

EXIDE TECHNOLOGIES

Form S-3/A

August 02, 2006

Table of Contents

As filed with the Securities and Exchange Commission on August 1, 2006

No. 333-135564

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Amendment No. 1**

**To  
Form S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**EXIDE TECHNOLOGIES**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**23-0552730**

*(I.R.S. Employer  
Identification No.)*

**13000 Deerfield Parkway  
Building 200  
Alpharetta, GA 30004  
(678) 566-9000**

*(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)*

**Barbara A. Hatcher  
Executive Vice President and General Counsel  
Exide Technologies  
13000 Deerfield Parkway  
Building 200  
Alpharetta, GA 30004**

**(678) 566-9000**

*(Name, address, including zip code, and telephone number,  
including area code, of agent for service)*

*Copies of all communications, including communications sent to agent for service, should be sent to:*

**Carter W. Emerson, P.C.  
Kirkland & Ellis LLP  
200 East Randolph Drive  
Chicago, Illinois 60601  
(312) 861-2000**

**Approximate date of commencement of proposed sale to the public:** From time to time on or after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

---

**Table of Contents**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED AUGUST 1, 2006**

**PROSPECTUS**

**Common Stock**

**Rights to Purchase up to 21,428,571 Shares  
of Common Stock at \$3.50 per Share**

We are distributing at no charge to holders of our common stock non-transferable subscription rights to purchase shares of our common stock. You will receive 0.85753 of a subscription right for each share of common stock owned at the close of business on      , 2006, subject to adjustments to eliminate fractional rights. We are distributing subscription rights exercisable for up to 21,428,571 shares of our common stock.

Each full subscription right will entitle you to purchase one share of our common stock at a subscription price of \$3.50 per share. The per share price is equal to a 20% discount to the average closing price of our common stock for the 30 trading day period ended July 6, 2006. The subscription rights will expire if they are not exercised by 5:00 p.m., Eastern Daylight Time, on      , 2006, unless we extend this offering period, such extension not to exceed 15 business days. You should carefully consider whether to exercise your subscription rights before the expiration of the rights offering. Unless we give you a right of cancellation as a result of a fundamental (as determined by us) change to the terms of the rights offering, all exercises of subscription rights are irrevocable. Our board of directors is making no recommendation regarding your exercise of the subscription rights. The subscription rights may not be sold or transferred.

If any rights remain unsubscribed after the closing of the rights offering, two of our shareholders and one other investor have agreed, subject to certain conditions, to purchase a number of shares of our common stock equal to the number of shares not subscribed for in the rights offering at a price per share equal to the rights offering subscription price pursuant to a standby purchase agreement. Two of such investors have also agreed to purchase 14,285,714 additional shares of our common stock for \$3.50 per share subject to certain conditions.

The rights offering is subject to approval by our shareholders, as well as the approval by our shareholders of an amendment to our certificate of incorporation to increase the number of shares of authorized common stock. We are submitting these items to the vote of our shareholders at our 2006 annual meeting scheduled to take place August 22, 2006.

We may cancel or terminate the rights offering at any time prior to its expiration. If we terminate or cancel this offering, we will return your subscription price, but without any payment of interest.

The shares are being offered directly by us without the services of an underwriter or selling agent.

Shares of our common stock are traded on the Nasdaq Global Market under the symbol XIDE. On , 2006, the closing sales price for our common stock was \$ per share. The shares of common stock issued in the rights offering will also be listed on the Nasdaq Global Market under the same symbol.

**The exercise of your subscription rights for shares of our common stock involves risks. You should carefully consider the risk factors beginning on page 4 of this prospectus before exercising your subscription rights.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus is , 2006

---

**TABLE OF CONTENTS**

	<b>Page</b>
<u>Questions and Answers Relating to the Rights Offering</u>	ii
<u>Summary</u>	1
<u>Risk Factors</u>	4
<u>Disclosure Regarding Forward-Looking Statements</u>	16
<u>Use of Proceeds</u>	18
<u>Capitalization</u>	19
<u>The Rights Offering</u>	20
<u>U.S. Federal Income Tax Considerations</u>	32
<u>Price Range of Common Stock and Dividend Policy</u>	35
<u>Description of Capital Stock</u>	36
<u>Plan of Distribution</u>	43
<u>Legal Matters</u>	44
<u>Experts</u>	44
<u>Incorporation by Reference</u>	44
<u>Available Information</u>	45
<u>EX-2.3 1ST AMEND. TO STANDBY PURCHASE AGREEMENT</u>	
<u>EX-3.1 AMENDED AND RESTATED ARTICLES OF INCORPORATION</u>	
<u>EX-4.1 FORM OF SUBSCRIPTION RIGHTS CERTIFICATE</u>	
<u>EX-23.1 CONSENT OF PRICEWATERHOUSECOOPERS LLP</u>	
<u>EX-99.1 INSTRUCTIONS FOR USE OF EXIDE SUBSCRIPTION RIGHTS</u>	
<u>EX-99.2 FORM OF NOTICE OF GUARANTEED DELIVERY FOR SUBSCRIPTION RIGHTS</u>	
<u>EX-99.3 LETTER TO SHAREHOLDERS - RECORD HOLDERS</u>	
<u>EX-99.4 LETTER TO SHAREHOLDERS - BENEFICIAL HOLDERS</u>	
<u>EX-99.5 LETTER TO CLIENTS OF SHAREHOLDERS WHO ARE BENEFICIAL HOLDERS</u>	
<u>EX-99.6 NOMINEE HOLDER CERTIFICATE FORM</u>	
<u>EX-99.7 BENEFICIAL OWNER ELECTION FORM</u>	
<u>EX-99.8 SUBSTITUTE FORM W-9 FOR USE WITH RIGHTS OFFERING</u>	

**You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with additional or different information from that contained or incorporated by reference in this prospectus. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any exercise of the rights.**

**Table of Contents**

**QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING**

**What is a rights offering?**

We are distributing to holders of our common stock as of 5:00 p.m. Eastern Daylight Time on \_\_\_\_\_, 2006, the record date, at no charge, non-transferable subscription rights to purchase shares of our common stock. You will receive 0.85753 of a subscription right for each share of common stock you owned at the close of business on the record date, subject to adjustments to eliminate fractional rights. The subscription rights will be evidenced by rights certificates.

**What is a right?**

Each full right gives our shareholders the opportunity to purchase one share of our common stock for \$3.50 per share. We have granted to you, as a shareholder of record on the record date, 0.85753 of a right for each share of our common stock you owned at that time. We determined the ratio of rights you will receive per share by dividing the total number of shares we will issue upon exercise of the rights (21,428,571) by our total number of shares outstanding (24,988,768). For example, if you owned 100 shares of our common stock on the record date, you have the right to purchase 86 shares of common stock for \$3.50 per share. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights.

If you hold your shares in the name of a broker, dealer or other nominee who uses the services of the Depository Trust Company, or DTC, DTC will issue 0.85753 of a right to the nominee for each share of our common stock you own at the record date, subject to adjustments to eliminate fractional rights. Each full right can then be used to purchase one share of common stock for \$3.50 per share. As in the example above, if you owned 100 shares of our common stock on the record date, you have the right to purchase 86 shares of common stock for \$3.50 per share.

We will not issue fractional subscription rights or cash in lieu of fractional rights. Fractional subscription rights will be rounded to the nearest whole number, with such adjustments as may be necessary to ensure that we offer 21,428,571 shares of common stock in the rights offering. In the unlikely event that, due to the rounding of fractional subscription rights, the rights offering would have been subscribed in an amount in excess of 21,428,571 shares of common stock, all holders' subscription rights will be reduced in an equitable manner. Any excess subscription funds will be promptly returned without interest.

**Why are we conducting the rights offering?**

We are making the rights offering and we are selling additional shares of common stock to Tontine Capital Partners, L.P., or Tontine, and Legg Mason Investment Trust, Inc., or Legg Mason and together with Tontine, the Standby Purchasers, in order to raise capital that we intend to use to provide additional liquidity for working capital, capital expenditures and general corporate purposes. The Standby Purchasers may elect to assign some or all of their rights to purchase shares of common stock to their designated affiliates. We believe that the rights offering and sale of additional shares of common stock to the Standby Purchasers will strengthen our financial condition through generating additional cash and increasing our stockholders' equity. If we are unable to raise capital in this manner, we may be required to seek alternative sources of liquidity to satisfy our ongoing operations, restructuring plans and capital expenditures and we may not be able to obtain such alternative sources of liquidity on commercially reasonable terms, if at all. If we are unable to generate such additional liquidity, our financial condition would be adversely affected.

**How was the \$3.50 per share subscription price determined?**

Our Board of Directors determined the subscription price after negotiations with the Standby Purchasers, considering the likely cost of capital from other sources, the price at which our principal shareholders might be willing to participate in the rights offering, historical and current trading prices for our common stock, our need for liquidity and capital and the need to provide an incentive to our shareholders to participate in the rights offering on a pro-rata basis. The subscription price for a subscription right is \$3.50 per share. The per share price is equal to a 20% discount to the average closing price of our common stock for the 30 trading day period ended July 6, 2006. The



**Table of Contents**

subscription price is not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of the common stock to be offered in the rights offering.

**Am I required to exercise all of the rights I receive in the rights offering?**

No. You may exercise any number of your rights, or you may choose not to exercise any rights. However, if you choose not to fully exercise your rights, the relative percentage of our common stock that you own will decrease and your voting and other rights will be diluted.

**Am I required to exercise my rights if I vote to approve the rights offering at the annual meeting?**

No. How you vote at the annual meeting has no impact on your decision as to whether to exercise your rights.

**What happens if I elect to exercise my rights and the shareholders do not approve the rights offering?**

If the shareholders do not approve the rights offering at our annual meeting and you exercised your rights, we will immediately instruct the subscription agent to refund your payment in full. If you own shares in street name, it may take longer for you to receive payment because the subscription agent will send payments through the record holder of your shares. You will not be credited interest on your payment.

**How soon must I act to exercise my rights?**

The rights may be exercised beginning on the date of this prospectus through the expiration date, which is \_\_\_\_\_, 2006, at 5:00 p.m., Eastern Daylight Time. If you elect to exercise any rights, the subscription agent must actually receive all required documents and payments from you at or before the expiration date. Although we have the option of extending the expiration date of the subscription period, we currently do not intend to do so.

**May I transfer my rights?**

No. You may not sell or transfer your rights to anyone. The rights offered hereunder are non-transferable because we cannot assure you that our shareholders will approve the rights offering.

**Are we requiring a minimum subscription to complete the rights offering?**

No.

**Are there any other conditions to the completion of the rights offering?**

Yes. The completion of the rights offering is subject to our shareholders approving the rights offering, the sale of shares of common stock to the Standby Purchasers and Arklow Capital, LLC (the Additional Standby Purchaser) in connection with their agreement to purchase any shares not subscribed for in the rights offering, the sale of additional shares of common stock to the Standby Purchasers and an amendment to our certificate of incorporation increasing the number of authorized shares of our common stock.

Our Board of Directors may decide to cancel the rights offering at any time prior to the expiration of the rights offering and for any reason. If our Board of Directors cancels the rights offering, we will issue a press release notifying shareholders of the cancellation and any money received from subscribing shareholders will be returned, without interest or deduction, as soon as practicable.

We may amend or extend the subscription period of the rights offering. We reserve the right to withdraw the rights offering at any time prior to the expiration date and for any reason, in which event all funds received in the rights offering will be returned without interest or deduction to those persons who subscribed for shares in the rights offering.

**Has our Board of Directors made a recommendation to our shareholders regarding the rights offering?**

Our Board of Directors will not make any recommendation to shareholders regarding the exercise of rights under the rights offering. Shareholders who exercise rights risk investment loss on new money invested. We cannot

## **Table of Contents**

assure you that the market price for our common stock will remain above the subscription price or that anyone purchasing shares at the subscription price will be able to sell those shares in the future at the same price or a higher price. For more information on the risks of participating in the rights offering, see Risk Factors.

### **What will happen if I choose not to exercise my rights?**

If you do not exercise any rights, the number of shares of our common stock you own will not change; however, due to the fact that shares will be purchased by other shareholders in the rights offering, including the shares purchased by the Standby Purchasers and the Additional Standby Purchaser pursuant to their agreement to purchase any shares not subscribed for in the rights offering, and the Standby Purchasers will be purchasing additional shares of our common stock, your percentage ownership after the exercise of the rights will be diluted.

### **How do I exercise my rights? What forms and payment are required to purchase the shares of common stock?**

If you wish to participate in the rights offering, you must take the following steps:

deliver payment to the subscription agent using the methods outlined in this prospectus; and

deliver a properly completed rights certificate to the subscription agent before 5:00 p.m., Eastern Daylight Time, on \_\_\_\_\_, 2006.

