IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	**Chapter 11**
	)	
EXIDE TECHNOLOGIES, et al.,[1]	)	
	)	**Case No. 02-11125 (KJC)**
	)	**(Jointly Administered)**
Debtors.	)	

DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND THE DEBTORS

IMPORTANT DATES

- *Date by which Ballots must be received:* ***April 9, 2004***
- *Date by which objections to Confirmation of the Joint Plan must be filed and served:* ***April 9, 2004***
- *Hearing on Confirmation of the Joint Plan:* ***April 16, 2004***

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Dated: March 11, 2004

[1] The Debtors in these proceedings are: Exide Technologies f/k/a Exide Corporation; Exide Delaware, L.L.C.; Exide Illinois, Inc.; RBD Liquidation, L.L.C.; Dixie Metals Company; and Refined Metals Corporation.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, GENERALLY IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

FOR NON U.S. HOLDERS ONLY: THE DISTRIBUTION OF THIS DISCLOSURE STATEMENT AND THE ISSUE OR TAKING UP OF THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES. IN AN EFFORT TO COMPLY WITH LOCAL JURISDICTIONAL REQUIREMENTS GOVERNING THE OFFER AND ISSUANCE OF SECURITIES, DEBTORS HAVE MADE REASONABLE EFFORTS TO ASCERTAIN THE JURISDICTIONS WHERE DEBTORS' SECURITIES AND OTHER CLAIMS ARE CURRENTLY HELD AND IN WHICH THE SECURITIES OF REORGANIZED DEBTORS WILL BE HELD AFTER THE EFFECTIVE DATE. NO ACTION HAS BEEN TAKEN BY DEBTORS THAT WOULD PERMIT AN OFFER OF ANY SECURITIES ISSUED UNDER THE JOINT PLAN OR POSSESSION OR DISTRIBUTION OF THIS DISCLOSURE STATEMENT IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. PERSONS INTO WHOSE POSSESSION THIS DISCLOSURE STATEMENT COMES ARE REQUIRED BY DEBTORS TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTIONS. IN ADDITION, DEBTORS RECOMMEND THAT HOLDERS OR POTENTIAL HOLDERS OF SECURITIES UNDER THE JOINT PLAN CONSULT WITH THEIR OWN ADVISORS CONCERNING ANY LIMITATIONS ON THEIR RIGHT TO TRANSFER SUCH SECURITIES. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR ISSUE, OR THE SOLICITATION OF ANY OFFER TO BUY OR SUBSCRIBE FOR ANY SECURITIES BY ANY PERSON IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. TO THE EXTENT THAT DEBTORS ARE REQUIRED TO COMPLY WITH CERTAIN REQUIREMENTS OF JURISDICTIONS IN WHICH HOLDERS OF SECURITIES OF DEBTORS RESIDE DUE TO THE PARTICIPATION OF HOLDERS IN SUCH JURISDICTIONS IN ANY VOTE OR ELECTION WITH RESPECT TO THE JOINT PLAN, DEBTORS SHALL NOT BE REQUIRED TO TAKE SUCH PARTICIPATION INTO ACCOUNT.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE JOINT PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS WHICH ARE ATTACHED HERETO ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THAT INFORMATION AND TO THOSE DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE JOINT PLAN, OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE JOINT PLAN SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN UNLESS SO SPECIFIED. EACH HOLDER OF AN IMPAIRED CLAIM SHOULD CAREFULLY REVIEW THE JOINT PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE JOINT PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR, SUBSEQUENT TO A FILING BY DEBTORS UNDER THE BANKRUPTCY CODE, BY THE

BANKRUPTCY COURT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF THE JOINT PLAN WHICH ARE OTHER THAN OR INCONSISTENT WITH THE INFORMATION CONTAINED HEREIN AND IN THE JOINT PLAN SHOULD NOT BE RELIED UPON BY YOU.

ALTHOUGH DEBTORS HAVE USED THEIR BEST EFFORTS TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED, EXCEPT FOR THE FINANCIAL STATEMENTS INCLUDED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K INCLUDED AS EXHIBIT D HERETO.

THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY DEBTORS' MANAGEMENT WITH THE ASSISTANCE OF THE BLACKSTONE GROUP, L.P. ("BLACKSTONE"), FINANCIAL ADVISORS TO THE DEBTORS, AND ALIXPARTNERS LLC ("ALIXPARTNERS"), TURNAROUND ADVISORS TO THE DEBTORS. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND REORGANIZED DEBTORS' CONTROL. DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE PROJECTIONS OR TO REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER THE PROJECTIONS, THEREFORE, SHOULD NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

SEE ARTICLE V OF THIS DISCLOSURE STATEMENT, "RISK FACTORS," FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE JOINT PLAN.

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SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Disclosure Statement.

Exide Technologies (together with its subsidiaries unless the context requires otherwise, the "Company" or "Exide") is a Delaware corporation organized in 1966 to succeed to the business of a New Jersey corporation founded in 1888. The Company is one of the largest manufacturers of lead acid batteries in the world, with fiscal 2003 net sales of approximately $2.4 billion. The Company manufactures and supplies lead acid batteries for transportation and industrial applications worldwide.

On April 15, 2002 ("Petition Date"), Exide and three of its wholly-owned, U.S. subsidiaries (RBD Liquidation, LLC ("RBD"), Exide Delaware, LLC ("Exide Delaware") and Exide Illinois, Inc. ("Exide Illinois")) filed voluntary petitions for reorganization under Chapter 11 of the federal bankruptcy laws ("Bankruptcy Code" or "Chapter 11") in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") under case numbers 02-11125 through 02-11128. On November 21, 2002, Refined Metals Corporation ("Refined") and Dixie Metals Corporation ("Dixie"), both wholly-owned, non-operating subsidiaries of Exide, filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court under case numbers 02-13449 and 02-13450. Refined and Dixie have no employees and negligible, if any, assets. RBD, Exide Delaware, Exide Illinois, Dixie and Refined, together with Exide are hereinafter referred to as the "Debtors." All of the foregoing cases are being jointly administered for procedural purposes before the Bankruptcy Court under case number 02-11125.

As debtors-in-possession under Chapter 11, the Debtors are authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court. The Company's operations outside of the U.S. are not included in the Chapter 11 proceedings.

This Disclosure Statement is being furnished by Debtors as proponents of the Joint Plan of Reorganization of the Official Committee of Unsecured Creditors and the Debtors (the "Joint Plan," a copy of which is attached hereto as *Exhibit A*), pursuant to section 1125 of the United States Bankruptcy Code (the "Bankruptcy Code") and in connection with the solicitation of votes (the "Solicitation") for the acceptance or rejection of the Joint Plan, as it may be amended or supplemented from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules. **Capitalized terms used herein but not otherwise defined herein shall have the meanings given to such terms in the Joint Plan.**

This Disclosure Statement describes certain aspects of the Joint Plan, the Company's operations, the Company's projections and other related matters, including the treatment of holders (each, a "Holder" and collectively, the "Holders") of existing Claims and Equity Interests.

Events Leading to the Chapter 11 Cases

The Company and certain of its subsidiaries decided to file for reorganization under Chapter 11 as it offered the most efficient alternative to restructure its balance sheet and access new working capital while continuing to operate in the ordinary course of business. The Company has a heavy debt burden, caused largely by a debt-financed acquisition strategy and the significant costs of integrating those acquisitions. Other factors leading to the reorganization included the impact of adverse economic conditions on the Company's markets, particularly telecommunications, ongoing competitive pressures and capital market volatility. These factors contributed to a loss of revenues and resulted in significant operating losses and negative cash flows, severely impacting the Company's financial condition and its ability to maintain compliance with debt covenants.

The Company's operations outside of the U.S. are not included in the Chapter 11 proceedings. However, in connection with the Chapter 11 filing, the Company entered into the Standstill Agreement and Fifth Amendment to the Credit Agreement, as amended on December 5, 2003 and amended and restated on February 13, 2004 (the "Standstill Agreement"), with its Prepetition Credit Facility (as defined in Section I.B.2 below) lenders, whereby those lenders have agreed to forbear collection of principal payments on foreign borrowings under the Prepetition Credit Facility from non-Debtor subsidiaries until June 18, 2004, subject to earlier termination upon the occurrence of certain events. The principal events which could result in an early termination of the Standstill Agreement are: (1) non-payment of interest on the European tranche of the Company's Prepetition Credit Facility as and when due; (2) if any significant foreign subsidiaries commence any winding up or liquidation proceeding; (3) an event of default shall occur under the Replacement DIP Credit Facility that has not been waived or cured in accordance with the terms thereof, other than certain specified events of default thereunder; (4) termination of the Replacement DIP Credit Facility; and (5) non-payment of principal of the 9.125% Senior Notes (Deutsche mark denominated) agreement at the final maturity thereof.

