer Holdings Inc. (NYSE:ENR)
Energy Conversion Devices, Inc. (NYSE:ENER)
Energys (NYSE:ENS)
Gentek Inc. (NASDAQ:GETI)
Gentex Corporation (NASDAQ:GNTX)
Hayes Lemmerz International Inc. (NASDAQ:HAYZ)
LKQ Corporation (NASDAQ:LKQX)
Metaldyne Corporation
Modine Manufacturing Company (NYSE:MOD)
Spectrum Brands Inc. (NYSE:SPC)
Standard Motor Products (NYSE:SMP)
Superior Industries International, Inc. (NYSE:SUP)

Tenneco Automotive Inc. (NYSE:TEN)

Transport Technologies Industries Inc.

TRW Automotive Holdings Corporation (NYSE:TRW)

United Components Inc.

United Industrial Corporation (NYSE:UIC)

The Company's 2004 Plan limits any performance unit award to \$2,000,000. Consequently, Mr. Ulsh's award, if earned, will be capped at \$2,000,000, even though achievement of the maximum level of Adjusted

EBITDA and ROA targets would otherwise result in Mr. Ulsh receiving a payment of \$2,400,000. The threshold target and maximum payouts for the fiscal 2007 awards are as follows:

| Named Executive Officer | Threshold(1) | Target(1) | Maximum(1) |
|--------------------------------|---------------------|------------------|-------------------|
| Gordon A. Ulsh | 60% | 150% | 250% |
| Francis M. Corby, Jr.(2) | | | |
| Mitchell S. Bregman | 30% | 67% | 133% |
| Edward J. O Leary | 30% | 67% | 133% |
| Phillip A. Damaska | 18% | 45% | 90% |

(1) Percentage of individual named executive officer's base salary

(2) Mr. Corby generally does not participate in the Company's long-term equity compensation plan. Mr. Corby received equity compensation under the terms of his two-year employment agreement, but is eligible for additional awards in the Board's discretion.

In fiscal 2007, the Committee reduced the cash component to 25% of the total long-term incentive award. The Committee established Adjusted EBITDA and ROA targets for the three-year period ending on March 31, 2009, which, if met, are expected to generate significant shareholder returns in relation to the performance unit cash payments. The targets were established by an extrapolation of the fiscal 2006 targets, as recommended by management. The threshold, target and maximum payouts for the fiscal 2007 awards are as follows:

| Named Executive Officer | Threshold(1) | Target(1) | Maximum(1) |
|--------------------------------|---------------------|------------------|-------------------|
| Gordon A. Ulsh | 25% | 62.5% | 125% |
| Francis M. Corby, Jr.(2) | | | |
| Mitchell S. Bregman | 12.5% | 31% | 62.5% |
| Edward J. O Leary | 12.5% | 31% | 62.5% |
| Phillip A. Damaska | 7.5% | 18.75% | 37.5% |

(1) Percentage of individual named executive officer's base salary

(2) Mr. Corby generally does not participate in the Company's long-term equity compensation plan. Mr. Corby received equity compensation under the terms of his two-year employment agreement, but is eligible for additional awards in the Board's discretion.

Due to the sensitive nature of the Company's Adjusted EBITDA results to its shareholders and various lender groups, the Company believes that disclosure of the specific Adjusted EBITDA and ROA targets would cause undue harm to the Company.

In light of the number of remaining restricted stock and stock options available for distribution under the 2004 Plan, the Committee did not include performance unit cash awards as a component of its fiscal 2008 long-term incentive grant.

Personal Benefits and Perquisites

The Company's named executive officers are provided with disability insurance and life insurance equal to a certain percentage of base salary consistent with the Company sponsored program provided to other covered employees. Effective January 1, 2007, the amount of life insurance was raised from 100% of an employee's base salary to 150% of an employee's base salary.

Executive officers are also provided with health insurance, the cost of which is substantially assumed by the Company, consistent with the Company sponsored program provided to other covered employees and their families. Employee contributions for individual and family coverage are set annually by the Benefits Administration Committee. Medical evacuation insurance is provided for the Company's executive officers, as well as to other senior level employees with significant international travel. This benefit is extended to the

spouse of an executive officer if the executive is on a long-term assignment living outside his or her home country.

Executive officers receive a monthly automobile allowance between \$750 and \$1,000.

Pursuant to his employment agreement, Mr. Ulsh is reimbursed for the initiation fee and monthly dues for membership in a country club that enables Mr. Ulsh to entertain clients and conduct business development activities. Mr. O'Leary also receives reimbursement for his monthly country club dues.

Post-Termination Compensation

401(k) Plan

The Company maintains an employee funded 401(k) plan under which the Company matches up to 50% of the employee's contributions up to the first 6% of such employee's base salary, subject to maximum contribution levels established by the Internal Revenue Service.