You may also use an alternate procedure called Notice of Guaranteed Delivery, which gives you an extra three days to deliver the rights certificate if the subscription agent receives full payment before the expiration date of the subscription period and a securities broker or qualified financial institution signs the Notice of Guaranteed Delivery form to guarantee that your properly completed rights certificate will be timely delivered.

If you send a payment that is insufficient to purchase the number of shares you requested, or if the number of shares you requested is not specified in the forms, the payment received will be applied to exercise the subscription privilege to the extent of the payment. If the payment exceeds the subscription price for the full exercise of the subscription privilege, the excess will be returned to you as soon as practicable. You will not receive interest on any payments refunded to you under the rights offering.

### **When will I receive my new shares?**

If you purchase shares of common stock through the rights offering, you will receive your new shares as soon as practicable after the closing of the rights offering. Subject to state securities laws and regulations, we have the discretion to delay allocation and distribution of any shares you may elect to purchase by exercise of your privilege in order to comply with state securities laws.

### **After I send in my payment and rights certificate, may I change or cancel my exercise of rights?**

No. Unless we give you a right of cancellation as a result of a fundamental (as determined by us) change to the terms of the rights offering, all exercises of rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your rights. You should not exercise your rights unless you are certain that you wish to purchase additional shares of our common stock at a price of \$3.50 per share.

### **What should I do if I want to participate in the rights offering, but my shares are held in the name of my broker, dealer or other nominee?**

## Edgar Filing: EXIDE TECHNOLOGIES - Form S-3/A

If you hold your shares of our common stock in the name of a broker, dealer or other nominee, then your broker, dealer or other nominee is the record holder of the shares you own. The record holder must exercise the rights on your behalf for the shares of common stock you wish to purchase.

If you wish to participate in the rights offering and purchase shares of common stock, please promptly contact the record holder of your shares. We will ask your broker, dealer or other nominee to notify you of the rights offering. You should complete and return to your record holder the form entitled **Beneficial Owner Election Form**. You should receive this form from your record holder with the other rights offering materials.

**Table of Contents**

**How much money will the Company receive from the rights offering?**

If we sell all the shares being offered, we will receive proceeds of \$67.7 million after deducting estimated offering expenses. While we are offering shares in the rights offering with no minimum purchase requirement, the Standby Purchasers and the Additional Standby Purchaser have agreed, subject to certain conditions, to purchase a number of shares of our common stock equal to the number of shares not subscribed for in the rights offering at a price per share equal to the rights offering subscription price. Accordingly, even if the Standby Purchasers and the Additional Standby Purchaser are the only participants in the rights offering, we expect to receive proceeds from the rights offering of \$67.7 million after deducting estimated offering expenses. See [Use of Proceeds](#) and [The Rights Offering Standby Commitments](#).

**Are there risks in exercising my subscription rights?**

Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights means buying additional shares of our common stock and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the risks described under the heading [Risk Factors](#).

**Is there an over-subscription privilege?**

No.

**What is the role of the Standby Purchasers and the Additional Standby Purchaser in this offering?**

In connection with the rights offering, we have entered into a standby purchase agreement with the Standby Purchasers and the Additional Standby Purchaser (the [Standby Agreement](#) ). The Standby Agreement obligates us to sell, and requires the Standby Purchasers and the Additional Standby Purchaser to purchase from us, any and all shares of our common stock issuable upon the exercise of any rights that remain unsubscribed at the close of the rights offering subscription period. The price per share paid by the Standby Purchasers and the Additional Standby Purchaser for such common stock will be equal to the subscription price offered in the rights offering. For a more complete description of the role of the Standby Purchasers and the Additional Standby Purchaser in the rights offering, see [The Rights Offering Standby Commitments](#) and [Plan of Distribution](#).

**Are the Standby Purchasers receiving any compensation for the standby commitments?**

Yes. As compensation to the Standby Purchasers for the standby commitments, we agreed to sell, concurrently with the rights offering, 14,285,714 additional shares of our common stock to Standby Purchasers at the same subscription price applied to the rights for gross proceeds of \$50.0 million, and the Standby Purchasers agreed to purchase such shares. In addition, if, under certain circumstances provided for in the Standby Agreement, the rights offering is not consummated or the Standby Agreement is terminated, the Standby Purchasers have the option to purchase up to 14,285,714 additional shares of common stock from us at the same subscription price applied to the rights offering if our shareholders approve the rights offering or, if our shareholders do not approve the rights offering, the Standby Purchasers have the option to purchase additional shares of common stock from us up to 19.9% of our issued and outstanding common stock at a price of \$4.50 per share.

**How many shares will the Standby Purchasers and the Additional Standby Purchaser own after the offering?**

If no shareholders other than the Standby Purchasers and the Additional Standby Purchaser exercise their subscription rights, the Standby Purchasers and the Additional Standby Purchaser will purchase up to 21,428,571 shares of our

common stock in the offering pursuant to their respective subscription rights received as shareholders and their standby commitments. In that case and taking into account the 14,285,714 shares the Standby Purchasers will purchase from us separately and the shares the Standby Purchasers and the Additional Standby Purchaser currently own, the aggregate ownership interest of the Standby Purchasers and the Additional Standby Purchaser in our common stock could be approximately 64%, and the ownership interest of the remaining shareholders could decrease to approximately 36%. If the rights offering has not closed on or prior to September 30, 2006, but our shareholders have approved the rights offering, under certain circumstances, the Standby Purchasers may purchase up to \$50.0 million of our common stock at \$3.50 per share. If the Standby Purchasers exercise this option in full, their aggregate ownership in us would increase to approximately 43%. If the rights offering is not approved by our shareholders, the Standby Purchasers may purchase up to 19.9% of our issued and outstanding

## **Table of Contents**

common stock for \$4.50 per share. If the Standby Purchasers exercise this option in full, their aggregate ownership in us would increase to approximately 28%. See [The Rights Offering](#) [Standby Commitments](#).

### **How many shares of common stock will be outstanding after the rights offering and sale of additional shares of common stock to the Standby Purchasers?**

As of August 1, 2006, we had 24,988,768 shares of common stock issued and outstanding. We expect to issue 21,428,571 shares in the rights offering and 14,285,714 additional shares in the separate sale to the Standby Purchasers. After the rights offering and the sale of additional shares to the Standby Purchasers we anticipate that we will have 60,703,053 shares of common stock outstanding.

### **Are there any conditions to the standby commitments?**

Yes. The obligation of the Standby Purchasers and the Additional Standby Purchaser to fulfill the standby commitments will be subject to a number of conditions. For a more detailed description of the conditions to the Standby Purchasers and the Additional Standby Purchaser's standby commitments, see [The Rights Offering](#) [Standby Commitments](#).

### **Can Our Board of Directors withdraw the rights offering?**

Yes. Our Board of Directors may decide to withdraw the rights offering at any time on or before the expiration of the rights offering for any reason. If we withdraw the rights offering, any money received from subscribing stockholders will be refunded promptly, without interest. See [The Rights Offering](#) [Cancellation Rights](#).

### **If the rights offering is not completed, will my subscription payment be refunded to me?**

Yes. The subscription agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, we will immediately instruct the subscription agent to return your payment in full. If you own shares in street name, it may take longer for you to receive payment because the subscription agent will send payments through the record holder of your shares. You will not be credited interest on your payment.

### **Will the rights be listed on a stock exchange or national market?**

The rights will not be listed on the Nasdaq Global Market or any other stock exchange or national market.

Our common stock and warrants will continue to trade on the Nasdaq Global Market under the symbols [XIDE](#) and [XIDEW](#), respectively.

### **How do I exercise my rights if I live outside the United States?**

The subscription agent will hold rights certificates for shareholders having addresses outside the United States. In order to exercise rights, holders with addresses outside the United States must notify the subscription agent and timely follow other procedures described in [Rights Offering](#) [Foreign Shareholders](#).

### **What fees or charges apply if I purchase shares of common stock?**

We are not charging any fee or sales commission to issue rights to you or to issue shares to you if you exercise your rights. If you exercise your rights through the record holder of your shares, you are responsible for paying any fees

your record holder may charge you.

**What are the U.S. federal income tax consequences of exercising rights?**

For U.S. federal income tax purposes, we believe that you will not recognize taxable income as a result of the distribution or exercise of your rights. See U.S. Federal Income Tax Considerations. You should, and are urged to, seek specific advice from your personal tax advisor concerning the tax consequences of the rights offering under your own tax situation.



**Table of Contents**

**To whom should I send my forms and payment?**

If your shares are held in the name of a broker, dealer or other nominee, then you should send your subscription documents, rights certificate and payment to that record holder. If you are the record holder, then you should send your subscription documents, rights certificate and payment by hand delivery, first class mail or courier service to:

*By Mail or Overnight Courier:*  
American Stock Transfer & Trust Company  
Operations Center  
Attn: Reorganization Department  
6201 15th Avenue  
Brooklyn, NY 11219

*By Hand:*  
American Stock Transfer & Trust Company  
Attn: Reorganization Department  
59 Maiden Lane  
New York, NY 10038

You are solely responsible for completing delivery to the subscription agent of your subscription documents, rights certificate and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent.

**Who should I contact if I have other questions?**

If you have other questions or need assistance, please contact the information agent, Georgeson Shareholder Communications Inc. at (888) 206-5896.

**Table of Contents**

**SUMMARY**

This summary highlights information contained elsewhere in this document. This summary is not complete and may not contain all of the information that you should consider before deciding whether or not you should exercise your rights. You should read the entire document carefully. References in this prospectus to: Exide, the Company, we, us and our refer to Exide Technologies and its consolidated subsidiaries.

**Our Business**

We are a global producer and recycler of lead acid batteries. We provide a comprehensive range of stored electrical energy products and services for transportation and industrial applications. Transportation markets include original-equipment and aftermarket automotive, heavy-duty truck, agricultural and marine applications. Industrial markets include batteries for telecommunications systems, fuel-cell load leveling, electric utilities, railroads, uninterruptible power supply, lift trucks, mining and other commercial vehicles. Our many brands include Exide®, Absolyte®, Centra™, Classic®, DETA®, Fulmen®, GNB™, Liberator™, Marathon®, Sonnenschein® and Tudor®.

We are a Delaware corporation organized in 1966 to succeed to the business of a New Jersey corporation founded in 1888. Our principal executive offices are located at 13000 Deerfield Parkway, Building 200, Alpharetta, Georgia 30004. Our phone number is (678) 566-9000. More comprehensive information about us and our products is available through our Internet website at [www.exide.com](http://www.exide.com). The information contained on our website, or other sites linked to it, is not incorporated by reference into this prospectus.

**The Rights Offering**

Further details concerning this part of the summary are set forth under Rights Offering. Only holders of record of our common stock on the record date may exercise rights.

Securities offered	We are distributing to you, at no charge, 0.85753 of a non-transferable subscription right for every one share of our common stock that you owned on the record date, either as a holder of record or, in the case of shares held of record by brokers, banks or other nominees, on your behalf, as a beneficial owner of such shares, subject to adjustments to eliminate fractional rights. We expect the gross proceeds from the rights offering to be \$75.0 million. In addition, we are selling to the Standby Purchasers additional shares of common stock at the rights offering subscription price for gross proceeds of \$50.0 million
Subscription privilege	Each full right gives you the opportunity to purchase one share of our common stock for \$3.50 per share.
Record date	5:00 p.m. Eastern Daylight Time on August , 2006
Expiration date	5:00 p.m. Eastern Daylight Time on August , 2006
Subscription price	\$3.50 per share, payable in cash, which is a 20% discount to the average closing price of our common stock for the 30 trading day period ending July 6, 2006. All payments must be cleared on or before the expiration

date.

Use of proceeds

We intend to use the proceeds of the rights offering to provide additional liquidity for working capital, capital expenditures and general corporate purposes.

Non-transferability of rights

The subscription rights may not be sold, transferred or assigned, and will not be listed for trading on the Nasdaq Global Market or on any stock exchange or market or on the OTC Bulletin Board.

No board recommendation

Our Board of Directors makes no recommendation to you about whether you should exercise any rights. You are urged to make your

**Table of Contents**

decision based on your own assessment of our business and the rights offering. Please see **Risk Factors** for a discussion of some of the risks involved in investing in our common stock.

**Standby commitment**

Subject to certain conditions, the Standby Agreement requires the Standby Purchasers and the Additional Standby Purchaser to purchase a number of shares of our common stock equal to the number of shares not subscribed for in the rights offering at a price per share equal to the rights offering subscription price. In addition, the Standby Purchasers have agreed, pursuant to the Standby Agreement to purchase additional shares of our common stock at a price per share equal to the rights offering subscription price.

**No revocation**

If you exercise any of your rights, you are not allowed to revoke or change the exercise or request a refund of monies paid.

**U.S. federal income tax considerations**

For U.S. federal income tax purposes, your receipt and exercise of the subscription rights generally will not be taxable events. You should consult your personal tax advisor concerning the particular tax consequences to you of the receipt and exercise of the subscription rights. For more information, see **U.S. Federal Income Tax Considerations**.