On May 10, 2002, the Debtors received final Bankruptcy Court approval of its prior $250 million debtor-in-possession credit facility (the "Original DIP Credit Facility"). The Original DIP Credit Facility was being used to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted pre-petition claims, working capital needs, letter of credit requirements and for other

general corporate purposes. On February 13, 2004, the Company amended and restated the Original DIP Credit Facility to provide up to $500 million in financing (the "Replacement DIP Credit Facility") (1) to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, working capital needs, letter of credit requirements and other general corporate purposes, (2) purchase the outstanding loans and commitments of the lenders under the European securitization facility, (3) to provide the Company with an additional $40 million in working capital financing and (4) to provide the Company with a $125 million stand-by commitment to pay the 9.125% Senior Notes (Deutsche mark denominated) at their April 15, 2004 maturity.

The purpose of the Joint Plan is to restructure Debtors' debt to provide Debtors with a capital structure that can be supported by the cash flow of their operations. Assuming that all Holders of Allowed Class P3 and S3 Prepetition Credit Facility Claims choose the Class P3 Option A, the Joint Plan will reduce Debtors' debt and accrued interest by approximately $1.4 billion and their future annual interest expense by approximately $55–60 million. Debtors believe that the reorganization contemplated by the Joint Plan is in the best interests of their creditors and interested constituencies. If the Joint Plan is not confirmed, Debtors believe that they will be forced to either file an alternate plan of reorganization or liquidate under Chapter 7 of the Bankruptcy Code ("Chapter 7"). In either event, Debtors believe that the Company's creditors would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims under an alternative plan or liquidation. The Debtors further believe that the Company's equity holders, who are not entitled to receive a distribution under the Joint Plan, would not receive a distribution under an alternative plan or liquidation. See the Liquidation Analysis set forth in *Exhibit B* attached hereto.

Events Since the Second Amended Disclosure Statement

On October 25, 2003, and within the Debtors' exclusive period to file a plan of reorganization, the Debtors filed the Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Fourth Amended Plan"). On December 30, 2003, the Bankruptcy Court issued an order denying confirmation of the Fourth Amended Plan. The Bankruptcy Court found the Debtors' enterprise value to be in the range of $1.4 billion to $1.6 billion. Given, in large part, its opinion on the value of the Debtors' estates, the Bankruptcy Court held that (1) although the Debtors are authorized to propose a settlement of the Creditors Committee Adversary Proceeding under section 1123(b)(3)(A) of the Bankruptcy Code, the proposed settlement in the Fourth Amended Plan was not fair and equitable because the $8.5 million settlement amount was below the lowest range of reasonableness; (2) the Fourth Amended Plan's release and injunction provisions were not approved because general unsecured creditors did not receive fair consideration from the parties proposed to be released in return for such releases; and (3) the Debtors' proposed distribution to certain general unsecured creditors is not a reallocation of the Prepetition Lenders' recovery because there may be sufficient value to pay the Prepetition Lenders in full. The Bankruptcy Court's order further urged the parties to continue discussing a consensual exit strategy in light of the above findings. In consideration of the Bankruptcy Court's order and its determination that the Debtors' enterprise value is in the range of $1.4 billion to $1.6 billion, the Creditors Committee, the Debtors, the Agent and their respective advisors negotiated for several weeks in an effort to reach a consensual plan of reorganization. On January 22, 2004, the parties reached an agreement in principle, which is the basis for this Disclosure Statement and the Joint Plan.

The Debtors' exclusive period to file a plan of reorganization and obtain acceptances to any such plan has expired with respect to the Agent and the Creditors Committee, but such period was extended to February 15, 2004 for all other parties. The Debtors have filed a motion to further extend their exclusive period to solicit acceptances of a plan of reorganization with respect to all parties except the Agent and the Creditors Committee to May 15, 2004.

Treatment of Claims and Equity Interests

The table set forth below summarizes the Classes of Claims and Equity Interests under the Joint Plan, projected aggregate amount of such Classes, the treatment of such Classes, and the projected recoveries of such Classes both in connection with the Joint Plan and in a liquidation under Chapter 7 of the Bankruptcy Code. The projected recoveries (if the Joint Plan is approved) are based upon certain assumptions contained in the valuation analysis as set forth in Section I.H hereof and subject to dilution for the Company Incentive Plan.

(Dollars in Millions)

Class/Type of Claim or Interest	Projected Claims/ Interests	Joint Plan Treatment of Class	Projected Recovery under Joint Plan	Projected Recovery Under Chapter 7
Administrative Claims	$1.0	Paid in full	$1.0 100%	$1.0 100%

Class/Type of Claim or Interest	Projected Claims/ Interests	Joint Plan Treatment of Class	Projected Recovery under Joint Plan	Projected Recovery Under Chapter 7
DIP Facility Claims	$340.3	Paid in full	$340.3 100%	$340.3 100%
Priority Tax Claims	$1.4	Paid in full	$1.4 100%	$0.0 0%
Other Priority Claims (Classes P1 & S1)	$1.2	Paid in full	$1.2 100%	$0.0 0%
Other Secured Claims (Classes P2 & S2)	$1.2	Paid in full	$1.2 100%	$0.0 2.0%
Prepetition Credit Facility Claims (Classes P3 & S3)[2]	$802.7	(i) Class P3 Option A: • Pro Rata Share of 90% of New Exide Common Stock after distributions, if any, to Option B Electors.	$798.0 99.4%[3]	$15.9 2.0%[4]
		(ii) Class P3 Option B: • Pro Rata Share of 90% of New Exide Common Stock, with value of Elector's Claim set at $1 over liquidation value. • Prepetition Foreign Secured Claims governed by Amended Prepetition Foreign Credit Agreement.	$18.1 35.9%[5]	$1.0 2.0%[6]
General Unsecured Claims of Exide Technologies (Class P4)[7]	$271.0[8]	(i) Class P4-A: • Pro Rata share of Class P4 Distribution, based on the Allowed amount of Claims.	$46.0 - $59.2 17.0% - 21.9%	$0.0 0%
	$314.9	(ii) Class P4-B: • Pro Rata share of Class P4 Distribution allocable to Holders of Allowed Class P4-B and P4-C Claims shall be aggregated, with Class P4-B receiving 86.67% of the aggregate amount.	$94.2 - $121.4 29.9% - 38.5%	$0.0 0%

[2] The projected recoveries under the Joint Plan are based on an enterprise value of $1.5 billion.

[3] The recovery will vary depending upon the Allowed amount of Prepetition Foreign Credit Facility Claims of Option B Electors.

[4] Taking into consideration projected recoveries on account of Allowed Prepetition Foreign Secured Claims of Option B Electors, if any, the aggregate recovery will be 11.6%.

[5] Assumes there are the maximum amount of Option B Electors allowed under the Plan.

[6] Taking into consideration projected recoveries on account of Allowed Prepetition Foreign Secured Claims of Option B Electors, if any, the aggregate recovery will be 11.6%.

[7] The projected recoveries under the Joint Plan are based on an enterprise value range of $1.4 billion to $1.6 billion.

[8] This number includes estimates of certain unliquidated and disputed Claims that the Debtors have estimated for purposes of projecting distributions to unsecured creditors.

Class/Type of Claim or Interest	Projected Claims/ Interests	Joint Plan Treatment of Class	Projected Recovery under Joint Plan	Projected Recovery Under Chapter 7
	$325.8	(iii) Class P4-C: • Pro Rata share of Class P4 Distribution allocable to Holders of Allowed Class P4-B and P4-C Claims shall be aggregated, with Class P4-C receiving 13.33% of the aggregate amount.	$14.5 - $18.7 4.4% - 5.7%	$0.0 0%
Equity Interests (Class P5)	27.4 million shares	Cancelled, and Holders thereof not entitled to receive any distribution or retain any property under the Joint Plan.	$0.0 0%	$0.0 0%
General Unsecured Claims of Subsidiary Debtors (Class S4)	$35.1	Cancelled, and Holders thereof not entitled to receive any distribution or retain any property under the Joint Plan.	$0.0 0%	$0.0 0%
Class S5 Equity Interests (Class S5)	N/A	Cancelled, and Holders thereof not entitled to receive any distribution or retain any property under the Joint Plan.	$0.0 0%	$0.0 0%

All objections, settlements and litigation with respect to PITWD Claims and the allowance of PITWD Claims shall be governed by the PITWD Claims Procedures described in Section III.L.4 below.

Explanation of Distributions to Holders of Class P3 Prepetition Credit Facility Claims

Each of the Prepetition Lenders holds both Prepetition Domestic Secured Claims and Prepetition Foreign Secured Claims, which are collectively classified in Classes P3 and S3. The Prepetition Foreign Secured Claims are Claims against the Foreign Subsidiary Borrowers, which are not debtors in the Chapter 11 Cases or subject to the jurisdiction of the Bankruptcy Court. As such, although they may elect to do so, the Prepetition Lenders cannot be compelled through the Joint Plan to compromise their Claims against the Foreign Subsidiary Borrowers. Accordingly, each of the Prepetition Lenders must be given the option to reinstate such Holder's Prepetition Foreign Secured Claims. This option is reflected by the opportunity of each Prepetition Lender to elect either Option A or Option B treatment on its Ballot. As described in the Joint Plan, Prepetition Lenders electing Option A agree to compromise all of their Claims against both the Debtors and the Foreign Subsidiary Borrowers. As described in the Joint Plan, Prepetition Lenders electing Option B have their Prepetition Foreign Secured Claims reinstated, but subject to an amended Prepetition Credit Facility.