Cash Balance and Pension Plans

The Company also maintains a Cash Balance Plan, under which the Company contributed to the Plan 5% of each U.S. employee's annual base salary. An employee's Cash Balance Plan vests equally over five years. The Company's contributions to the Cash Balance Plan were frozen as of May 15, 2006. The Committee will continue to evaluate the Cash Balance Plan based on future competitive market conditions for employee compensation.

Additionally, Mr. Bregman participated in a pension plan with GNB Industrial, which merged with the Company in 2000. This plan is managed by the Company but was frozen as of December 31, 2000.

Employment Agreements and Severance Arrangements

The Committee recommends to the Board any retention and severance agreement for the Company's CEO and approves such agreements for other named executive officers. The Company currently has formal employment agreements only with the Company's CEO and Chief Financial Officer (CFO) that establish, among other compensation, the terms of any severance arrangements. The Committee has not authorized employment agreements with any other of the named executive officers, but may authorize severance agreements with other executives upon their departure from the Company. While the Company seeks to obtain non-compete and non-solicitation agreements when negotiating these severance agreements, such matters are left to the discretion of management in negotiating the individual terms of a separation agreement.

Gordon A. Ulsh Employment Agreement

Mr. Ulsh's employment agreement provided for grants of stock options and restricted stock under the Company's 2004 Plan. Currently, all unvested options and restricted stock would be forfeited upon termination of employment. At the time of the commencement of Mr. Ulsh's employment with the Company, he received replacement equity awards consisting of 80,000 options and 100,000 shares of restricted stock, which vest equally over three years. Upon termination due to death, disability, termination by the Company without cause or termination by Mr. Ulsh with good reason, as defined below, all unvested replacement awards vest immediately.

Mr. Ulsh's employment agreement also provides compensation upon various termination events in exchange for a general release of claims. Upon resignation for good reason or termination by the Company without cause, Mr. Ulsh would receive earned but unpaid salary and unused vacation, as well as any earned but unpaid short-term cash

incentive award from the fiscal year prior to the fiscal year in which termination occurs, a pro-rated portion of the current fiscal year's short-term cash incentive award based on the number of days employed during such fiscal year at the time the cash incentive award is customarily paid, a lump sum payment equal to 200% of the sum of annual base salary and target cash incentive award, reimbursement of reasonable business expenses incurred up to the date of termination, COBRA premiums until the earlier of

18 months following termination or the time at which Mr. Ulsh is no longer eligible for such COBRA benefits. Additionally, any reduction in base salary, short-term cash incentive award or benefits that qualify as good reason is not used in calculating the compensation due to Mr. Ulsh.

In the event Mr. Ulsh's employment is terminated for cause or he resigns without good reason, Mr. Ulsh's severance is limited to earned but unpaid salary and unused vacation, earned but unpaid short-term cash incentive award from the fiscal year prior to the fiscal year in which termination occurs and unreimbursed reasonable business expenses. If Mr. Ulsh's termination is the result of permanent disability or death, he or his estate receives all of the foregoing payments, as well as any short-term cash incentive award earned pro rata through the date of termination.

Mr. Ulsh's agreement also includes a confidentiality agreement, as well as provisions governing non-compete and non-solicitation of employees, clients and customers for two years following the date of termination.

Pursuant to Mr. Ulsh's employment agreement, "good reason" is defined as: (i) a material adverse change in the executive's title, role, or responsibilities, which shall include his failure to be elected as a member of the Board, (ii) a reduction in base salary or other fixed compensation or failure to pay or provide such compensation within 30 days when due, (iii) a requirement that the executive report to anyone other than the Board, or (iv) a material adverse change in any pension, medical, health, savings, life insurance, or accident or disability plan, except for changes affecting all senior executives.

Francis M. Corby, Jr. Employment Agreement

Pursuant to Mr. Corby's employment agreement, any options immediately vest and all restrictions on share grants would lapse if Mr. Corby is terminated without cause or if he resigns for good reason. Alternatively, Mr. Corby would forfeit all options and restricted shares if he is terminated for cause or resigns for any reason other than good reason.

Mr. Corby's employment agreement also provides various levels of compensation upon different termination events in exchange for a general release of claims. If he resigns for good reason or if he is terminated by the Company without cause, Mr. Corby would receive earned but unpaid salary and unused vacation, any earned but unpaid short-term cash incentive award from the fiscal year prior to the fiscal year in which termination occurs, a short-term cash incentive award at the target level for the fiscal year in which he is terminated, a lump sum payment of the remaining salary through the end of the employment period (March 31, 2008), reimbursement of reasonable business expenses incurred up to the date of termination and COBRA premiums until March 31, 2008. Additionally, any reduction in base salary, short-term cash incentive award or benefits that qualifies as "good reason" is not used in calculating the compensation due to Mr. Corby.

In the event Mr. Corby's employment is terminated for cause or he resigns without good reason, Mr. Corby's severance is limited to earned but unpaid salary and unused vacation, as well as any earned but unpaid short-term cash incentive award from the fiscal year prior to the fiscal year in which termination occurs and unreimbursed reasonable business expenses. If Mr. Corby's termination is the re