**Extension, withdrawal, cancellation and amendment**

We have the option, with the approval of the Standby Purchasers, to extend the rights offering and the period for exercising your subscription rights, for a period not to exceed 15 business days, although we do not presently intend to do so. Our Board of Directors may cancel the rights offering in its sole discretion at any time prior to or on the expiration of the rights offering for any reason (including, without limitation, a change in the market price of our common stock). We also reserve the right to withdraw or terminate the rights offering at any time for any reason. In the event that the rights offering is cancelled, withdrawn or terminated, all funds received from subscriptions by shareholders will be returned. Interest will not be payable on any returned funds. We also reserve the right to amend the terms of the rights offering.

**Procedure for exercising rights**

To exercise rights, you must complete the rights certificate and deliver it to the subscription agent, American Stock Transfer & Trust Company, together with full payment for all the subscription rights you elect to exercise. The subscription agent must receive the proper forms and payments on or before the expiration of the rights offering. You may deliver the documents and payments by mail or commercial courier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested.

**Subscription agent**

American Stock Transfer & Trust Company.

**Information agent**

Georgeson Shareholder Communications Inc.

**Questions**

Questions regarding the rights offering should be directed to the information agent, Georgeson Shareholder Communications Inc. at (888) 206-5896.

**Table of Contents**

Shares outstanding before the rights offering and sale of additional shares of common stock to the Standby Purchasers	24,988,768 shares as of August , 2006.
Shares outstanding after completion of the rights offering and sale of additional shares of common stock to the Standby Purchasers	60,703,053 shares of our common stock will be outstanding immediately after completion of the rights offering and sale of additional shares of common stock to the Standby Purchasers.
Risk factors	Shareholders considering making an investment in the rights offering should consider the risk factors described in Risk Factors.
Fees and expenses	We will bear the fees and expenses relating to the rights offering.
Nasdaq Global Market trading symbol	Shares of our common stock are currently listed for quotation on the Nasdaq Global Market under the symbol XIDE.

**Risk Factors**

Before you invest in the rights offering, you should be aware that there are various risks associated with your investment, including the risks described in the section entitled Risk Factors beginning on page 4 and the risks that we have highlighted in other sections of this prospectus. You should carefully read and consider these risk factors together with all of the other information included in this prospectus before you decide to exercise your rights to purchase shares of our common stock.

**Table of Contents**

**RISK FACTORS**

*An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained in this prospectus, before making a decision to invest in our common stock. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks actually occurs, our business, results of operations and financial condition could suffer. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.*

**Risks Related to Our Business**

*We have experienced significant increases in raw material prices, particularly lead, and further changes in the prices of raw materials or in energy costs could have a material adverse impact on our business and financial condition.*

Lead is the primary material by weight used in the manufacture of batteries, representing approximately one-third of our cost of goods sold. Average lead prices quoted on the London Metal Exchange (the LME ) have risen dramatically, increasing from \$920.00 per metric tonne for fiscal 2005 to \$1,041.00 per metric tonne for fiscal 2006. As of June 23, 2006, lead prices quoted on the LME were \$927.00 per metric tonne. If we are unable to increase the prices of our products proportionate to the increase in raw material costs, our gross margins will decline. We cannot provide assurance that we will be able to hedge our lead requirements at reasonable costs or that we will be able to pass on these costs to our customers. Increases in our prices could also cause customer demand for our products to be reduced and net sales to decline. The rising cost of lead requires us to make significant investments in inventory and accounts receivable, which reduces amounts of cash available for other purposes, including making payments on our notes and other indebtedness. We also consume significant amounts of steel and other materials in our manufacturing process and incur energy costs in connection with manufacturing and shipping of our products. The market prices of these materials are also subject to fluctuation, which could further reduce our available cash.

*Our liquidity position remains constrained. If we fail to meet our operations objectives and the shortfall is not replaced through other means, including the rights offering and sale of additional shares, the lack of liquidity would have a material adverse impact on our business and financial condition.*

Our current liquidity position remains constrained. We have an operational plan that would provide adequate liquidity to fund our operations through the remainder of this fiscal year. We have reduced our planned capital expenditures and planned restructuring activities in order to provide additional liquidity.

If we fail to meet our operations objectives, including working capital reductions, and if such shortfall is not replaced through proceeds from the rights offering and sale of additional shares or other means, the lack of liquidity would have a material adverse impact on our ability to fund our operations and financial obligations and cause us to evaluate a restructuring of our obligations.

*The going concern modification received from our independent registered public accounting firm for the fiscal year ended March 31, 2006 could cause adverse reactions from our creditors, vendors, customers and others.*

Our financial statements for our fiscal year ended March 31, 2006 contain an audit report from our independent accounting firm PricewaterhouseCoopers LLP that contains a going concern modification, stating that the uncertainty

with respect to our ability to maintain compliance with our financial covenants through fiscal 2007 raises substantial doubt about our ability to continue as a going concern. This going concern modification was based on our suffering recurring losses and negative cash flows from operations and our inability to comply with one or more of the covenants of our senior secured credit facility during fiscal 2005 and fiscal 2006. There is no assurance that we will be able to meet our fiscal 2007 business plan and be in compliance with our senior secured credit facility through the period as of March 31, 2007. This going concern modification could create concerns on the part of our creditors, vendors, customers and others about whether we will be able to fulfill our contractual obligations and otherwise continue to operate our business, which could result in a tightening of our liquidity. The going concern modification could also be perceived negatively by the capital markets, which could adversely affect the prices of our common stock as well as our ability to raise capital.



**Table of Contents**

***We are subject to a preliminary SEC inquiry.***

The Enforcement Division of the U.S. Securities and Exchange Commission (the SEC) has told us that it has commenced a preliminary inquiry into statements we made during fiscal year 2006 about our ability to comply with fiscal 2005 loan covenants and the going concern modification in the audit report in our annual report on Form 10-K for fiscal 2005, which we filed with the SEC in June 2005. If the preliminary inquiry results in a formal investigation, it could have a material adverse effect on our financial position, results of operations and cash flows.

***We are subject to fluctuations in exchange rates and other risks associated with our non-U.S. operations which could adversely affect our results of operations.***

We have significant manufacturing operations in, and export to, several countries outside the United States. Approximately 58% of our net sales for fiscal 2006 were generated in Europe, Asia and Australia, with the vast majority generated in Europe in Euros and British Pounds. Because such a significant portion of our operations is based overseas, we are exposed to foreign currency risk, resulting in uncertainty as to future assets and liability values, and results of operations that are denominated in foreign currencies. We invoice foreign sales and service transactions in local currencies, using actual exchange rates during the period, and translate these revenues and expenses into U.S. dollars at average monthly exchange rates. Because a significant portion of our net sales and expenses are denominated in foreign currencies, the depreciation of these foreign currencies in relation to the U.S. dollar could adversely affect our reported net sales and operating margins. We translate our non-U.S. assets and liabilities into U.S. dollars using current rates as of the balance sheet date. Therefore, foreign currency depreciation against the U.S. dollar would result in a decrease of our net investment in foreign subsidiaries.

In addition, foreign currency depreciation, particularly depreciation of the Euro, would make it more expensive for our non-U.S. subsidiaries to purchase certain of our raw material commodities that are priced globally in U.S. dollars, such as lead, which is quoted on the LME in U.S. dollars. We do not engage in significant hedging of our foreign currency exposure and cannot assure that we will be able to hedge our foreign currency exposures at a reasonable cost.

There are other risks inherent in our non-U.S. operations, including:

- changes in local economic conditions, including disruption of markets;
- changes in laws and regulations, including changes in import, export, labor and environmental laws;
- exposure to possible expropriation or other government actions; and
- unsettled political conditions and possible terrorist attacks against American interests.

These and other factors may have a material adverse effect on our non-U.S. operations or on our results of operations and financial condition.

***Our liquidity is affected by the seasonality of our business. Warm winters and cool summers adversely affect us.***

We sell a disproportionate share of our automotive aftermarket batteries during the fall and early winter. Resellers buy automotive batteries during these periods so they will have sufficient inventory for cold weather periods. In addition, many of our industrial battery customers in Europe do not place their battery orders until the end of the calendar year. This seasonality increases our working capital requirements and makes us more sensitive to fluctuations in the availability of liquidity. Unusually cold winters or hot summers may accelerate battery failure and increase demand for automotive replacement batteries. Mild winters and cool summers may have the opposite effect. As a result, if our

sales are reduced by an unusually warm winter or cool summer, it is not possible for us to recover these sales in later periods. Further, if our sales are adversely affected by the weather, we cannot make offsetting cost reductions to protect our liquidity and gross margins in the short-term because a large portion of our manufacturing and distribution costs are fixed.

***Decreased demand in the industries in which we operate may adversely affect our business.***

Our financial performance depends, in part, on conditions in the automotive, material handling and telecommunications industries, which, in turn, are generally dependent on the U.S. and global economies. As a result, economic and other factors adversely affecting production by original equipment manufacturers ( OEMs ) and

## **Table of Contents**

their customers' spending could adversely impact our business. Relatively modest declines in customer purchases from us could have a significant adverse impact on our profitability because we have substantial fixed production costs. If our OEM and large aftermarket customers reduce our inventory levels, and reduce their orders, our performance would be significantly adversely impacted. In this environment, we cannot predict future production rates or inventory levels or the underlying economic factors. Continued uncertainty and unexpected fluctuations may have a significant negative impact on our business.

The remaining portion of our battery sales are of aftermarket batteries. The factors influencing demand for automotive replacement batteries include: (1) the number of vehicles in use; (2) average battery life; (3) the average age of vehicles and their operating environment; (4) weather conditions; and (5) population growth and overall economic conditions. Any significant adverse change in any one of these factors may have a significant negative impact on our business.

***The loss of our sole supplier of polyethylene battery separators would have a material adverse effect on our business.***

We rely exclusively on a single supplier to fulfill our needs for polyethylene battery separators—a critical component to many of our products. There is no second source that could readily provide the volume of polyethylene separators used by us. As a result, any major disruption in supply from this supplier would have a material adverse impact on us. If we are not able to maintain a good relationship with this supplier, or if for reasons beyond our control the supplier's service were disrupted, our business may experience a significant negative impact.

***Many of the industries in which we operate are cyclical.***

Our operating results are affected by the general cyclical pattern of the industries in which our major customer groups operate. Any decline in the demand for new automobiles, light trucks, and sport utility vehicles could have a material adverse impact on the financial condition and results of operations of our transportation battery divisions. A weak capital expenditure environment in the telecommunications, uninterruptible power systems and electric industrial forklift truck markets could have a material adverse impact on the financial condition and results of operations of our industrial energy divisions.

***We are subject to pricing pressure from our larger customers.***

We face significant pricing pressures in all of our business segments from our larger customers. Because of our customers' purchasing size, our larger customers can influence market participants to compete on price and other terms. Such customers also use their buying power to negotiate lower prices. If we are not able to offset pricing reductions resulting from these pressures by improved operating efficiencies and reduced expenditures, those price reductions may have an adverse impact on our business.

***We face increasing competition and pricing pressure from other companies in our industries, and if we are unable to compete effectively with these competitors, our sales and profitability could be adversely affected.***

We compete with a number of major domestic and international manufacturers and distributors of lead acid batteries, as well as a large number of smaller, regional competitors. Due to excess capacity in some sectors of our industry and consolidation among industrial purchasers, we have been subjected to continual and significant pricing pressures. The North American, European and Asian lead acid battery markets are highly competitive. The manufacturers in these markets compete on price, quality, technical innovation, service and warranty. In addition, we are experiencing heightened competitive pricing pressure as Asian producers, able to employ labor at significantly lower costs than producers in the U.S. and Western Europe, expand their export capacity and increase their marketing presence in our

major markets.

***If we are not able to develop new products or improve upon our existing products on a timely basis, our business and financial condition could be adversely affected.***

We believe that our future success depends, in part, on the ability to develop, on a timely basis, new technologically advanced products or improve on our existing products in innovative ways that meet or exceed our competitors product offerings. Maintaining our market position will require continued investment in research and development and sales and marketing. Industry standards, customer expectations, or other products may emerge

**Table of Contents**

that could render one or more of our products less desirable or obsolete. We may be unsuccessful in making the technological advances necessary to develop new products or improve our existing products to maintain our market position. If any of these events occur, it could cause decreases in sales and have an adverse effect on our business and financial condition.

***We may be adversely affected by the instability and uncertainty in the world financial markets and the global economy, including the effects of turmoil in the Middle East.***

Instability in the world financial markets and the global economy, including (and as a result of) the turmoil in the Middle East, may create uncertainty in the industries in which we operate, and may adversely affect our business. In addition, terrorist activities may cause unpredictable or unfavorable economic conditions and could have a material adverse impact on our operating results and financial condition.