The Debtors believe it is in the best interests of the Company and the Prepetition Lenders as a whole that each Prepetition Lender elect Option A treatment, and the Debtors believe that the economic recovery under Option A is greater than the economic recovery under Option B. Moreover, it is a condition to Consummation that Holders of no more than $17.5 million of Prepetition Foreign Secured Claims have elected Option B treatment. The election of Option A or Option B by each Prepetition Lender will have an effect on the relative recovery of other Holders in the same Class.

Explanation of Distributions to Holders of Class P4 General Unsecured Claims

Pursuant to Article III.B.4 of the Joint Plan, sub-Classes P4-A, P4-B and P4-C will receive different relative distributions, reflecting the Noteholder Distribution Settlement set forth in Article V.H of the Joint Plan. The Class P4 Distribution, which is comprised of 10% of the Effective Date New Exide Common Stock and 100% of the New Exide Warrants, will first be allocated Pro Rata amongst the Holders of Allowed Class P4 Claims based on the Allowed amount of Claims in each of the sub-Classes of Class P4.

Then, pursuant to the Noteholder Distribution Settlement, all of the shares of New Exide Common Stock and all of the New Exide Warrants that would be allocable to Holders of Allowed Class P4-B and P4-C Claims shall be aggregated, and Holders of Class P4-B Claims shall receive 86.67% of this aggregate amount, to distribute on a Pro Rata basis, and Holders of Class P4-C Claims shall receive 13.33% of the aggregate amount, to distribute on a Pro Rata basis. As more fully described herein, the Debtors, Creditors Committee (including Smith Management LLC and the indenture trustees) and Agent engaged in extensive

negotiations to achieve an overall settlement resolving the many issues among the parties. One of the issues that was negotiated among the Creditors Committee, the indenture trustees, Turnberry Capital Management, L.P. and Smith Management LLC, and then subsequently with the R^2 entities (as a significant holder of the 10% Senior Notes), was a settlement which, among other things, resolved the Smith Management Adversary Proceeding, the pending appeals of the Confirmation Order by Smith Management LLC and the 2.9% Convertible Note Indenture Trustee, and issues certain parties felt pertained to subordination and pay-over provisions of the 2.9% Convertible Note Indenture. The settlement was not an admission by any party as to the relative merits of any legal position or argument asserted in connection therewith, or to the likelihood of success of any claim. As part of the overall settlement, including the agreements to pay attorneys' fees to the Fee Submission Parties, the parties have agreed to provide for the payment to the holders of 10% Senior Notes of the entire distribution otherwise allocable to the holders of the 2.9% Convertible Notes, followed by an immediate reallocation of a portion of that recovery back to the holders of the 2.9% Convertible Notes. This distribution will be made in accordance with the procedures described in Articles III.B.4.b.ii and iii of the Joint Plan and results in an aggregate distribution to holders of 10% Senior Notes equal to 86.67% of the aggregate noteholder distribution, and an aggregate distribution to holders of 2.9% Convertible Notes equal to approximately 13.33% of such aggregate noteholder distribution.

The R^2 entities and Turnberry Capital Management, L.P., as holders of the 10% Senior Notes, have consented and agreed to the treatment and distributions as provided under the Joint Plan.

Description of New Securities to be Issued Under the Joint Plan

New Exide Common Stock. New Exide will issue or authorize for issuance in accordance with the Joint Plan 25 million shares of New Exide Common Stock which, assuming the distribution of all securities in the reserve for potential payment of Disputed Claims and the exercise of all New Exide Warrants on the Effective Date, represents 80% of the outstanding New Exide Common Stock, subject to dilution pursuant to the Company Incentive Plan and any duly authorized issuance of Reorganized Exide capital stock after the Effective Date. The New Exide Common Stock will be authorized pursuant to the New Exide Certificate of Incorporation. Reorganized Exide will use its best efforts to cause the New Exide Common Stock to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

New Exide Warrants. On the Effective Date, Reorganized Exide will issue for distribution in accordance with the Joint Plan New Exide Warrants initially exercisable for 6.25 million shares of New Exide Common Stock, which shares will be reserved for issuance upon the exercise of the New Exide Warrants. The New Exide Warrants will expire seven years after the Effective Date. They will have customary anti-dilution protections for stock splits, stock dividends, stock combinations, stock issuances below certain prices and similar transactions but will be subject to dilution pursuant to the Company Incentive Plan. In addition, for a period of three years following the Effective Date and subject to certain other conditions, in the event of a sale of all or substantially all of the assets of Reorganized Exide or a merger or other business combination in which Reorganized Exide is not the surviving entity, a buyer or surviving entity will have the right to either (i) pay holders of the New Exide Warrants (in exchange for such New Exide Warrants) the cash equivalent to a Black-Scholes valuation (using a 40% volatility and the remaining life of the New Exide Warrants, such valuation subject to a 50% reduction in the third year following the Effective Date) of such New Exide Warrants as of the date such transaction is consummated, or (ii) assume the New Exide Warrants. Reorganized Exide will use its best efforts to cause the New Exide Warrants to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

The exercise price of the New Exide Warrants will initially be set at a price per share equal to $32.11.

Voting and Confirmation

Each Holder of a Claim in Classes P3, P4 and S3 will be entitled to vote either to accept or reject the Joint Plan. Classes P3, P4 and S3 shall have accepted the Joint Plan if: (i) the Holders of at least two-thirds in amount of the allowed Claims actually voting in each such Class have voted to accept the Joint Plan and (ii) the Holders of more than one-half in number of the allowed Claims actually voting in each such Class have voted to accept the Joint Plan. Classes P5, S4 and S5 are deemed to reject the Joint Plan and are not entitled to vote to accept or reject the Joint Plan. Assuming the requisite acceptances are obtained, the Debtors intend to seek confirmation of the Joint Plan at a hearing (the "Confirmation Hearing") scheduled to commence on **April 16, 2004, at 10:00 a.m. Prevailing Eastern Time,** before the Bankruptcy Court, at the Robert N.C. Nix Federal Courthouse, 900 Market Street, Philadelphia, PA 19107. **Notwithstanding the foregoing, provided that at least one impaired class accepts the Joint Plan, the Debtors will seek Confirmation of the Joint Plan under section 1129(b) of the Bankruptcy Code with respect to the Impaired Classes presumed to reject the Joint Plan, and reserve the right to do so with respect to any other rejecting Class or to modify the Joint Plan in accordance with Article XII.E of the Joint Plan.**

Section IV hereof specifies the deadlines, procedures and instructions for voting to accept or reject the Joint Plan and the applicable standards for tabulating Ballots. The Bankruptcy Court has established March 11, 2004 (the "Voting Record Date") as the date for determining which Holders of Claims are eligible to vote on the Joint Plan. Ballots will be mailed to all registered Holders of Claims as of the Voting Record Date who are entitled to vote to accept or reject the Joint Plan. An appropriate return

envelope will be included with your Ballot, if necessary. Beneficial Holders of Claims who receive a return envelope addressed to their bank, brokerage firm or other nominee, or any agent thereof (each, a "Nominee"), should allow sufficient time for the Nominee to receive their votes and process them on a Master Ballot before the Voting Deadline, as defined below.

The Debtors have engaged a solicitation agent to assist in the voting process. The solicitation agent will answer questions, provide additional copies of all materials and oversee the voting tabulation. The solicitation agent will also process and tabulate ballots for each Class entitled to vote to accept or reject the Joint Plan. The solicitation agent is Bankruptcy Management Corporation, 1330 E. Franklin Avenue, El Segundo, CA 90245, (888) 909-0100 (toll free) (the "Solicitation Agent").

TO BE COUNTED, THE SOLICITATION AGENT MUST RECEIVE YOUR BALLOT (OR MASTER BALLOT OF YOUR NOMINEE HOLDER) INDICATING ACCEPTANCE OR REJECTION OF THE JOINT PLAN **NO LATER THAN 5:00 p.m. PREVAILING EASTERN TIME, ON APRIL 9, 2004** (THE "VOTING DEADLINE"), UNLESS THE DEBTORS, THE CREDITORS COMMITTEE OR THE BANKRUPTCY COURT EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS AND THE CREDITORS COMMITTEE, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED. ANY EXECUTED BALLOT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE JOINT PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE JOINT PLAN SHALL NOT BE COUNTED ONLY FOR PURPOSES OF VOTING FOR OR AGAINST THE JOINT PLAN. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE MAY OR MAY NOT BE COUNTED, AT THE DISCRETION OF THE DEBTORS OR THE CREDITORS COMMITTEE.

THE DEBTORS AND THE CREDITORS COMMITTEE BELIEVE THAT THE JOINT PLAN IS IN THE BEST INTEREST OF ALL OF THE DEBTORS' CREDITORS AS A WHOLE. THE DEBTORS AND THE CREDITORS COMMITTEE THEREFORE RECOMMEND THAT ALL HOLDERS OF CLAIMS SUBMIT BALLOTS TO ACCEPT THE JOINT PLAN.