***We may be unable to successfully implement our business strategy, which could adversely affect our results of operations and financial condition.***

Our ability to achieve our business and financial objectives is subject to a variety of factors, many of which are beyond our control. For example, we may not be successful in increasing our manufacturing and distribution efficiency through productivity, process improvements and cost reduction initiatives. Further, we may not be able to realize the benefits of these improvements and initiatives within the time frames we currently expect. In addition, we may not be successful in increasing our percentage of captive arrangements and spent battery collections or in hedging our lead requirements, leaving us exposed to fluctuations in the price of lead. Additionally, our implementation of these strategies could be delayed due to our limited liquidity. Any failure to successfully implement our business strategy could adversely affect results of operations and financial condition, and could further impair our ability to make certain strategic capital expenditures and meet our restructuring objectives.

***We are subject to costly regulation in relation to environmental, health and safety matters, which could adversely affect our business and results of operations.***

In the manufacture of our products throughout the world, we manufacture, distribute, recycle and otherwise use large amounts of potentially hazardous materials, especially lead and acid. As a result, we are subject to a substantial number of costly regulations, including limits on employee blood lead levels. In particular, we are required to comply with increasingly stringent requirements of federal, state and local environmental and occupational safety and health laws and regulations in the United States and other countries, including those governing emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment and disposal of waste materials; and the cleanup of contaminated properties and human health and safety. Compliance with these laws and regulations results in ongoing costs. We could also incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, third party property damage or personal injury claims, or costs to upgrade or replace existing equipment, as a result of violations of or liabilities under environmental laws or non-compliance with environmental permits required at our facilities. In addition, many of our current and former facilities are located on properties with histories of industrial or commercial operations. Because some environmental laws can impose liability for the entire cost of cleanup upon any of the current or former owners or operators, regardless of fault, we could become liable for the cost of investigating or remediating contamination at these properties if contamination requiring such activities is discovered in the future. We may become obligated to pay material remediation-related costs at our Tampa, Florida facility in the amount of approximately \$12.5 million to \$20.5 million, at the Columbus, Georgia facility in the amount of approximately \$6.0 million to \$9.0 million and at the Sonalur, Portugal facility in the amount of \$3.5 million to \$7.0 million.

We cannot be certain that we have been, or will at all times be, in complete compliance with all environmental requirements, or that we will not incur additional material costs or liabilities in connection with these requirements in excess of amounts we have reserved. Private parties, including current or former employees, could bring personal injury or other claims against us due to the presence of, or exposure to, hazardous substances used, stored or disposed of by us, or contained in our products, especially lead. Environmental requirements are complex and have tended to become more stringent over time. These requirements or their enforcement may change in the future in a manner that could have a material adverse effect on our business, results of operations and financial condition. We have made and will continue to make expenditures to comply with environmental requirements. These

**Table of Contents**

requirements, responsibilities and associated expenses and expenditures, if they continue to increase, could have a material adverse effect on our business and results of operations. While our costs to defend and settle claims arising under environmental laws in the past have not been material, we cannot provide assurance that this will remain so in the future.

***The EPA or state environmental agencies could take the position that we have liability under environmental laws that were not discharged in bankruptcy. To the extent these authorities are successful in disputing the pre-petition nature of these claims, we could be required to perform remedial work that has not yet been performed for alleged pre-petition contamination, which would have a material adverse effect on our financial condition, cash flows or results of operations.***

The EPA or state environmental agencies could take the position that we have liability under environmental laws that were not discharged in bankruptcy. To the extent these authorities are successful in disputing the pre-petition nature of these claims, we could be required to perform remedial work that has not yet been performed for alleged pre-petition contamination, which would have a material adverse effect on our financial condition, cash flows or results of operations. We have previously been advised by the EPA or state agencies that we are a Potentially Responsible Party under the Comprehensive Environmental Response, Compensation and Liability Act or similar state laws at 97 federally defined Superfund or state equivalent sites. At 45 of these sites, we have paid our share of liability and believe that it is probable that our liability for most of the remaining sites will be treated as disputed unsecured claims under our Joint Plan of Reorganization (the Plan). However, there can be no assurance that these matters will be discharged. In addition, the EPA, in the course of negotiating this pre-petition claim, had notified us of the possibility of additional clean-up costs associated with Hamburg, Pennsylvania properties of approximately \$35.0 million. To date, the EPA has not made a formal claim for this amount or provided any support for this estimate. To the extent the EPA or other environmental authorities disputed the pre-petition nature of these claims, we would intend to resist any such effort to evade the bankruptcy law's intended result, and believe there are substantial legal defenses to be asserted in that case. However, there can be no assurance that we would be successful in challenging any such actions.

***We may be adversely affected by legal proceedings to which we are, or may become, a party.***

We are subject to a number of litigation and regulatory proceedings, the results of which could have a material adverse effect on our business, financial condition or results of operations. No assurances can be given that we will be able to successfully defend any such litigation and regulatory proceedings, and adverse results in one or more of such litigation and regulatory proceedings could have a material adverse effect on our business or operations.

***The cost of resolving our pre-petition disputed claims, including legal and other professional fees involved in settling or litigating these matters, could have a material adverse effect on our financial condition, cash flows and results of operations.***

At March 31, 2006, there were approximately 1,400 pre-petition disputed unsecured claims on file in the bankruptcy case that remain to be resolved through our 2004 plan of reorganization's claims reconciliation and allowance procedures. We established a reserve of common stock and warrants to purchase common stock for issuance to holders of these disputed unsecured claims as the claims are allowed by the bankruptcy court. Although these claims are generally resolved through the issuance of common stock and warrants from the reserve rather than the payment of money, the process of resolving these claims through settlement or litigation requires considerable resources, including expenditures for legal and professional fees and the attention of our personnel. These costs could have a material adverse effect on our financial condition, cash flows and results of operations. We are unable to predict how the recent declines in our stock price will impact this process given that our common stock is the currency in which these claims are resolved. On the one hand, lower stock prices may make some plaintiffs less willing to litigate but, on the other hand, may make some plaintiffs less willing to settle for less than the full amount of their claims depending

on a variety of factors, including the strength of the plaintiff's claims and the size of the plaintiff's anticipated ultimate award.



**Table of Contents**

***Holders of our common stock are subject to the risk of dilution of their investment as the result of the issuance of additional shares of common stock and warrants to purchase common stock to holders of pre-petition claims to the extent the reserve of common stock and warrants established to satisfy such claims is insufficient.***

Pursuant to our 2004 plan of reorganization, we have established a reserve of common stock and warrants to purchase common stock for issuance to holders of general unsecured pre-petition disputed claims. To the extent this reserve is insufficient to satisfy these disputed claims, we would be required to issue additional shares of common stock and warrants, which would result in dilution to holders of our common stock.

We agreed pursuant to our 2004 plan of reorganization to issue 25,000,000 shares of common stock and warrants initially exercisable for 6,250,000 shares of common stock, distributed as follows:

holders of pre-petition secured claims were allocated collectively 22,500,000 shares of common stock; and

holders of general unsecured claims were allocated collectively 2,500,000 shares of common stock and warrants to purchase 6,250,000 shares of common stock at \$32.11 per share, and approximately 13.4% of such new common stock and warrants were initially reserved for distribution for disputed general unsecured claims under our 2004 plan of reorganization's claims reconciliation and allowance procedures.

Under the claims reconciliation and allowance process set forth in our 2004 plan of reorganization, the Official Committee of Unsecured Creditors, in consultation with us, established a reserve to provide for a pro rata distribution of common stock and warrants to holders of disputed general unsecured claims as they become allowed. As claims are evaluated and processed, we will object to some claims or portions thereof, and upward adjustments (to the extent stock and warrants not previously distributed remain) or downward adjustments to the reserve will be made pending or following adjudication or other resolution of these objections. Predictions regarding the allowance and classification of claims are inherently difficult to make. With respect to environmental claims in particular, there is inherent difficulty in assessing our potential liability due to the large number of other potentially responsible parties. For example, a demand for the total cleanup costs of a landfill used by many entities may be asserted by the government using joint and several liability theories. Although we believe that there is a reasonable basis in law to believe that we will ultimately be responsible for only our share of these remediation costs, there can be no assurance that we will prevail on these claims. In addition, the scope of remedial costs, or other environmental injuries, are highly variable and estimating these costs involves complex legal, scientific and technical judgments. Many of the claimants who have filed disputed claims, particularly environmental and personal injury claims, produce little or no proof of fault on which we can assess our potential liability and either specify no determinate amount of damages or provide little or no basis for the alleged damages. In some cases we are still seeking additional information needed for claims assessment. Information that is unknown to us at the current time may significantly affect our assessment regarding the adequacy of the reserve amounts in the future.

As general unsecured claims have been allowed in the bankruptcy court, we have distributed common stock at a rate of approximately one share per \$383.00 in allowed claim amount and approximately one warrant per \$153.00 in allowed claim amount. These rates were established based upon the assumption that the stock and warrants allocated to non-noteholder general unsecured claims on the effective date of our 2004 plan of reorganization, including the reserve established for disputed general unsecured claims, would be fully distributed so that the recovery rates for all allowed unsecured claims would comply with our 2004 plan of reorganization without the need for any redistribution or supplemental issuance of securities. If the amount of non-noteholder general unsecured claims that is eventually allowed exceeds the amount of claims anticipated in the setting of the reserve, additional common stock and warrants will be issued for the excess claim amounts at the same rates as used for the other non-noteholder general unsecured claims. If this were to occur, additional common stock would also be issued to the holders of prepetition secured

claims to maintain the ratio of their distribution in common stock at nine times the amount of common stock distributed for all unsecured claims. Based on information currently available, as of July 31, 2006, approximately 7% of new stock and warrants reserved for distribution for disputed general unsecured claims has been distributed. The Company also continues to resolve certain non-objected claims.

**Table of Contents**

***Work stoppages or other labor issues at our facilities or our customers or suppliers facilities could adversely affect our operations.***

At March 31, 2006, approximately 20% of our North American and many of our non-U.S. employees were unionized. It is likely that a significant portion of our workforce will remain unionized for the foreseeable future. It is also possible that the portion of our workforce that is unionized may increase in the future. Contracts covering approximately 591 of our domestic employees will expire in 2007, and the remainder thereafter. In addition, contracts covering most of our union employees in Europe and the rest of the world expire on various dates through fiscal 2007. Although we believe that our relations with employees are generally good, if conflicts develop between us and our employees unions in connection with the renegotiation of these contracts or otherwise, work stoppages or other labor disputes could result. A work stoppage at one or more of our plants, or a material increase in our costs due to unionization activities, may have a material adverse effect on our business. Work stoppages at the facilities of our customers or suppliers may also negatively affect our business. If any of our customers experience a material work stoppage, that customer may halt or limit the purchase of our products. This could require us to shut down or significantly reduce production at facilities relating to those products. Moreover, if any of our suppliers experience a work stoppage, our operations could be adversely affected if an alternative source of supply is not readily available.

***Our ability to operate our business effectively could be impaired if we fail to attract and retain experienced key personnel.***

Our success depends, in part, on the continued contributions and experience of our senior officers and other key personnel. Certain of our senior officers are relatively new. The fact that certain of our key senior officers are recent additions to our staff and may not possess knowledge of our historical operations could adversely affect the operation of our business. Moreover, if in the future we lose or suffer an extended interruption in the service of one or more of our other senior officers or key employees, our financial condition and operating results may be adversely affected.

***Our internal control over financial reporting was not effective as of March 31, 2006.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, and the rules and regulations promulgated thereunder, our management was required to furnish a report on, and our independent registered public accounting firm attested to, our internal controls over financial reporting in our Annual Report on Form 10-K for the year ending March 31, 2006. In connection with the preparation of this report, our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2006, and this assessment identified several material weaknesses relating to ineffective controls over accounting for inventories and investments in affiliates, lack of sufficient resources in accounting and finance, lack of segregation of duties and ineffective controls over period-end accounting for income taxes. Because of these material weaknesses, our management concluded that our internal controls over financial reporting were not effective as of March 31, 2006 based on the criteria in the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In an effort to remediate the material weaknesses and other deficiencies, we are currently implementing a number of changes to our internal controls including hiring additional personnel to focus on ongoing remediation initiatives. However, there can be no assurance that such remediation steps will be successful, that we will not have significant deficiencies or other material weaknesses in the future or that, when next evaluated, our management will conclude, and our auditors will determine, that our internal control over financial reporting is effective. Any failure to implement effective internal controls could harm our operating results or cause us to fail to meet our reporting obligations. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock, and may require us to incur additional costs to improve our internal control system.



**Table of Contents**

***Our substantial indebtedness could adversely affect our financial condition.***

We have a significant amount of indebtedness. As of March 31, 2006, we had total indebtedness, including capital leases, of approximately \$701.0 million. Our level of indebtedness could have significant consequences. For example, it could:

limit our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements;

substantially increase our vulnerability to changes in interest rates, because a substantial portion of our indebtedness bears interest at floating rates;

limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities;

make us more vulnerable to a downturn in our business or in the economy;

place us at a disadvantage to some of our competitors, who may be less highly leveraged than us; and

require a substantial portion of our cash flow from operations to be used for debt payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes.

One or a combination of these factors could adversely affect our financial condition. Subject to restrictions in the indenture governing our convertible notes and our senior secured credit facility, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness.

***Restrictive covenants restrict our ability to operate our business and to pursue our business strategies, and our failure to comply with these covenants could result in an acceleration of our indebtedness.***

Our senior credit facility and the indenture governing our senior secured notes contain covenants that restrict our ability to finance future operations or capital needs, to respond to changing business and economic conditions or to engage in other transactions or business activities that may be important to our growth strategy or otherwise important to us. The credit agreement and the indenture governing our senior secured notes restrict, among other things, our ability and the ability of our subsidiaries to:

incur additional indebtedness or enter into sale and leaseback transactions;

pay dividends or make distributions on our capital stock or certain other restricted payments or investments;

purchase or redeem stock;

issue stock of our subsidiaries;

make investments and extend credit;

engage in transactions with affiliates;

transfer and sell assets;

effect a consolidation or merger or sell, transfer, lease or otherwise dispose of all or substantially all of our assets; and

create liens on our assets to secure debt.

In addition, our senior credit facility requires us to maintain minimum consolidated earnings before interest, taxes, depreciation, amortization and restructuring costs ( Adjusted EBITDA ) and requires us to repay outstanding borrowings with portions of the proceeds we receive from certain sales of property or assets and specified future debt offerings. Our ability to comply with the covenants in our senior credit facility may be affected by events beyond our control, and we may not be able to meet the financial ratios.

Any breach of the covenants in our senior secured credit agreement or the indenture governing our senior secured notes could cause a default under our senior secured credit agreement and other debt (including our notes), which would restrict our ability to borrow under our credit facility, thereby significantly impacting our liquidity. If

## **Table of Contents**

there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could cause all amounts outstanding with respect to the debt instrument to be due and payable immediately. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. If, as or when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, our senior credit facility, the lenders under our senior credit facility could institute foreclosure proceedings against the assets securing borrowings under the senior credit facility.

In fiscal 2005 and 2006, we were unable to comply with certain financial and other covenants in our senior credit facility at various times. In order to avoid an event of default, we were required to obtain waivers and amendments of such covenants from the lenders. This resulted in the payment of amendment fees as well as legal fees and other costs associated with the amendments, adversely affected our ability to maintain trade credit terms and contributed to our independent auditors including a going concern modification in their reports on our fiscal 2005 and 2006 financial statements.

***We have entered into a plea agreement with the U.S. Attorney for the Southern District of Illinois under which we are required to pay a fine of \$27.5 million over five years. If we are unable to post adequate security for this fine by February 2007 and the U.S. District Court is unwilling to modify the plea agreement, we could be unable to remain in compliance with the provisions of our senior credit facility and the indenture governing our senior secured notes, which could have a material adverse effect on our business and financial condition.***

In 2001, we reached a plea agreement with the U.S. Attorney for the Southern District of Illinois (the U.S. Attorney ) resolving an investigation into a scheme by former officers and certain corporate entities involving fraudulent representations and promises in connection with the distribution, sale and marketing of automotive batteries between 1994 and 1997. We agreed to pay a fine of \$27.5 million over five years, to five-years probation and to cooperate with the U.S. Attorney in its prosecution of the former officers. We filed for bankruptcy in April 2002 and did not pay any installments of the criminal fine before or during its bankruptcy proceedings, nor did we pay any installments of the criminal fine after we emerged from bankruptcy in May 2004. In 2002, the U.S. Attorney filed a claim against us as a general unsecured creditor and on May 31, 2006, the District Court approved a Joint Agreement and Proposed Joint Resolution of Issues Raised in the Government's Motion Filed on November 18, 2005 Regarding the Payment of Criminal Fine and modified our schedule to pay the \$27.5 million fine through quarterly payments over the next five years, ending in 2011. Under the order, we must provide security in a form acceptable to the court and to the government by February 26, 2007 for its guarantee of any remaining unpaid portion of the fine, but may petition the court if we believe our financial viability would be jeopardized by providing such security. If we are not able to provide security in a form acceptable to the court and to the government by February 26, 2007 and the district court is unwilling to modify the plea agreement, then the resulting obligation to provide such security could result in our inability to maintain compliance with our senior credit facility and the indenture governing our senior secured notes, which could have a material adverse effect on our business and financial condition.

## **Risks Related to the Rights Offering**

***The price of our common stock is volatile and may decline before or after the subscription rights expire.***

The market price of our common stock could be subject to wide fluctuations in response to numerous factors, some of which are beyond our control. These factors include, among other things, actual or anticipated variations in our operating results and cash flow, the nature and content of our earnings releases and our competitors' earnings releases, announcements of technological innovations that impact our services, customers, competitors or markets, changes in financial estimates by securities analysts, business conditions in our markets and the general state of the securities markets and the market for similar stocks, changes in capital markets that affect the perceived availability of capital to

companies in our industries, governmental legislation or regulation, currency and exchange rate fluctuations, as well as general economic and market conditions, such as recessions.



**Table of Contents**

We cannot assure you that the public trading market price of our common stock will not decline after you elect to exercise your rights. If that occurs, you may have committed to buy shares of common stock in the rights offering at a price greater than the prevailing market price, and could have an immediate unrealized loss. Moreover, we cannot assure you that following the exercise of your rights you will be able to sell your common stock at a price equal to or greater than the subscription price. Until shares are delivered upon expiration of the rights offering, you will not be able to sell the shares of our common stock that you purchase in the rights offering. Certificates representing shares of our common stock purchased will be delivered as soon as practicable after expiration of the rights offering. We will not pay you interest on funds delivered to the subscription agent pursuant to the exercise of rights.

***If the rights offering, the sale of shares to the Standby Purchasers and the Additional Standby Purchaser pursuant to their standby commitments under the Standby Agreement and the sale of additional shares of common stock to the Standby Purchasers are consummated, your relative ownership interest will experience significant dilution.***

The Standby Purchasers and the Additional Standby Purchaser are entering into a Standby Agreement with us which provides that, subject to certain conditions, they will purchase any shares that remain unsold in this offering at the same subscription price per share. To the extent that you do not exercise your rights and shares are purchased by other shareholders in the rights offering, your proportionate voting interest will be reduced, and the percentage that your original shares represent of our expanded equity after exercise of the rights will be diluted. We will also sell additional shares of our common stock to the Standby Purchasers. This sale will have the effect of diluting your proportionate interest in our common stock, regardless of whether you choose to exercise your subscription rights. The percentage of our common stock owned by shareholders other than the Standby Purchasers and the Additional Standby Purchaser will decline as a result of the sales to such investors from 86% to 36% if no other shareholders exercise their subscription rights, or to 66% even if all other shareholders exercise such rights.

***After the consummation of the rights offering and the sale of additional shares of common stock to the Standby Purchasers, a significant amount of our common stock will be concentrated in the hands of a few of our stockholders, and their interests may not coincide with yours.***

Upon the completion of the rights offering and the sale of additional shares of common stock to the Standby Purchasers, if only the Standby Purchasers and the Additional Standby Purchaser exercise their subscription rights, the Standby Purchasers and the Additional Standby Purchaser would collectively own, on a fully diluted basis, approximately 64% of our common stock. As a result, if the Standby Purchasers and the Additional Standby Purchaser and their respective affiliates were to elect to act together, they would have the ability to exercise control over matters generally requiring shareholder approval. These matters include the election of directors and the approval of significant corporate transactions, including potential mergers, consolidations or sales of all or substantially all of our assets. Your interests as a holder of the common stock may differ from the interests of the Standby Purchasers and the Additional Standby Purchaser and their affiliates.

***After the consummation of the rights offering and the sale of additional shares of common stock to the Standby Purchasers, the Standby Purchasers and the Additional Standby Purchaser will have significantly increased their ownership of our common stock and further acquisitions of our common stock by any of them could constitute a change of control or a change in control under the documents which govern our debt obligations.***

As of August 1, 2006 Tontine beneficially owned 2,425,387 shares, or approximately 9.7%, and the Additional Standby Purchaser beneficially owned 1,588,892 shares, or approximately 6.2%, of our common stock (including the Additional Standby Purchaser's warrants exercisable into common stock), respectively. After the completion of the rights offering and the sale of additional shares of common stock to the Standby Purchasers, the Standby Purchasers and the Additional Standby Purchaser will have significantly increased their proportionate ownership of our common stock. Under the credit agreement governing our senior credit facility, a change of control is deemed to have occurred

if any person or group acquires 30% or more of the issued and outstanding shares of our common stock on a fully diluted basis and under the indentures governing our senior notes and

**Table of Contents**

convertible notes a change in control is deemed to have occurred if any person or group acquires greater than 50% of the issued and outstanding shares of our common stock. If a change of control under our credit agreement or a change in control under our senior notes and convertible notes indentures is deemed to occur, the credit agreement lenders may require immediate payment of our outstanding borrowings and the noteholders can require us to purchase the notes, and such actions would have a material adverse effect on our business and financial condition. Although the number of shares they can purchase under the Standby Agreement is limited so that they cannot exceed such thresholds, there can be no assurance that they will not purchase additional shares in the future which would cause a change in control or a change of control to occur.

***The subscription rights are not transferable and there is no market for the subscription rights.***

You may not sell, give away or otherwise transfer your subscription rights. The subscription rights are only transferable by operation of law. Because the subscription rights are non-transferable, there is no market or other means for you to directly realize any value associated with the subscription rights. You must exercise the subscription rights and acquire additional shares of our common stock to realize any value.

***The subscription price determined for the rights offering is not an indication of the fair value of our common stock.***

The subscription price of \$3.50 per share in the rights offering was set by our Board of Directors. In determining the subscription price, our Board of Directors considered a number of factors, including: negotiations with the Standby Purchasers; our need for liquidity and capital; the likely cost of capital from other sources; our business prospects; the need to offer shares at a price that would be attractive to our investors relative to the current trading price of our common stock; the historical and current market price of our common stock; general conditions in the securities market; the need to provide an incentive to our shareholders to participate in the rights offering on a pro-rata basis; our operating history; and the liquidity of our common stock. In conjunction with its review of these factors, our Board of Directors also reviewed analyses of prior rights offerings by other public companies, including the range of discounts to market value represented by the subscription prices in those rights offerings. The subscription price does not necessarily bear any relationship to the book value of our assets, net worth, past operations, cash flows, losses, financial condition or any other established criteria for fair value. You should not consider the subscription price as an indication of the fair value of our common stock. After the date of this prospectus, our common stock may trade at prices above or below the subscription price.

***You may not revoke your subscription exercise and could be committed to buying shares above the prevailing market price.***

Once you exercise your subscription rights, you may not revoke the exercise. The public trading market price of our common stock may decline before the subscription rights expire. If you exercise your subscription rights and, afterwards, the public trading market price of our common stock decreases below the subscription price, you will have committed to buying shares of our common stock at a price above the prevailing market price. Our common stock is traded on the Nasdaq Global Market under the symbol XIDE, and the last reported sales price of our common stock on the Nasdaq Global Market on June 30, 2006 was \$4.28 per share. Moreover, you may be unable to sell your shares of common stock at a price equal to or greater than the subscription price you paid for such shares.

If we elect to withdraw or terminate the rights offering, neither we nor the subscription agent will have any obligation with respect to the subscription rights except to return, without interest, any subscription payments the subscription agent received from you.

***If you do not act promptly and follow the subscription instructions, your exercise of subscription rights may be rejected.***

Shareholders who desire to purchase shares in the rights offering must act promptly to ensure that all required forms and payments are actually received by the subscription agent prior to \_\_\_\_\_, 2006, the expiration date of the rights offering. If you are a beneficial owner of shares, you must act promptly to ensure that your broker, custodian bank or other nominee acts for you and that all required forms and payments are actually received by the

**Table of Contents**

subscription agent prior to the expiration date of the rights offering. We shall not be responsible if your broker, custodian or nominee fails to ensure that all required forms and payments are actually received by the subscription agent prior to the expiration date of the rights offering. If you fail to complete and sign the required subscription forms, send an incorrect payment amount or otherwise fail to follow the subscription procedures that apply to your exercise in the rights offering, the subscription agent may, depending on the circumstances, reject your subscription or accept it only to the extent of the payment received. Neither we nor our subscription agent undertakes to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

**Risks Related to our Common Stock**

*Sales, or the availability for sale, of substantial amounts of our common stock could adversely affect the value of our common stock.*

No prediction can be made as to the effect, if any, that future sales of our common stock, or the availability of common stock for future sales, will have on the market price of our common stock. Sales of substantial amounts of our common stock in the public market, and the availability of shares for future sale, including 1,256,618 shares of our common stock issuable upon exercise of outstanding options to acquire shares of our common stock, 3,454,231 shares of our common stock that may be issued upon conversion of our convertible notes and 6,250,000 shares covered by warrants issued and issuable under our 2004 plan of reorganization (such share totals not adjusted for antidilution adjustments that may be triggered by the rights offering and sale of additional shares of common stock), could adversely affect the prevailing market price of our common stock. This in turn would adversely affect the fair value of the common stock and could impair our future ability to raise capital through an offering of our equity securities.