Time and Place of the Confirmation Hearing. The Confirmation Hearing, which is the hearing where the Bankruptcy Court will determine whether to confirm the Joint Plan, will commence on **April 16, 2004, at 10:00 a.m. Prevailing Eastern Time**, before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the Robert N.C. Nix Federal Courthouse, 900 Market Street, Philadelphia, PA 19107.

Deadline for Voting For or Against the Joint Plan. If you are entitled to vote, it is in your best interest to vote timely on the enclosed ballot (the "Ballot") and return the Ballot in the enclosed envelope to the balloting agent, who is Bankruptcy Management Corporation, at (i) if by courier/hand delivery, 1330 E. Franklin Avenue, El Segundo, California 90245, (888) 909-0100 (toll free), or (ii) if by U.S. Mail, P.O. Box 1063, El Segundo, California 90245-1063.

Your vote must be received prior to the Voting Deadline, which is **5:00 p.m. Prevailing Eastern Time on April 9, 2004**, or it will not be counted At the Debtors' and the Creditors Committee's request, the Bankruptcy Court has established certain procedures for the solicitation and tabulation of votes on the Joint Plan. They are described in the Order entitled "Order (A) Approving The Disclosure Statement; (B) Scheduling A Hearing To Confirm The Joint Plan; (C) Establishing A Deadline For Objecting To The Joint Plan; (D) Approving Form Of Ballots, Voting Deadline And Solicitation Procedures; and (E) Approving Form And Manner Of Notices" (the "Solicitation Order") and the "Notice Of (I) Entry Of Order Approving Disclosure Statement; (II) Setting Hearing To Confirm Joint Plan Of Reorganization; And (III) Related Important Dates" (the "Confirmation Hearing Notice") that accompany this Disclosure Statement.

Deadline for Objecting to the Confirmation of the Joint Plan. Objections to Joint Plan confirmation must be filed with the Bankruptcy Court and served upon the following so that they are ***actually received*** on or before **5:00 p.m. Prevailing Eastern Time on April 9, 2004**.

Counsel to the Debtors
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
312-861-2000
Fax: 312-861-2200
Attn: Matthew N. Kleiman
Ross M. Kwasteniet

Counsel to the Debtors
Pachulski Stang Ziehl Young & Jones PC
919 N. Market Street
16th Floor
Wilmington, DE 19899
Attn: Laura Davis Jones
James E. O'Neill

Office of the United States Trustee
844 King Street, Room 2207
Lockbox #35
Wilmington, DE 19801
302-573-6491
Attn: Mark S. Kenney

Solicitation Agent
Bankruptcy Management Corporation
1330 E. Franklin Avenue
El Segundo, CA 90245
Attn: Exide Solicitation Agent
(email service permitted at exide@bmccorp.net)

Counsel to the Creditors Committee
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, NY 10022
Fax: 212-872-1002
Attn: Fred S. Hodara
Mary Reidy Masella

Counsel to the Creditors Committee
Pepper Hamilton LLP
Hercules Plaza
Suite 5100
1313 Market Street
Wilmington, DE 19801
Attn: David B. Stratton
David M. Fournier

Counsel to the Equity Committee
Reinhart Boerner Van Deuren S.C.
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Milwaukee, WI 53202
414-298-8191
Attn: Mark L. Metz

Counsel to the Equity Committee
Potter Anderson & Corroon LLP
1313 N. Market Street
6th Floor
Hercules Plaza
Wilmington, DE 19899
Attn: William A. Hazeltine

Counsel to the Prepetition Lenders
Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attn: Douglas P. Bartner
Marc B. Hankin

Counsel to the Prepetition Lenders
Richards Layton & Finger, P.A.
One Rodney Square
Wilmington, DE 19899
302-651-7845
Fax: 302-651-7701
Attn: Mark D. Collins
Etta R. Wolfe

Counsel to Smith Management LLC
Arent Fox Kintner Plotkin & Kahn, PLLC
1675 Broadway, 25th Floor
New York, NY 10019-5820
Attn: Andrew I. Silfen

Consummation of the Joint Plan

Following Confirmation of the Joint Plan, the Joint Plan will be consummated on the date selected by the Debtors, the Creditors Committee and the Agent which will be a Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in Article IX.B of the Joint Plan have been (x) satisfied or (y) waived pursuant to Article IX.C therein. Distributions to be made under the Joint Plan will be made on or as soon after the Effective Date as practicable or as otherwise provided for herein.

Risk Factors

Prior to deciding whether and how to vote on the Joint Plan, each Holder of Impaired Claims should consider carefully all of the information in this Disclosure Statement, especially the Risk Factors described in Section V hereof.

I.
GENERAL INFORMATION

A. DESCRIPTION OF DEBTORS' BUSINESS

1. General Discussion of Business

The Company is a Delaware corporation organized in 1966 to succeed to the business of a New Jersey corporation founded in 1888. The Company's principal executive offices are located at Crossroads Corporate Center, 3150 Brunswick Pike, Suite 230, Lawrenceville, NJ 08648. The Company is one of the largest manufacturers of lead acid batteries in the world, with fiscal 2003 net sales of approximately $2.4 billion. The Company's European, North American and Asia Pacific operations represented approximately 52%, 44% and 4%, respectively, of fiscal 2003 net sales. Exide manufactures and supplies lead acid batteries for transportation and industrial applications worldwide.

On September 29, 2000, the Company acquired GNB Technologies, Inc. ("GNB"), a U.S. and Pacific Rim manufacturer of both industrial and transportation batteries, from Pacific Dunlop Limited. The acquired GNB operations are located in the U.S., Australia, New Zealand, Canada, Europe, Japan, South Asia, China, India and the Middle East. The former GNB businesses manufacture industrial batteries in North America, including those used in both motive and network power applications under various brands such as Absolyte®, Marathon®, Sprinter®, Champion® and Pacific Chloride®. The former GNB operations also manufacture transportation batteries under the Champion®, Stowaway® and National® brands, among others, including private label brands, and is a supplier to automotive original equipment manufacturers in North America and the Pacific Rim.

The Company's operations outside of the U.S. are not included in the Chapter 11 proceedings.

The Subsidiary Debtors are not actively engaged in business, have no or immaterial assets, and in light of the senior Claims at each Subsidiary Debtor that would need to be paid prior to a distribution to Class S4 General Unsecured Creditors, there is no distribution available to Class S4 General Unsecured Creditors.

2. Narrative Description of Business

The Company's strategic focus is the manufacture and supply of lead acid batteries, associated equipment and services for transportation, industrial and military applications globally. Exide has three primary business segments: Transportation, Motive Power and Network Power.

Transportation Segment. Transportation batteries represented approximately 63% of the Company's net sales for fiscal 2003.

Transportation batteries include starting, lighting and ignition ("SLI") batteries for cars, trucks, off-road vehicles, agricultural and construction vehicles, motorcycles, recreational vehicles, boats, and other applications. The market for transportation batteries is divided between sales to original equipment manufacturers ("OEM"s) and aftermarket customers. In North America, Exide is the second largest manufacturer of transportation batteries. In Europe, Exide is the largest manufacturer of transportation batteries. The Company markets its products under various trademarks.

The Company's primary North American transportation aftermarket battery products include the following:

- *Exide®* — enhanced power cold cranking amps and a 72 month warranty
- *Exide NASCAR Select®* — Officially licensed by NASCAR
- *Exide Select Orbital®* — can be recharged in less time than needed for conventional batteries, and has high power output and superior vibration resistance compared with a conventional lead acid battery

- *Champion®* — enhanced power cold cranking amps and a 72 month warranty
- *Champion Trailblazer®* — targeted at light trucks and sport utility vehicles

In Europe, Exide has five major Company-owned brands: Exide® and Tudor®, promoted as pan-European brands, and Deta®, Centra™ and Fulmen®, which have strong local awareness levels. The Company generally offers transportation batteries in five basic categories:

- *Basic Model* — marketed under private label brand names in France, Germany and Spain, under the Basic name in Italy and under various names in other markets
- *Upgrade Model* — marketed under the Classic mark, which carries a 24 month warranty and marketed under the Equipe™ name in France, the Classic® name in Germany, the Leader™ name in Italy, the Tudor® name in Spain and under various other names in other markets
- *Premium Model* — marketed under the Ultra™ brand in the United Kingdom, the Formula™ name in France, the Top Start Plus™ name in Germany, the Ultra™ name in Italy, the Millennium 3™ name in Spain and under various other names in other markets
- *STR/STE™* — approved for use by BMW and was included in some models beginning with the 2000 model year
- *Maxxima™* — the equivalent of the Exide Select Orbital®

Batteries used for marine and recreational vehicles include the following:

- *Stowaway Nautilus®* — employs technology to satisfy the power requirements of large engines, sophisticated electronics and on-board accessories
- *Exide Select Orbital® Marine* — brings all the advantages of Exide's patented spiral wound technology to the marine market, and maintains nearly a full charge during the off-season, and can be quickly recharged. This battery is also sealed, making it ideal for closed environments (such as inside a boat hull)
- *Stowaway Powercycler®* — a completely sealed, VRLA battery with AGM technology and prismatic plates that offers features and benefits similar to the Exide Select Orbital®, and was the first sealed, AGM battery introduced in the marine battery market
- *Nautilus® Gold Dual Purpose*
  Stowaway® Dual Purpose — a combination battery, replacing separate starting and deep cycle batteries in two-battery marine and recreational vehicle systems
- *Nautilus® Mega Cycle®*
  Stowaway® Deep Cycle — a high performance, dual terminal battery

Most of the Company's transportation batteries are vented, maintenance-free lead acid batteries. However, the Company's Exide Select Orbital® and Maxxima™ batteries have a patented spiral wound technology and state-of-the-art recombinant design. Additionally, the Company's STR/STE™ batteries use recombination technology to allow a lead acid battery to be installed in the passenger compartment of an automobile with reduced fluid loss and acid fumes under normal operating conditions.

Original Equipment Manufacturer (OEM) Market. The OEM market consists of the sale of batteries to manufacturers of automobiles and light trucks, commercial vehicles, heavy-duty trucks, buses and off-road agricultural and construction vehicles.

The Company's major OEM customers include DaimlerChrysler, Ford Motor Company, Toyota, Kenworth, Peterbilt, John Deere International, Case/New Holland, Fiat, Volkswagen Group, the PSA group (Peugeot S.A./Citroen), Renault/Nissan and BMW.

The factors affecting the OEM market include consumer demand for passenger cars, light trucks and sport utility vehicles, consolidation in the automotive industry, globalization of OEM procurement activities and competition.

Aftermarket. The Company sells aftermarket batteries in North America through automotive parts and specialty retailers, OEM dealer networks, mass merchandisers, car and truck dealers, and wholesale distributors who supply service stations, repair shops, automotive and farm-equipment dealers, and small retailers. The Company also provides transportation batteries for commercial applications, such as trucks, farm equipment, tractors and off-road vehicles, as well as batteries for marine, lawn and garden and motorcycle applications.

The Company's North American aftermarket operations include a Company-owned branch network. This branch network, throughout the United States and Canada, sells and distributes batteries and other products to local auto parts retailers, service stations, repair shops, fleet operators, battery specialists and installers. Exide's branches may also deliver batteries to the Company's national account customers' retail stores and OEM dealers and collect used and spent batteries for recycling.

The Company sells aftermarket batteries in Europe primarily through battery wholesalers, OEM dealer networks, hypermarkets, service installers, European purchasing groups and oil companies. Wholesalers and OEM dealers have traditionally represented the majority of this market, but supermarket chains, replacement-parts stores (represented by purchasing groups) and hypermarkets have become increasingly important. Battery wholesalers now sell and distribute batteries to a network of automotive parts retailers, service stations, independent retailers and supermarkets throughout Europe.

The Company's major aftermarket customers include NAPA, Wal-Mart, Sam's Club, Kmart, CSK Inc., ADI, Kwik Fit and many other leading aftermarket battery distributors. Exide is also a supplier of authorized replacement batteries for DaimlerChrysler - Mopar, Freightliner and John Deere International.

Demand for conventional automotive replacement batteries is influenced by the following principal factors: (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. The replacement market is also larger in general than the original equipment segment, since automotive batteries tend to require replacement every three to five years.

Motive Power Segment. Sales of motive power batteries represented approximately 20% of the Company's net sales for fiscal 2003. Exide is a market leader in this segment of the worldwide industrial battery market.

Product reliability and responsive customer service are very important attributes in the motive power market.

The largest application for motive power batteries is the materials handling industry, including forklifts, electric counter balance trucks, pedestrian pallet trucks, low level order pickers, turret trucks, tow tractors, reach trucks and very narrow aisle trucks. Other market segments include scrubber/dryer and sweeper machines in the floor cleaning market, scissor lifts, access platforms and telescopic zooms in the access market, buggies and carts in the golf market, mobility equipment in the wheelchair market, mining locomotives, electric road vehicles,

electric boats and non-military submersible vehicles. Exide also offers a complete range of battery chargers and associated equipment for the operation and maintenance of battery-powered vehicles.

Exide's motive power batteries are composed of two-volt cells assembled in numerous configurations and sizes to provide capacities ranging from 30 Ah to 1500 Ah. The Company also manufactures and markets a range of 6 and 12 volt monobloc batteries. Exide offers conventional vented lead acid technology utilizing tubular positive-plate and flat plate cell design Exide also offers a range of lead acid battery technologies to meet a wide spectrum of customer application requirements.

In North America, motive power products are sold to independent lift truck dealers, lift truck OEMs and national accounts or end users. The motive power battery market in Europe is divided into the OEM market, comprised of the manufacturers of electric vehicles, and the replacement market, which includes large users of such electric vehicles as well as original equipment dealer networks.

Motive power products and services are distributed in North America by Company-owned sales and service locations which are augmented by a network of independent manufacturers' representatives who provide local service on their own behalf. In Europe, the Company distributes motive power products and services through Company-owned sales and service organizations in each country and utilizes distributors and agents for export of products from Europe to the rest of the world.

In North America, the Company's large customers include Nacco, Crown, Wal-Mart, Kroger and Target. In Europe, its major original equipment motive power customers include the Linde Group, Junghreinrich Group, Atlet and BT Toyota. Motive power products in Europe are also sold to a wide range of customers in the aftermarket, ranging from large industrial concerns and retail distributors to small warehouse and manufacturing operations.

The European and North American motive power markets are influenced by the demand for materials handling equipment. Customer demand for materials handling equipment has a strong historical correlation to general economic conditions The general economic environment in fiscal 2003 has reduced the overall demand for materials handling equipment and replacement batteries.

Network Power Segment. Sales of network power batteries represented approximately 17% of the Company's net sales for fiscal 2003.

Network power (also known as standby or stationary) batteries are used for back-up power applications to ensure continuous power supply in case of main (primary) power failure or outage. Today's examples of where network power batteries are used to provide backup power include telecommunications, computers, hospitals, process control, air traffic control, security systems, utility, railway and military applications. Network power batteries also serve as uninterruptible power supplies ("UPS") used in computer installations for banks, airlines and back-up servers for the internet. Other telecommunications applications include central and local switching systems, satellite stations, optical fiber repeating boxes, cable TV transmission boxes and radio transmission stations In these applications, the batteries are usually packaged with a 48V DC power system.

There are two primary network power lead acid battery technologies: valve-regulated (VRLA, or sealed) and vented (flooded). There are two types of VRLA technologies—GEL and AGM. These technologies are described as follows:

- *VRLA: GEL:* This technology utilizes a gel electrolyte. VRLA batteries have replaced other types of network power batteries because they enhance safety, reduce maintenance and can be used in both vertical and horizontal positions. The Sonnenschein® gel technology offers the advantages of high reliability and long life. The gel product range offers a wide range of capabilities such as heat resistance, deep discharge resistance, long shelf life and high cyclic performance.

- *VRLA: AGM:* This technology utilizes an electrolyte immobilized in an absorbent glass mat separator. This technology is particularly well adapted to high rate applications and can offer up to a 20-year design life.

- *Vented (Flooded):* This technology is used in applications requiring high reliability, but with the ability to allow for regular maintenance. The basic construction involves positive flat or tubular positive plates. Transparent containers and accessible internal construction are features of these batteries that allow end users to check the battery's physical condition.

Customers for network power batteries for telecommunications applications include manufacturers of switches and other equipment and the system operators. UPS battery customers consist of system manufacturers and end users. Performance in this market is impacted by the demand for computer systems. Other customers served by Exide include electrical generating companies, as well as government and military users.

The Company offers a global product line which is being marketed under the following five brands associated with product type and technology:

- Absolyte®: Large 2-volt cells, incorporating AGM technology, for long duration (e.g., telecommunications) and short duration applications

- Marathon®: Multi-cell AGM monobloc batteries for long duration applications

- Sprinter®: Multi-cell AGM monobloc batteries for short duration applications

- Sonnenschein®: Multi-cell monoblocs and 2-volt cells, incorporating primarily Gel technology

- Classic®: Primarily 2-volt and some multi-cell vented (or flooded) products for a wide range of applications

Exide's major network power end user customers for telecommunications products and services include AT&T, China Unicom, Cingular, Nippon Telegraph and Telephone, Singapore Telecom, Telecom Italia, Telefonica of Spain and Verizon. Major telecommunications OEM customers include Alcatel, Ericsson, Marconi, Emerson, Nortel, Motorola and Nokia. UPS OEM customers include MGE and Siemens. Exide is also one of the leading suppliers of submarine batteries to the navies of Denmark, France, Germany, Italy, Norway, Singapore, Spain, Sweden and Turkey. Exide is the sole supplier to the U.S. Navy for submarine batteries for the nuclear-powered fleet.

Given the importance of service and technical assistance, the Company often ships network power batteries directly to system suppliers and UPS manufacturers who include the batteries in their original equipment and distribute products to end users. Batteries are also shipped directly to end users for both systems

and replacement. The Company also promotes its products through technical seminars, trade shows and technical literature.

Demand for telecommunications batteries is driven by the growth in broadband and worldwide deployment of cellular and wireless mobile communication systems and the need for safe and reliable back-up power. The dramatic telecommunications industry downturn has resulted in weak demand for network power batteries since September 2001.