*Our common stock price may be volatile, and consequently investors may not be able to resell their common stock at or above the subscription price.*

The price at which our common stock will trade after this offering may be volatile and may fluctuate due to factors such as:

our historical and anticipated quarterly and annual operating results;

variations between our actual results and analyst and investor expectations or changes in financial estimates and recommendations by securities analysts;

investor perceptions of our company and comparable public companies;

our ability to comply with financial covenants in our senior credit facility; and

conditions and trends in general market conditions.

Fluctuations may be unrelated to or disproportionate to company performance. These fluctuations may result in a material decline in the trading price of our common stock.

**Table of Contents**

**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements. These statements may be found throughout this prospectus, particularly under the headings Summary and Risk Factors, among others. Forward-looking statements typically are identified by the use of terms such as may, will, should, expect, anticipate, believe, estimate, intend and although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or state other forward-looking information based on currently available information. The factors listed above under the heading Risk Factors and in other sections of this prospectus provide examples of risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements. These statements include, among other things, the following:

projections of revenues, cost of raw materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, the effect of currency translations, capital structure and other financial items;

statements regarding our plans and objectives, including the introduction of new products or estimates or predictions of actions by customers, suppliers, competitors or regulating authorities;

statements of future economic performance;

statements of assumptions, such as the prevailing weather conditions in our market areas, underlying other statements and statements about our business; and

statements regarding our ability to obtain amendments under our debt agreements.

Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to the following general factors:

adverse reactions by creditors, vendors, customers and others to the going concern modification in the independent registered public accounting firm's audit report for the fiscal year ended March 1, 2006;

our ability to implement and fund our business strategies and restructuring plans based on current liquidity;

lead, which experiences significant fluctuations in market price and which, as a hazardous material, may give rise to costly environmental and safety claims, can affect our results because it is a major constituent in most of our products;

unseasonable weather (warm winters and cool summers), which adversely affects demand for automotive and some industrial energy batteries;

our reliance on a single supplier for our polyethylene battery separators;

a pending preliminary SEC inquiry;

our substantial debt and debt service requirements which restrict our operating and financial flexibility, and impose significant interest and financing costs and our ability to comply with the covenants in our debt

agreements or obtain waivers of noncompliance;

we are subject to a number of litigation and regulatory proceedings, the results of which could have a material adverse effect on our business, financial condition or results of operations;

the realization of the tax benefits of our net operating loss carry forwards, which are dependent upon future taxable income;

the battery markets in North America and Europe are very competitive and, as a result, it is often difficult to maintain margins;

**Table of Contents**

foreign operations involve risk such as disruption of markets, changes in import and export laws, currency restrictions, currency exchange rate fluctuations and possible terrorist attacks against U.S. interests;

we are exposed to fluctuations in interest rates on our variable debt which can affect our results;

our ability to maintain and generate liquidity to meet our operating needs;

general economic conditions;

Asian batteries sold in North America and Europe at lower prices;

our ability to acquire goods and services and/or fulfill labor needs at budgeted costs;

our ability to attract and retain key personnel;

our ability to pass along increased material costs to our customers;

the loss of one or more of our major customers;

our ability to consummate the rights offering and sale of additional shares of common stock to the Standby Purchasers, including obtaining required shareholder approval;

the substantial management time and financial and other resources needed for our consolidation and rationalization of acquired entities; and

our ability to comply with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations are disclosed under **Risk Factors** and elsewhere in this prospectus. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update beyond that required by law any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.



**Table of Contents**

**USE OF PROCEEDS**

The maximum net proceeds to us from the sale of our common stock offered in the rights offering and the sale of additional shares of common stock to the Standby Purchasers is estimated to be approximately \$117.7 million after deducting estimated offering expenses. We intend to use the proceeds of the rights offering, together with the proceeds of the sale of such additional shares of our common stock to the Standby Purchasers, to provide additional liquidity for capital expenditures (approximately \$46.0 million), restructuring activities (approximately \$30.5 million), general corporate purposes (approximately \$28.7 million) and working capital (approximately \$12.4 million).

**Table of Contents****CAPITALIZATION**

The following table describes our cash and cash equivalents and capitalization as of March 31, 2006 on an actual basis and on a pro forma, as adjusted basis to give effect to the sale of 21,428,571 shares in the rights offering and sale of 14,285,714 additional shares of common stock to the Standby Purchasers (including application of net proceeds as described above) at a price of \$3.50 per share.

	<b>At March 31, 2006</b>	
	<b>Historical</b>	<b>Pro Forma</b>
	<b>(in thousands except share data)</b>	
Cash and cash equivalents	\$ 32,161	\$ 149,923
Debt (including current portion):		
Senior secured credit facility	\$ 316,277	\$ 316,277
Capital lease obligations and other borrowings	23,352	23,352
Senior secured notes	290,000	290,000
Total senior debt (including current portion)	629,629	629,629
Convertible senior subordinated notes	60,000	60,000
Minority interest	12,666	12,666
Stockholders' equity:		
Common stock, \$0.01 par value, 61,500,000 shares authorized; 24,545,631 shares outstanding; 60,259,916 shares outstanding as adjusted	245	603
Preferred stock, \$0.01 par value, 1,000,000 shares authorized; no shares outstanding		
Additional paid-in capital	888,647	1,006,051
Accumulated deficit	(639,655)	(639,655)
Accumulated other comprehensive income (loss)	(24,498)	(24,498)
Total stockholders' equity	224,739	342,501
Total capitalization	\$ 927,034	\$ 1,044,796

Table of Contents**THE RIGHTS OFFERING****The Rights**

We are distributing to the record holders of our common stock as of the record date non-transferable subscription rights to subscribe for and purchase shares of our common stock, subject to the approval of our shareholders and the amendment of our certificate of incorporation. The per share price of \$3.50 is equal to a 20% discount to the average closing price of our common stock for the 30 trading day period ended July 6, 2006. The subscription rights will entitle the holders of common stock to purchase shares of common stock for an aggregate purchase price of \$75.0 million. See below for additional information regarding subscription by DTC participants.

Each holder of record of our common stock will receive 0.85753 of a subscription right for each share of our common stock held by such holder, subject to adjustment to eliminate fractional rights. Each subscription right will entitle the holder thereof to purchase at the subscription price, on or prior to the expiration time of the rights offering, the holder's pro rata portion of the shares of our common stock being offered in the rights offering, based upon the holder's holdings of our common stock as of the record date.

We intend to keep the rights offering open until \_\_\_\_\_, 2006 business days unless our Board of Directors extends such time with the approval of the Standby Purchasers.

**Effects on Ownership of Certain Beneficial Owners and Management**

The following table sets forth information on the beneficial ownership of our common stock by persons known to beneficially own more than 5% of our common stock, or directors and our executive officers and the potential effects of the rights offering and sale of additional shares. Note that beneficial ownership information includes shares which may be acquired by a specified person on the exercise of warrants, whereas the number of shares which may be purchased in the rights offering by such person is based only on the number of shares actually owned by such person.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class	Additional Rights Offering Shares	Additional Shares to Standby Purchasers(1)	Percentage of Class if All Holders Exercise Rights	Percent of Class if Only Standby Purchasers and Additional Purchaser Exercise Rights
<b>5% Shareholders</b>						
Sterling Capital Management LLC(2) 4064 Colony Road,	3,459,939	13.8%	2,966,995		10.6%	5.7%

Edgar Filing: EXIDE TECHNOLOGIES - Form S-3/A

Suite 300 Charlotte, NC 28211 Wells Fargo & Company(3) 420 Montgomery Street San Francisco, CA 94104	2,571,500	10.3%	2,205,133		7.9%	4.2%
Jeffrey L. Gendell(4) C/o Tontine Capital Management, L.L.C. 55 Railroad Avenue, 3rd Floor Greenwich, CT 06830	2,425,387	9.7%	2,079,837	8,571,428	21.5%	35.5%
Donald Smith & Co., Inc.(5) 152 West 57th Street New York, NY 10019 Stanfield Capital Partners LLC(6)	2,365,597	9.5%	2,028,565		7.2%	3.9%
430 Park Avenue New York, NY 10022 David J. Greene and Company, LLC(7)	1,926,062	7.7%	1,651,652		5.9%	3.2%
599 Lexington Avenue New York, NY 10022	1,816,760	7.3%	1,557,922		5.6%	3.0%

**Table of Contents**

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class	Additional Rights Offering Shares	Additional Shares to Standby Purchasers(1)	Percentage of Class if All Holders Exercise Rights	Percent of Class if Only Standby Purchasers and Additional Standby Purchaser Exercise Rights
Arklow Capital, LLC(8) 237 Park Avenue, Suite 900 New York, NY 10017	1,588,892	6.2%	814,044		4.1%	7.1%
<b>Directors and Officers</b>						
Michael R. D Appolonia	7,412	*	4,544		*	*
Mark C. Demetree	7,626	*	5,000		*	*
David S. Ferguson	4,036	*	3,460		*	*
Phillip M. Martineau	12,412	*	8,832		*	*
John P. Reilly	7,412	*	4,544		*	*
Michael P. Ressner	7,412	*	4,544		*	*
Gordon A. Ulsh	331,132	1.3%	218,210		*	*
Carroll R. Wetzel	4,036	*	3,460		*	*
Mitchell Bregman	21,775	*	12,945		*	*
Neil Bright	21,852	*	15,165		*	*
E.J. O Leary	35,514	*	21,878		*	*
Phillip A. Damaska	13,432	*	8,088		*	*
All Directors and executive officers as a group (15 persons)	507,253	2.0%	323,982		1.4%	*

\* Represents less than 1% of the outstanding common stock.

- (1) Assumes 100% participation in the rights offering.
- (2) The information reflects the Schedule 13G filed by Sterling Capital Management LLC on February 14, 2006. As of February 14, 2006, 3,459,939 shares of our common stock were beneficially owned by Sterling Capital Management LLC.
- (3) The information reflects the Schedule 13G filed jointly by Wells Fargo & Company and Wells Capital Management Incorporated on April 24, 2006. As of April 24, 2006, 2,571,500 shares of our common stock were reported beneficially owned by Wells Fargo & Company and 2,524,700 shares of our common stock were reported beneficially owned by Wells Capital Management Incorporated.
- (4) The information reflects the Schedule 13D filed jointly by Tontine Capital Management, L.L.C., Tontine Partners, L.P., Tontine Capital Partners, L.P., Tontine Management, L.L.C., Tontine Overseas Associates, L.L.C.,

and Jeffrey L. Gendell on June 29, 2006. Jeffrey L. Gendell ( Mr. Gendell ) is the managing member of Tontine Capital Management, L.L.C. ( TCM ), a Delaware limited liability company, the general partner of Tontine Capital Partners, L.P., a Delaware limited partnership ( TCP ). Mr. Gendell is the managing member of Tontine Management, L.L.C. ( TM ), a Delaware limited liability company, the general partner of Tontine Partners, L.P., a Delaware limited partnership ( TP ). Mr. Gendell is also the managing member of Tontine Overseas Associates, L.L.C., a Delaware limited liability company ( TOA ), the investment adviser to Tontine Overseas Fund, Ltd., a Cayman Islands corporation ( TOF ) and certain separately managed accounts. Mr. Gendell indirectly owns 2,425,387 shares of Common Stock of which is made up of the following: TCP directly owns 632,200 shares of Common Stock; TP directly owns 564,576 shares of Common Stock; TOF beneficially owns 1,178,611 shares of Common Stock; and certain separately managed accounts own 50,000.

- (5) The information reflects the Schedule 13G filed by Donald Smith & Co., Inc. on February 14, 2006. As of February 14, 2006, 2,365,597 shares of our common stock were beneficially owned by Donald Smith & Co., Inc.
- (6) The information reflects the Schedule 13G/A filed by Stanfield Capital Partners LLC on February 14, 2006. As of February 14, 2006, 1,926,062 shares of our common stock were beneficially owned by Stanfield Capital Partners LLC.

## **Table of Contents**

- (7) The information reflects the Schedule 13G filed by David J. Greene and Company, LLC on February 10, 2006. As of February 10, 2006, 1,816,760 shares of our common stock were beneficially owned by David J. Greene and Company, LLC.
- (8) The information reflects the Schedule 13G/A filed by Arklow Capital, LLC on July 7, 2006. As of July 7, 2006, 1,588,892 shares of our common stock were beneficially owned by Arklow Capital, LLC. including warrants exercisable into 639,600 shares of common stock held by Arklow Capital, LLC.