For further information about the Company's business operations, refer to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2003 attached as *Exhibit D* hereto, as well as the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2003, which is available on the Securities and Exchange Commission's internet website at http://www.sec.gov.

B. SUMMARY OF CAPITAL STRUCTURE OF DEBTORS

1. Original DIP Credit Facility and Replacement DIP Credit Facility

On May 10, 2002, the Company received final Bankruptcy Court approval of its prior $250 million Original DIP Credit Facility. The Original DIP Credit Facility was being used to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, working capital needs, letter of credit requirements and other general corporate purposes.

The Original DIP Credit Facility was a secured revolving credit and term loan facility under which Exide Technologies was the borrower with certain U.S. subsidiaries acting as guarantors. The Original DIP Credit Facility was afforded super priority claim status in the Chapter 11 Cases and was collateralized by first liens on certain eligible U.S. assets of the Company, principally accounts receivable, inventory and property.

The revolving credit tranche of the Original DIP Credit Facility provided for borrowing up to $121 million, of which up to $65 million was available to Exide Technologies for on-lending to its foreign subsidiaries. An additional $50 million sub-facility was also available to the foreign subsidiaries based on certain collateral asset values in the United Kingdom and Canada. To the extent funds were borrowed under the Original DIP Credit Facility and on-lent to foreign subsidiaries, additional liens on certain assets of the borrowing foreign subsidiary and related guarantees were required. Up to $40 million of the revolving credit tranche was available for letters of credit.

Borrowings under the Original DIP Credit Facility bore interest at LIBOR plus 3.75% per annum. Borrowings were limited to eligible collateral under the Original DIP Credit Facility. Eligible collateral under the Original DIP Credit Facility included certain accounts receivable and inventory in the U.S. and certain property in the U.S. and Europe. Availability to the Company was impacted by changes in both the amounts of the collateral and qualitative factors (such as aging of accounts receivable and inventory reserves) as well as cash requirements of the business such as trade credit terms. The Original DIP Credit Facility contained certain financial covenants requiring the Company to maintain monthly specified levels of earnings before interest, taxes, depreciation, amortization, restructuring and certain other defined charges, as well as limits on capital expenditures and cash restructuring expenditures. The Original DIP Credit Facility also contained other customary covenants, including certain reporting requirements and covenants that restricted the Company's ability to incur indebtedness, create or incur liens or guarantees, enter into leases, sell or dispose of assets, change the nature of the Company's business or enter into related party transactions.

On February 13, 2004, the Company amended and restated the Original DIP Credit Facility to provide up to $500 million in financing (1) to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, working capital needs, letter of credit requirements and other general corporate purposes, (2) purchase the outstanding loans and commitments of the lenders under the European securitization facility, (3) to provide the Company with additional $40 million in working capital financing and (4) to provide the Company with a $125 million stand-by commitment to pay the 9.125% Senior Notes (Deutsche mark denominated) at their April 15, 2004 maturity.

The terms and conditions of the Replacement DIP Credit Facility are substantially the same as the terms and conditions of the Original DIP Credit Facility. The Replacement DIP Credit Facility is a secured revolving

credit and term loan facility under which Exide Technologies is the borrower with certain U.S. subsidiaries acting as guarantors. The Replacement DIP Credit Facility received interim Bankruptcy Court approval on February 12, 2004, and is afforded super priority claim status in the Chapter 11 Cases and is collateralized by first liens on certain eligible U.S. assets of the Company, principally accounts receivable, inventory and property.

The revolving credit tranche of the Replacement DIP Credit Facility provides for borrowing up to $100 million, of which up to $65 million is available to Exide Technologies for on-lending to its foreign subsidiaries. An additional $50 million sub-facility (subject to the aggregate $100 million limit for revolving loans) is also available to the foreign subsidiaries based on certain collateral asset values in the United Kingdom and Canada. To the extent funds are borrowed under the Replacement DIP Credit Facility and on-lent to foreign subsidiaries, additional liens on certain assets of the borrowing foreign subsidiary and related guarantees are required. The secured senior term loan facility of the Replacement DIP Credit Facility provides for borrowing up to $165 million.

As with the Original DIP Credit Facility, Borrowings under the Replacement DIP Credit Facility bear interest at LIBOR plus 3.75% per annum and are limited to eligible collateral under the Replacement DIP Credit Facility. Eligible collateral under the Replacement DIP Credit Facility includes certain accounts receivable and inventory in the U.S. and certain property in the U.S. and Europe. Availability to the Company is impacted by changes in both the amounts of the collateral and qualitative factors (such as aging of accounts receivable and inventory reserves) as well as cash requirements of the business such as trade credit terms. The Replacement DIP Credit Facility contains certain financial covenants requiring the Company to maintain monthly specified levels of earnings before interest, taxes, depreciation, amortization, restructuring and certain other defined charges, as well as limits on capital expenditures and cash restructuring expenditures. The Replacement DIP Credit Facility also contains other customary covenants, including certain reporting requirements and covenants that restricts the Company's ability to incur indebtedness, create or incur liens or guarantees, enter into leases, sell or dispose of assets, change the nature of the Company's business or enter into related party transactions.

The Replacement DIP Credit Facility matures on the earlier of (1) May 15, 2004, (2) the date of termination of the commitments under the Replacement DIP Credit Facility, (3) the date on which the obligations become due and payable under the Replacement DIP Credit Facility, (4) four business days before the final maturity of any principal obligations under the Prepetition Credit Facility, which is currently scheduled to mature on June 18, 2004, or (5) the date the Company emerges from bankruptcy.

Total availability under the Replacement DIP Credit Facility as of February 13, 2004 was $34.7 million.

2. Prepetition Credit Facility

The Company is also party to an Amended and Restated Credit and Guarantee Agreement dated as of September 29, 2000 (the "Prepetition Credit Facility"). The borrowers under the Prepetition Credit Facility include the Company and various of its foreign subsidiaries. The guarantors include, in addition to the borrowers, GNB Battery Technologies Japan, Inc. and various other of its foreign subsidiaries. The foreign subsidiaries, who are borrowers and guarantors, and GNB Battery Technologies Japan, Inc. are not debtors in the bankruptcy proceeding. The Prepetition Credit Facility is a secured revolving credit and term loan facility.

The Company's Prepetition Credit Facility has three borrowing tranches: a $150 million six year multi-currency term A loan, a $500 million seven and one-quarter year U.S. dollar term B loan and a $250 million six year multi-currency revolving credit line. This facility contains a number of financial and other covenants customary for such agreements including restrictions on new indebtedness, liens, leverage ratios, acquisitions and capital expenditures. Under the original terms of the agreement, principal payments on the revolving credit line and the term A loans were due and payable in December 2003 while principal payments on the term B loans continue through March 2005.

In connection with the Chapter 11 proceedings, the Company entered into the Standstill Agreement with its Prepetition Credit Facility lenders, whereby those lenders have agreed to forbear collection of principal payments on foreign borrowings under the Prepetition Credit Facility from non-Debtor subsidiaries until June 18, 2004, subject to earlier termination upon the occurrence of certain events. The principal events which could result in an early termination of the Standstill Agreement are: (1) non-payment of interest on the European tranche of the Company's Prepetition Credit Facility as and when due; (2) if any significant foreign subsidiaries

commence any winding up or liquidation proceeding; (3) an event of default shall occur under the Replacement DIP Credit Facility that has not been waived or cured in accordance with the terms thereof, other than certain specified events of default thereunder; (4) termination of the Replacement DIP Credit Facility; and (5) non-payment of principal of the 9.125% Senior Notes (Deutsche mark denominated) agreement at the final maturity thereof. The Company continues to accrue interest under the Prepetition Credit Facility. Borrowings under the Prepetition Credit Facility by Exide Technologies are subject to compromise within the Chapter 11 Cases.

3. 10% Senior Notes

In 1995, Exide Technologies issued $300 million original principal amount 10% senior notes due April 15, 2005 (the "10% Senior Notes") pursuant to an indenture dated April 28, 1995, as amended from time to time, between Exide Technologies and The Bank of New York, as Trustee.

The 10% Senior Notes are unsecured obligations of Exide Technologies and are redeemable at the option of Exide Technologies, in whole or in part, at any time at 100% of the principal amount, plus accrued interest. The 10% Senior Notes are not guaranteed by any subsidiary of Exide Technologies.

Amounts owing to holders of the 10% Senior Notes are subject to compromise within the Chapter 11 Cases.

As of March 31, 2003, there were $300 million of 10% Senior Notes outstanding.

4. Convertible Notes

In 1995, Exide Technologies issued convertible senior subordinated notes due December 15, 2005 with a face amount of $397 million discounted to $287.8 million (the "Convertible Notes") pursuant to an indenture dated December 15, 1995, as amended from time to time, between Exide Technologies and The Bank of New York, as Trustee. The Convertible Notes are subordinated to all senior debt of Exide Technologies, including the Prepetition Credit Facility and the 10% Senior Notes.