## **Reasons for the Rights Offering and Sale of Additional Shares of Common Stock to the Standby Purchasers**

In approving the rights offering, our Board of Directors carefully evaluated our need for liquidity, financial flexibility and additional capital. Our Board of Directors also considered several alternative capital raising methods prior to concluding that the rights offering was the appropriate alternative. In conducting its analysis, our Board of Directors also considered the dilution of the ownership percentage of the current holders of our common stock caused by the rights offering and the sale of additional shares of common stock to the Standby Purchasers, and the resulting anti-dilution adjustment to the conversion price for our convertible notes and the exercise price of our warrants. For more information regarding the anti-dilution adjustments to the conversion price for our convertible notes and the exercise price for our warrants, see [Description of Capital Stock Warrants](#) and [Description of Capital Stock Convertible Notes](#). In addition, our Board of Directors considered that the rights offering would only occur if the holders of a majority of the voting power represented by the shares of common stock present in person or by proxy at our stockholder meeting and entitled to vote, voting together as a single class, approved the transaction.

After weighing the factors discussed above and the effect of the rights offering and sale of additional shares of common stock to the Standby Purchasers of generating \$125.0 million, before expenses, in additional capital for us, we believe that the rights offering is the best alternative for capital raising and is in the best interests of our company and our stockholders. As described in [Use of Proceeds](#), the proceeds of the rights offering are intended to be used to provide additional liquidity for working capital, capital expenditures and general corporate purposes.

Although we believe that the rights offering will strengthen our financial condition, our Board of Directors is not making any recommendation as to whether you should exercise your subscription rights.

## **Standby Commitments**

On June 28, 2006, we entered into the Standby Agreement with the Standby Purchasers and the Additional Standby Purchaser. The following description of the Standby Agreement summarizes the material terms of the Standby Agreement. A copy of the Standby Agreement has been filed as an exhibit to our Form 8-K filed on June 29, 2006. We urge you to carefully read that entire document.

The Standby Agreement obligates us to sell, and requires the Standby Purchasers and the Additional Standby Purchaser to purchase from us, any and all shares of our common stock issuable upon the exercise of any rights remaining unsubscribed at the close of the rights offering subscription period. The price per share paid by the Standby Purchasers and the Additional Standby Purchaser for such common stock will be equal to the subscription price offered in the rights offering. We will also sell to the Standby Purchasers 14,285,714 additional shares of our common stock at a price equal to the subscription price for the rights offering for gross proceeds of \$50.0 million.

The obligation of the Standby Purchasers and the Additional Standby Purchaser to fulfill the standby commitments under the Standby Agreement is subject to the following conditions:

our representations and warranties under the Standby Agreement are true and correct in all material respects as of the date of the Standby Agreement and the date of the closing of the transactions contemplated thereunder;

our execution and delivery of a registration rights agreement;



**Table of Contents**

there having been no material adverse effect on our financial condition or earnings, financial position, operations, assets, results of operations, business or prospects and there having occurred no event or circumstance which would reasonably likely result in such a material adverse effect;

there having occurred none of the following events: (i) a suspension of trading of our Common Stock or a suspension of trading or the establishment of limited or minimum prices on securities generally on the New York Stock Exchange or Nasdaq Global Market; (ii) a banking moratorium having been declared either by U.S. federal or New York State authorities; or (iii) there having occurred any material outbreak or material escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis which has a material adverse effect on the U.S. financial markets (a Market Event ).

The obligation of Tontine to fulfill the standby commitments under the Standby Agreement is subject to the condition that on or prior to the closing date of the transactions contemplated by the Standby Agreement, two nominees of Tontine (who are reasonably acceptable to our Board of Directors) are elected to our Board of Directors, which will result in our Board of Directors consisting of not more than nine directors, provided that this action does not limit our Board of Directors' ability to change the number of our directors after such closing date.

Each of the Standby Purchasers and the Additional Standby Purchaser have agreed that they will not purchase shares in the rights offering which would result in either of them individually or any group (within the meaning of Section 13(d)(3) of the Exchange Act) of which they are a member owning (i) 30% or more of the issued and outstanding shares of our common stock on a fully diluted basis without the requisite prior written consent of our lenders under our senior secured credit facility or (ii) greater than 50% of the issued and outstanding shares of our common stock. If either Standby Purchaser would otherwise exceed such maximum number of shares, such excess shall be purchased by the other Standby Purchaser.

We have agreed, subject to the fiduciary duties of our Board of Directors after receipt of advice from our outside legal counsel, that we will not, other than with respect to the disposition of non-core assets as permitted by the credit agreement under our senior secured credit facility for a price not to exceed \$30.0 million in the aggregate and certain other transactions permitted by the Standby Agreement, discuss, knowingly encourage, negotiate, undertake, initiate, authorize, recommend, propose or enter into any transaction involving a merger, consolidation, business combination, purchase or disposition of any material amount of the assets or any capital stock other than the rights offering and sale of additional shares to the Standby Purchasers or facilitate, knowingly encourage, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of any such alternative transaction. We have also agreed not to furnish or cause to be furnished any information concerning our business, operations, properties or assets in connection with, or to otherwise cooperate with or facilitate any such alternative transaction. In addition, we have agreed to cease discussions or negotiations regarding the sale of our Industrial Energy Europe and Rest of World business segment.

If the rights offering has not closed on or prior to September 30, 2006, for any reason other than a material breach of the Standby Agreement by the Standby Purchasers or a termination of the Standby Agreement by the Standby Purchasers in connection with a Market Event or if we terminate the Standby Agreement prior to the closing of the rights offering other than as a result of a material breach of the Standby Agreement by the Standby Purchasers or if the Standby Purchasers terminate the Standby Agreement in accordance with its terms, other than in connection with a Market Event, the Standby Purchasers have the option to purchase additional shares of our common stock at a price equal to the rights offering subscription price for gross proceeds of \$50.0 million, provided that the Standby Purchasers must exercise this option within 10 business days of the occurrence of an event that triggers it. If our shareholders do not approve the rights offering, the Standby Purchasers may purchase a portion of the shares offered

to them under the Standby Agreement up to 19.9% of the issued and outstanding shares of our common stock at a price of \$4.50 per share.

As of August , 2006, Tontine and the Additional Standby Purchaser beneficially owned 2,425,387 and 1,588,892 shares of our common stock, consisting of approximately 9.7% and 6.4% of our issued and outstanding common stock, respectively (including, in the case of the Additional Standby Purchaser, warrants held by it). Legg Mason does not hold any shares of our common stock.

## **Table of Contents**

Each of the Standby Purchasers and the Additional Standby Purchaser has represented to us that they are not affiliates within the meaning of Rule 405 of the Securities Act of 1933, as amended and are not acting in concert with each other and are not members of a group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) that includes another Standby Purchaser or the Additional Standby Purchaser as a member of such a group and have no current intention to act in the future in a manner that would make them members of such a group.

In connection with the Standby Agreement, we have agreed that upon the closing of the transactions contemplated by the Standby Agreement, we will enter into a registration rights agreement in the form attached to the Standby Agreement filed as an exhibit to our Form 8-K filed on June 29, 2006, with the Standby Purchasers and the Additional Standby Purchaser. Pursuant to such registration rights agreement, we will register the resale of the shares of the Company's common stock that each Standby Purchaser and the Additional Standby Purchaser holds, including those they acquire in the rights offering and under the Standby Agreement.

As a result, once the registration statement with respect to such shares is declared effective by the SEC, such shares would be eligible for resale in the public market without restriction to the extent not already eligible for resale.

Pursuant to the registration rights agreement, we are required to:

use our reasonable best efforts to cause a registration statement to be filed and declared effective by the SEC within 90 days following the closing under the Standby Agreement; and

use our reasonable best efforts to keep the registration statement continuously effective for so long as any of the Standby Purchasers and the Additional Standby Purchaser or their permitted assigns hold our securities.

Subject to certain restrictions, we may delay without penalty the foregoing obligations to file any registration statement or keep any registration statement usable for resales during one or more periods aggregating not more than 90 days in any twelve-month period in the event that we would be required to disclose in the registration statement information not otherwise then required by law to be publicly disclosed and in the judgment of our Board of Directors, there is a reasonable likelihood that such disclosure or any other action to be taken in connection with the registration statement would materially and adversely affect any existing or prospective material business situation, transaction or negotiation or otherwise materially and adversely affect our company.

Under the registration rights agreement, at any time the registration statement is not effective and after written request of the Standby Purchasers or their permitted assigns, we will be required to effect the registration of securities addressed in such request. In addition, if we propose to file on our behalf or on behalf of selling securityholders a registration statement, the Standby Purchasers or their permitted assigns may request that their securities be registered on such registration statement.

## **Shareholder Approval**

The rights offering, the purchase of shares by the Standby Purchasers and the Additional Standby Purchaser pursuant to their standby commitments, the sale of additional shares of common stock to the Standby Purchasers and the amendment to our certificate of incorporation increasing the amount of authorized shares of our common stock require the approval of our shareholders. We have submitted these items to our shareholders for approval at our 2006 annual meeting to be held in August 2006.

## **Method of Exercising Rights**

Unless we give you a right of cancellation as a result of a fundamental (as determined by us) change to the terms of the rights offering, the exercise of rights is irrevocable and may not be cancelled or modified.

**Table of Contents**

You may exercise your rights as follows:

***Subscription by Registered Holders***

You may exercise your subscription privilege by properly completing and executing the rights certificate together with any required signature guarantees and forwarding it, together with payment in full of the subscription price for each share of the common stock you subscribe for, to the subscription agent at the address set forth under the subsection entitled Subscription Agent and Escrow Agent, on or prior to the expiration date.

***Subscription by DTC Participants***

Banks, trust companies, securities dealers and brokers that hold shares of our common stock as nominee for more than one beneficial owner may, upon proper showing to the subscription agent, exercise their subscription privilege on the same basis as if the beneficial owners were record holders on the record date through DTC. DTC will issue 0.85753 of a right to you for each share of our common stock you own at the record date, subject to adjustment to eliminate fractional rights. Each full right can then be used to purchase one share of common stock for \$3.50 per share. You may exercise these rights through DTC's PSOP Function on the agent's subscription over PTS procedure and instructing DTC to charge your applicable DTC account for the subscription payment for the new shares and deliver such amount to the subscription agent. DTC must receive the subscription instructions and payment for the new shares by the rights expiration date. Except as described under the subsection titled Notice of Guaranteed Delivery, subscriptions accepted by the subscription agent via a Notice of Guaranteed Delivery must be delivered to the subscription agent with payment before the expiration of the subscription period.

***Subscription by Beneficial Owners***

If you are a beneficial owner of shares of our common stock whose shares are registered in the name of a broker, custodian bank or other nominee, or if you hold common stock certificates and would prefer to have an institution conduct the transaction relating to the rights on your behalf, you should instruct your broker, custodian bank or other nominee or institution to exercise your rights and deliver all documents and payment on your behalf prior to 5:00 p.m. Eastern Daylight Time, on the expiration date. Your subscription rights will not be considered exercised unless the subscription agent receives from you, your broker, custodian, nominee or institution, as the case may be, all of the required documents and your full subscription price payment prior to 5:00 p.m. Eastern Daylight Time, on the expiration date.

**Payment Method**

Payments must be made in full in U.S. currency by:

check or bank draft payable to American Stock Transfer & Trust Company drawn upon a U.S. bank;

postal, telegraphic or express money order payable to American Stock Transfer & Trust Company, the subscription agent; or

wire transfer of immediately available funds to accounts maintained by the subscription agent.

Any personal check used to pay for shares of common stock must clear the appropriate financial institutions prior to the expiration date. The clearing house may require five or more business days. Accordingly, holders who wish to pay the subscription price by means of a uncertified personal check are urged to make payment sufficiently in advance of

the expiration date to ensure such payment is received and clears by such date. Rights certificates received after that time will not be honored, and we will return your payment to you, without interest.

The subscription agent will be deemed to receive payment upon:

clearance of any uncertified check deposited by the subscription agent;

receipt by the subscription agent of any certified check bank draft drawn upon a U.S. bank;

receipt by the subscription agent of any postal, telegraphic or express money order; or

receipt of collected funds in the subscription agent's account.

## **Table of Contents**

In other words, if you send an uncertificated check, payment will not be deemed to have been received by the subscription agent until the check has cleared, but if you send a certified check bank draft drawn upon a U.S. bank, a postal, telegraphic or express money order or wire or transfer funds directly to the subscription agent's account, payment will be deemed to have been received by the subscription agent immediately upon receipt of such instruments and wire or transfer.

You should read the instruction letter accompanying the rights certificate carefully and strictly follow it. **DO NOT SEND RIGHTS CERTIFICATES OR PAYMENTS TO US.** Except as described below under Notice of Guaranteed Delivery, we will not consider your subscription received until the subscription agent has received delivery of a properly completed and duly executed rights certificate and payment of the full subscription amount. The risk of delivery of all documents and payments is on you or your nominee, not us or the subscription agent.