The Convertible Notes are unsecured obligations of Exide Technologies and have a coupon rate of 2.9% with a yield to maturity of 6.75%. The Convertible Notes are convertible into Exide Technologies' common stock at a conversion rate of .0125473 shares per $1 principal amount at maturity, subject to adjustments in certain events. The Convertible Notes are not guaranteed by any subsidiary of Exide Technologies.

Amounts owing to holders of the Convertible Notes are subject to compromise within the Chapter 11 Cases.

As of March 31, 2003, there were $320.7 million of Convertible Notes outstanding.

5. Common Stock

As of March 31, 2003 the Company had 27,383,000 shares of its common stock, par value $.01 per share (the "Old Common Stock"), outstanding. The Old Common Stock is currently traded on the over-the-counter market and quoted on the OTC Bulletin Board under the symbol "EXDTQ" Prior to delisting on February 15, 2002, the Old Common Stock had been traded on the New York Stock Exchange. The Company's Board of Directors suspended payment of dividends on the Old Common Stock on November 8, 2001.

The Old Common Stock will be cancelled on the Effective Date, and the obligations of the Company thereunder or in any way related thereto shall be discharged.

C. EVENTS LEADING TO THE CHAPTER 11 CASES

The Company and certain of its subsidiaries decided to file for reorganization under Chapter 11 as it offered the most efficient alternative to restructure the Company's balance sheet and access new working capital while continuing to operate in the ordinary course of business. The Company has a heavy debt burden, caused largely by a debt-financed acquisition strategy and the significant costs of integrating those acquisitions. Other factors leading to the reorganization included the impact of adverse economic conditions on the Company's markets, particularly telecommunications and ongoing competitive pressures. These factors contributed to a loss

of revenues and resulted in significant operating losses and negative cash flows, severely impacting the Company's financial condition and its ability to maintain compliance with debt covenants.

The Company's operations outside of the U.S. are not included in the Chapter 11 proceedings. However, in connection with the Chapter 11 proceedings, the Company entered into the Standstill Agreement with its Prepetition Credit Facility lenders, whereby those lenders have agreed to forbear collection of principal payments on foreign borrowings under the Prepetition Credit Facility from non-Debtor subsidiaries until June 18, 2004, subject to earlier termination upon the occurrence of certain events. The principal events which could result in an early termination of the Standstill Agreement are: (1) non-payment of interest on the European tranche of the Company's Prepetition Credit Facility as and when due; (2) if any significant foreign subsidiaries commence any winding up or liquidation proceeding; (3) an event of default shall occur under the Replacement DIP Credit Facility that has not been waived or cured in accordance with the terms thereof, other than certain specified events of default thereunder; (4) termination of the Replacement DIP Credit Facility; and (5) non-payment of principal of the 9.125% Senior Notes (Deutsche mark denominated) agreement at the final maturity thereof.

On May 10, 2002, the Debtors received final Bankruptcy Court approval of its prior $250 million Original DIP Credit Facility. The Original DIP Credit Facility was being used to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, working capital needs, letter of credit requirements and for other general corporate purposes. On February 13, 2004, the Company amended and restated the Original DIP Credit Facility to provide up to $500 million in financing (1) to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, working capital needs, letter of credit requirements and other general corporate purposes, (2) purchase the outstanding loans and commitments of the lenders under the European securitization facility, (3) to provide the Company with an additional $40 million in working capital financing and (4) to provide the Company with a $125 million stand-by commitment to pay the 9.125% Senior Notes (Deutsche mark denominated) at their April 15, 2004 maturity.

For further information about the matters discussed above, see the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2003 attached as *Exhibit D* hereto. The exhibits to this report are available on the Securities and Exchange Commission's internet website at http://www.sec.gov.

D. PURPOSE OF THE JOINT PLAN

The purpose of the Joint Plan is to restructure Debtors' debt to provide Debtors with a capital structure that can be supported by the cash flow of their operations. **Assuming that all Holders of Allowed Class P3 and S3 Prepetition Credit Facility Claims choose the Class P3 Option A, the Joint Plan will reduce the Debtors' and the non-Debtors' subsidiary debt and accrued interest by approximately $1.4 billion and their future annual interest expense by approximately $55–60 million.** Debtors believe that the reorganization contemplated by the Joint Plan is in the best interests of their creditors and other interested constituencies. If the Joint Plan is not confirmed, Debtors believe that they will be forced to either file an alternate plan of reorganization or liquidate under Chapter 7 of the Bankruptcy Code. In either event, Debtors believe that the Company's unsecured creditors and equity holders would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims or Equity Interests under an alternative plan or liquidation. See the Liquidation Analysis set forth in *Exhibit B* attached hereto.

E. TERMS OF SECURITIES TO BE ISSUED AND CREDIT FACILITY TO BE MODIFIED PURSUANT TO THE JOINT PLAN

1. New Exide Common Stock

New Exide will issue or authorize for issuance in accordance with the Joint Plan 25 million shares of New Exide Common Stock which, assuming the distribution of all securities in the reserve for potential payment of Disputed Claims and the exercise of all New Exide Warrants on the Effective Date, represents 80% of the outstanding New Exide Common Stock, subject to dilution pursuant to the Company Incentive Plan and any duly authorized issuance of Reorganized Exide capital stock after the Effective Date. The New Exide Common Stock will be authorized pursuant to the New Exide Certificate of Incorporation. Reorganized Exide will use its best

efforts to cause the New Exide Common Stock to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

2. New Exide Warrants

On the Effective Date, Reorganized Exide will issue for distribution in accordance with the Joint Plan New Exide Warrants initially exercisable for 6.25 million shares of New Exide Common Stock, which shares will be reserved for issuance upon the exercise of the New Exide Warrants. The New Exide Warrants will expire seven years after the Effective Date. They will have customary anti-dilution protections for stock splits, stock dividends, stock combinations, stock issuances below certain prices and similar transactions but will be subject to dilution pursuant to the Company Incentive Plan. The exercise price of the New Exide Warrants will initially be set at a price per share equal to $32.11. Reorganized Exide will use its best efforts to cause the New Exide Warrants to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

The terms of the New Exide Warrants are more fully described in Section III.I.4 hereof.

3. Amended Prepetition Foreign Credit Agreement

Holders of Allowed Class P3 and Class S3 Prepetition Credit Facility Claims who choose the Class P3 Option B will, among other thing, have their Prepetition Foreign Secured Claims as against the respective Foreign Subsidiary Borrowers reinstated pursuant to the Amended Prepetition Foreign Credit Agreement. Modifications to the Prepetition Foreign Credit Agreement are described in Section III.I.4 hereof.

F. NEW EXIDE BOARD OF DIRECTORS AND OFFICERS

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the principal officers of Exide immediately prior to the Effective Date shall be the officers of Reorganized Exide. Reorganized Exide will have a seven person board of directors. Please see Section III.I.6 for more information regarding the selection of the initial New Exide Board of Directors. Prior to confirmation of the Joint Plan, Exide will disclose the identities of the initial members of the New Exide Board of Directors.

G. LIQUIDATION ANALYSIS

Pursuant to section 1129(a)(7) of the Bankruptcy Code (sometimes called the "Best Interests Test," which is described in greater detail in Section IV.D.4 hereof), the Bankruptcy Code requires that each Holder of an Impaired Claim or Impaired Equity Interest either (x) accept the Joint Plan or (y) receive or retain under the Joint Plan property of a value, as of the Effective Date of the Joint Plan, that is not less than the value such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The first step in meeting this test is to determine the proceeds that would be generated from the hypothetical liquidation of Debtors' assets and properties in the context of a Chapter 7 liquidation case. The gross amount of cash and cash equivalents ("Cash") available would be the sum of the proceeds from the disposition of Debtors' assets and the Cash held by Debtors at the time of the commencement of the Chapter 7 case. Such amount is reduced by the amount of any Claims secured by such assets, the costs and expenses of the liquidation and such additional administrative expenses and priority claims that may result from the termination of Debtors' business and the use of Chapter 7 for the purposes of a hypothetical liquidation. Any remaining net Cash would be allocated to creditors and stockholders in strict priority in accordance with section 726 of the Bankruptcy Code.

Debtors believe that the Joint Plan will produce a greater recovery for Holders of Claims and Equity Interests than would be achieved in a Chapter 7 liquidation. The Debtors, with the assistance of AlixPartners, prepared a liquidation analysis (the "Liquidation Analysis") with the assistance of management on behalf of Debtors, set forth in *Exhibit B* attached hereto, to assist Holders of Claims and Equity Interests to reach a determination as to whether to accept or reject the Plan. This Liquidation Analysis estimates the proceeds to be realized if Debtors were to be liquidated under Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is based upon assets and liabilities of Debtors as of December 31, 2003 and incorporates estimates and assumptions developed by Debtors which are subject to potentially material changes with respect to economic and business conditions, as well as uncertainties not within Debtors' control. The Liquidation Analysis does not assume a

judgment in favor of the plaintiffs in the Creditors Committee Adversary Proceeding. Also, from time to time, the Debtors have received offers to purchase their smelter assets, which offers, if capable of being consummated, could provide value in excess of the value ascribed to such assets in the liquidation analysis. While the Debtors have considered such offers, they are not currently entertaining the sale of any such assets. For more information on the Debtors' assets, please see the Schedules.