The method of delivery of rights certificates and payment of the subscription amount to the subscription agent will be at the risk of the holders of rights, but, if sent by mail, we recommend that you send those certificates and payments by overnight courier or by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the subscription agent and clearance of payment before the expiration of the subscription period. Because uncertified personal checks may take at least five or more business days to clear, we strongly urge you to pay or arrange for payment by means of certified or cashier's check or money order to avoid missing the opportunity to exercise your subscription rights should you decide to exercise your subscription rights.

Unless a rights certificate provides that the shares of common stock are to be delivered to the record holder of such rights or such certificate is submitted for the account of a bank or a broker, signatures on such rights certificate must be guaranteed by an Eligible Guarantor Institution, as such term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, subject to any standards and procedures adopted by the subscription agent.

## **Missing or Incomplete Subscription Information**

If you do not indicate the number of subscription rights being exercised, or do not forward full payment of the total subscription price payment for the number of subscription rights that you indicate are being exercised, then you will be deemed to have exercised your basic subscription privilege with respect to the maximum number of subscription rights that may be exercised with the aggregate subscription price payment you delivered to the subscription agent. If we do not apply your full subscription price payment to your purchase of shares of our common stock, we or the subscription agent will return the excess amount to you by mail, without interest, as soon as practicable after the expiration date of the rights offering.

## **Expiration Date and Amendments**

The subscription period, during which you may exercise your subscription privilege, expires at 5:00 p.m., Eastern Daylight Time, on the expiration date. If you do not exercise your rights prior to that time, your rights will expire and will no longer be exercisable. We will not be required to issue shares of common stock to you if the subscription agent receives your rights certificate or your payment after that time, regardless of when you sent the rights certificate and payment, unless you send the documents in compliance with the guaranteed delivery procedures described below. We may, in our sole discretion, extend the time for exercising the subscription rights. If the commencement of the rights offering is delayed for a period of time, the expiration date of the rights offering will be similarly extended. In addition, if we should make any fundamental changes to the terms set forth in this prospectus, we will file a post-effective amendment to the registration statement, offer potential purchasers who have subscribed for rights the opportunity to cancel such subscriptions and issue a refund of any money advanced by such shareholder and circulate an updated prospectus after the post-effective amendment is declared effective with the SEC. In addition, upon such

event, we will extend the expiration date of the rights offering to allow holders of rights ample time to make new investment decisions and for us to recirculate updated documentation. Promptly following any such occurrence, we will issue a press release announcing any changes with respect to this offering and the new expiration date.

We will extend the duration of the rights offering as required by applicable law and may choose to extend it if we decide that changes in the market price of our common stock warrant an extension or if we decide to give



## **Table of Contents**

investors more time to exercise their subscription rights in the rights offering. We may extend the expiration date of the rights offering by giving oral or written notice to the subscription agent on or before the scheduled expiration date. If we elect to extend the expiration of the rights offering, we will issue a press release announcing such extension no later than 9:00 a.m., Eastern Daylight Time, on the next business day after the most recently announced expiration date.

We reserve the right, in our sole discretion, to amend or modify the terms of the rights offering.

## **Subscription Price**

Our Board of Directors determined the subscription price after negotiations with the Standby Purchasers, considering the likely cost of capital from other sources, the price at which our principal shareholders might be willing to participate in the rights offering, historical and current trading prices for our common stock, our need for liquidity and capital and the need to provide an incentive to our shareholders to participate in the rights offering on a pro-rata basis. The subscription price for a full subscription right is \$3.50 per share. The per share price is equal to a 20% discount to the average closing price of our common stock for the 30 trading day period ended July 6, 2006. The subscription price is not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of the common stock to be offered in the rights offering.

We cannot assure you that the market price of the common stock will not decline during or after the rights offering. We also cannot assure you that you will be able to sell shares of common stock purchased during the rights offering at a price equal to or greater than the subscription price. We urge you to obtain a current quote for our common stock before exercising your rights.

## **Conditions, Withdrawal and Termination**

We reserve the right to withdraw the rights offering on or prior to the expiration date for any reason. We may terminate the rights offering, in whole or in part, if at any time before completion of the rights offering there is any judgment, order, decree, injunction, statute, law or regulation entered, enacted, amended or held to be applicable to the rights offering that in the sole judgment of our Board of Directors would or might make the rights offering or its completion, whether in whole or in part, illegal or otherwise restrict or prohibit completion of the rights offering. We may waive any of these conditions and choose to proceed with the rights offering even if one or more of these events occur. If we terminate the rights offering, in whole or in part, all affected subscription rights will expire without value, and all subscription payments received by the subscription agent will be returned without interest as soon as practicable.

## **Cancellation Rights**

Our Board of Directors may cancel the rights offering in its sole discretion at any time prior to the time the rights offering expires for any reason. If we cancel the rights offering, we will issue a press release notifying shareholders of the cancellation and any funds you paid to the subscription agent will be returned without interest or deduction as soon as practicable.

## **Subscription Agent**

The subscription agent for this offering is American Stock Transfer & Trust Company. The address to which subscription documents, rights certificates, notices of guaranteed delivery and payments other than wire transfers should be mailed or delivered is:

Edgar Filing: EXIDE TECHNOLOGIES - Form S-3/A

*By Mail or Overnight Courier:*  
American Stock Transfer & Trust Company  
Operations Center  
Attn: Reorganization Department  
6201 15th Avenue  
Brooklyn, NY 11219

*By Hand:*  
American Stock Transfer & Trust Company  
Attn: Reorganization Department  
59 Maiden Lane  
New York, NY 10038

## **Table of Contents**

If you deliver subscription documents, rights certificates or notices of guaranteed delivery in a manner different than that described in this prospectus, then we may not honor the exercise of your subscription privileges.

You should direct any questions or requests for assistance concerning the method of subscribing for the shares of common stock or for additional copies of this prospectus to the information agent, Georgeson Shareholder Communications Inc., (888) 206-5896.

## **Fees and Expenses**

We will pay all fees charged by the subscription agent and the information agent. You are responsible for paying any other commissions, fees, taxes or other expenses incurred in connection with the exercise of the rights. Neither we nor the subscription agent will pay such expenses.

## **No Fractional Rights**

We will not issue fractional subscription rights or cash in lieu of fractional rights. Fractional subscription rights will be rounded to the nearest whole number, with such adjustments as may be necessary to ensure that we offer 21,428,571 shares of common stock in the rights offering. In the unlikely event that, due to the rounding of fractional subscription rights, the rights offering would have been subscribed in an amount in excess of 21,428,571 shares of common stock, all holders' subscription rights will be reduced in an equitable manner. Any excess subscription funds will be promptly returned without interest.

## **Medallion Guarantee May Be Required**

Your signature on each subscription rights certificate must be guaranteed by an eligible institution, such as a member firm of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States, subject to standards and procedures adopted by the subscription agent, unless:

your subscription rights certificate provides that shares are to be delivered to you as record holder of those subscription rights; or

you are an eligible institution.

## **Notice To Brokers and Nominees**

If you are a broker, a trustee or a depository for securities who holds shares of our common stock for the account of others on the rights offering record date, you should notify the respective beneficial owners of such shares of the rights offering as soon as possible to find out their intentions with respect to exercising their subscription rights. You should obtain instructions from the beneficial owner with respect to their subscription rights, as set forth in the instructions we have provided to you for your distribution to beneficial owners. If the beneficial owner so instructs, you should complete the appropriate subscription rights certificates and submit them to the subscription agent with the proper payment. If you hold shares of our common stock for the account(s) of more than one beneficial owner, you may exercise the number of subscription rights to which all such beneficial owners in the aggregate otherwise would have been entitled had they been direct record holders of our common stock on the rights offering record date, provided that you, as a nominee record holder, make a proper showing to the subscription agent by submitting the form entitled "Nominee Holder Certification" that we will provide to you with your rights offering materials. If you did

not receive this form, you should contact the subscription agent to request a copy.

**Beneficial Owners**

If you are a beneficial owner of shares of our common stock or will receive your subscription rights through a broker, custodian bank or other nominee, we will ask your broker, custodian bank or other nominee to notify you of the rights offering. If you wish to exercise or sell your subscription rights, you will need to have your broker, custodian bank or other nominee act for you. If you hold certificates of our common stock directly and would prefer to have your broker, custodian bank or other nominee act for you, you should contact your nominee and request it to

## **Table of Contents**

effect the transactions for you. To indicate your decision with respect to your subscription rights, you should complete and return to your broker, custodian bank or other nominee the form entitled Beneficial Owners Election Form. You should receive this form from your broker, custodian bank or other nominee with the other rights offering materials. If you wish to obtain a separate subscription rights certificate, you should contact the nominee as soon as possible and request that a separate subscription rights certificate be issued to you. You should contact your broker, custodian bank or other nominee if you do not receive this form, but you believe you are entitled to participate in the rights offering. We are not responsible if you do not receive the form from your broker, custodian bank or nominee or if you receive it without sufficient time to respond.

## **Notice of Guaranteed Delivery**

The subscription agent will grant you three business days after the expiration date to deliver the rights certificate if you follow the following instructions for providing the subscription agent notice of guaranteed delivery. On or prior to the expiration date, the subscription agent must receive payment in full for all shares of common stock subscribed for through the exercise of the subscription privilege, together with a properly completed and duly executed notice of guaranteed delivery substantially in the form accompanying this prospectus either by hand, mail, telegram or facsimile transmission, that specifies the name of the holder of the rights and the number of shares of common stock subscribed for. If applicable, it must state separately the number of shares of common stock subscribed for through the exercise of the subscription privilege and a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States must guarantee that the properly completed and executed rights certificate for all shares of common stock subscribed for will be delivered to the subscription agent within three business days after the expiration date. The subscription agent will then conditionally accept the exercise of the privileges and will withhold the certificates for shares of common stock until it receives the properly completed and duly executed rights certificate within that time period.

In the case of holders of rights that are held of record through DTC, those rights may be exercised by instructing DTC to transfer rights from that holder's DTC account to the subscription agent's DTC account, together with payment of the full subscription price. The notice of guaranteed delivery must be guaranteed by a commercial bank, trust company or credit union having an office, branch or agency in the United States or by a member of a Stock Transfer Association approved medallion program such as STAMP, SEMP or MSP. Notices of guaranteed delivery and payments should be mailed or delivered to the appropriate addresses set forth under Subscription Agent and Escrow Agent.

## **Transferability of Rights**

The rights granted to you are non-transferable and, therefore, may not be assigned, gifted, purchased or sold to anyone else. The rights offered hereunder are non-transferable because we cannot assure you that our shareholders will approve the rights offering.

## **Validity of Subscriptions**

We will resolve all questions regarding the validity and form of the exercise of your subscription privilege, including time of receipt and eligibility to participate in the rights offering. Our determination will be final and binding. Once made, unless we give you a right of cancellation as a result of a fundamental (as determined by us) change to the terms of the rights offering, subscriptions and directions are irrevocable, and we will not accept any alternative, conditional or contingent subscriptions or directions. We reserve the absolute right to reject any subscriptions or directions not properly submitted or the acceptance of which would be unlawful. You must resolve any irregularities in connection with your subscriptions before the subscription period expires, unless waived by us in our sole discretion. Neither we nor the subscription agent shall be under any duty to notify you or your representative of defects in your subscriptions.

A subscription will be considered accepted, subject to our right to withdraw or terminate the rights offering, only when a properly completed and duly executed rights certificate and any other required documents and payment of the full subscription amount have been received by the subscription agent. Our interpretations of the terms and conditions of the rights offering will be final and binding.

**Table of Contents**

**Escrow Arrangements; Return of Funds**

The subscription agent will hold funds received in payment for shares of the common stock in a segregated account pending completion of the rights offering. The subscription agent will hold this money in escrow until the rights offering is completed or is withdrawn and canceled. If the rights offering is canceled for any reason, we will promptly return this money to subscribers without interest.

**Rights of Subscribers**

You will have no rights as a shareholder until certificates representing shares of common stock are issued to you. You will have no right to revoke your subscriptions after you deliver your completed rights certificate, payment and any other required documents to the subscription agent.

**Foreign Shareholders**

We will not mail rights certificates to shareholders whose addresses are outside the United States or who have an army post office or foreign post office address. The subscription agent will hold these rights certificates for their account. To exercise rights, our foreign shareholders must notify the subscription agent prior to 11:00 a.m., Eastern Daylight Time, at least three business days prior to the expiration date by completing an international holder subscription form which will be delivered to those holders in lieu of a rights certificate and sending it by mail or telecopy to the subscription agent at the address and telecopy number set forth under Subscription Agent and Escrow Agent.

**No Revocation or Change**

Once you submit the form of rights certificate to exercise any rights, you are not allowed to revoke or change the exercise or request a refund of monies paid. Unless we give you a right of cancellation as a result of a fundamental (as determined by us) change to terms of the rights offering, all exercises of rights are irrevocable, even if you learn information about us that you consider to be unfavorable. You should not exercise your rights unless you