It has been assumed that creditor recoveries would not be affected by proceeds from causes of action, if any, including fraudulent conveyance and other avoidance claims, or any litigation that Debtors are or may be capable of asserting. The Liquidation Analysis set forth in *Exhibit B* attached hereto does not, therefore, include any estimate of the necessary expenses to litigate such claims.

H. PROJECTIONS AND VALUATION

1. Projections

As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtors. In connection with the development of the Joint Plan, and for purposes of determining whether the Joint Plan satisfies this feasibility standard, the Debtors' management has, through the development of financial projections (the "Projections"), analyzed the ability of Reorganized Exide to meet its obligations under the Joint Plan while maintaining sufficient liquidity and capital resources to conduct its business. The Projections were also prepared to assist each holder of an Allowed Claims in Voting Classes in determining whether to accept or reject the Joint Plan.

The Projections should be read in conjunction with the assumptions, qualifications and footnotes to tables containing the Projections set forth herein, the historical consolidated financial information (including the notes and schedules thereto) and the other information set forth in the Annual Report on Form 10-K for the fiscal year ended March 31, 2003. The Projections were prepared in good faith based upon assumptions believed to be reasonable and applied in a manner consistent with past practice. Most of the assumptions about the operations of the business after the assumed Effective Date that are utilized in the Projections were based, in part, on economic, competitive, and general business conditions prevailing at the time, as well as the assumption of a modest recovery as Exide emerges from Chapter 11 and continued gradual economic growth. While as of the date of the Disclosure Statement such conditions have not materially changed, any future changes in these conditions may materially impact the ability of Reorganized Exide to achieve the Projections.

The Projections were prepared to show the estimated consolidated financial position, results of operations, and cash flows at, and following, March 31, 2004. However, the Projections do not currently take into account all of the projected accounting effects of the Joint Plan. With the exception of valuation of the shareholders' equity of Reorganized Exide, the Projections are not in accordance with the American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities Under the Bankruptcy Code" ("SOP 90-7"). THE DEBTORS' INDEPENDENT ACCOUNTANT HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION, RESULTS OF OPERATIONS OR CASH FLOWS. ACCORDINGLY, REORGANIZED EXIDE DOES NOT INTEND TO, AND DISCLAIMS ANY OBLIGATION TO, (A) FURNISH UPDATED PROJECTIONS TO HOLDERS OF CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF REORGANIZED EXIDE'S COMMON STOCK OR WARRANTS OR ANY OTHER PARTY AFTER THE EFFECTIVE DATE, (B) INCLUDE SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC, OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE.

THE PROJECTIONS PROVIDED IN THE DISCLOSURE STATEMENT HAVE BEEN PREPARED EXCLUSIVELY BY THE DEBTORS' MANAGEMENT. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS (INCLUDING THE ASSUMPTION THAT THERE WILL BE NO NEGATIVE IMPACT

FROM THE CHAPTER 11 CASES ON REORGANIZED EXIDE'S RELATIONSHIPS WITH ITS CUSTOMERS), WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND REORGANIZED EXIDE'S CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR TO REORGANIZED EXIDE'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

FINALLY, THE FOLLOWING PROJECTIONS INCLUDE ASSUMPTIONS AS TO THE ENTERPRISE VALUE OF REORGANIZED EXIDE, THE FAIR VALUE OF ITS ASSETS AND ITS ACTUAL LIABILITIES AS OF THE EFFECTIVE DATE. REORGANIZED EXIDE WILL BE REQUIRED TO MAKE SUCH ESTIMATIONS AS OF THE EFFECTIVE DATE. SUCH DETERMINATION WILL BE BASED UPON THE FAIR VALUES AS OF THAT DATE, WHICH COULD BE MATERIALLY GREATER OR LOWER THAN THE VALUES ASSUMED IN THE FOREGOING ESTIMATES.

(a) *Summary of Significant Assumptions.* The Debtors have developed the Projections (summarized below) to assist both creditors and shareholders in their evaluation of the Plan and to analyze its feasibility. THE PROJECTIONS ARE BASED UPON A NUMBER OF SIGNIFICANT ASSUMPTIONS DESCRIBED BELOW. ACTUAL OPERATING RESULTS AND VALUES MAY AND LIKELY WILL VARY FROM THOSE PROJECTED.

(i) Fiscal Years. Reorganized Exide's fiscal year ends on March 31 of each year.

(ii) Plan Terms and Consummation. The Projections assume an Effective Date of March 31, 2004 with Allowed Claims and Interests treated in accordance with the treatment provided in the Joint Plan with respect to such Allowed Claims and Interests. The Projections also assume that no Holders of Allowed Class P3 and S3 Prepetition Credit Facility Claims choose the Class P3 Option B. If consummation of the Joint Plan does not occur on or around March 31, 2004, there is no assurance that, among other things, the trade creditors or customers will support Reorganized Exide as projected. A material reduction in trade credit and terms would materially impact Reorganized Exide's ability to achieve the projected results. Further, if the Effective Date does not occur by March 31, 2004, additional bankruptcy expenses will be incurred until such time as a plan of reorganization is confirmed and consummated. These expenses could significantly impact Reorganized Exide's results of operations and cash flows.

(iii) Assumptions Preceding the Effective Date. As a basis for the Projections, management has estimated the operating results for the period of time leading up to the Effective Date. Specifically, it has been assumed that prior to and during the Chapter 11 Cases, trade vendors will continue to provide the Debtors with goods on customary terms and credit and there has been no meaningful change in the Debtors' customer base.

(iv) General Economic Conditions. The Projections were prepared assuming that economic conditions in the markets to be served by Reorganized Exide will continually improve at a modest rate throughout the projection period. Pricing pressure is assumed to continue in certain markets, while inflation in costs is assumed to remain relatively low.

(v) Currency Exchange Rates and Lead Pricing. For consistency with the Company's previous budgets, the Projections assume a US dollar-to-Euro conversion rate of $1.00 and do not reflect costs to hedge exchange rate fluctuations. The assumed cost of lead, the primary raw material required in battery manufacturing, is assumed to be based on base rates indicated on the London Metals Exchange of 575 Euros per metric ton, or $660 per short

ton plus market premiums. If unhedged, actual lead pricing and exchange rates that materially differ from these assumptions could result in significant positive or negative variances from the Projections.

(vi) Revenues. Total revenues are projected to decrease by 3.9% in fiscal year 2005, and then increase by 3.5%, 4.0%, 4.1% and 3.8% in fiscal years 2006, 2007, 2008 and 2009, respectively. Excluding exchange rate impacts, revenues in fiscal year 2005 are forecasted to grow by approximately 4.0% versus those expected to be achieved in fiscal year 2004. The achievement of projected revenue growth is assumed to result primarily from (i) focus on growth of larger aftermarket accounts currently served and modest penetration of the Mexican and South American markets in the Transportation business, (ii) increased focus on parts and services business worldwide, and (iii) Reorganized Exide's ability to source globally in a consolidating OE marketplace. The Projections are based upon maintaining key relationships with existing major clients. THE PROJECTIONS DO NOT PROJECT ANY NEGATIVE IMPACT FROM THE CHAPTER 11 CASES ON REORGANIZED EXIDE RELATIONSHIPS WITH ITS CUSTOMERS.

(vii) Cost of Goods Sold. Cost of revenue consists primarily of lead and other materials costs, wages & related costs pertaining to manufacturing, procurement, and other overhead costs.

(viii) Gross Margins (revenues less cost of goods sold, excluding depreciation). Gross margins are projected to increase as a percentage of revenues (from 24.0% to 25.0%) from fiscal 2004 to fiscal 2006 due to continued rationalization in the Debtors' cost base through a reduced manufacturing footprint. Combined with projected operating efficiencies, this rationalization is projected to result in improved absorption of fixed costs. Gross margins are then forecasted to decrease as a percentage of revenues (from 25.0% to 24.7%) from fiscal 2006 to fiscal 2009 due to inflationary cost increases for labor, utilities, and other operating expenses at the Debtors' manufacturing facilities.

(ix) Selling & Marketing and General & Administrative Expenses. Selling & marketing and general & administrative expenses as a percent of total revenues are expected to be 16.2%, 15.8%, 15.4%, 15.1% and 14.8% for fiscal years 2005, 2006, 2007, 2008 and 2009, respectively. The decline in selling, general and administrative expenses as a percentage of revenue results primarily from initiatives designed to achieve cost savings.

(x) EBITDAR. EBITDAR is defined for purposes of the Projections as earnings before interest expense, income tax provision, depreciation and amortization, restructuring expenses, and other unusual and non-recurring items.

(xi) Interest Expense. Interest expense reflects interest on the Exit Facility at a rate of LIBOR plus 350 basis points ("bps") on the North American and European Term Loans and on the Revolving Credit Facility. While the three-month LIBOR is currently approximately 110 bps, the Projections assume LIBOR will increase gradually to 400 bps by the end of fiscal year 2006, as the Debtors believe that LIBOR will likely increase over the next five years.

(xii) Income Taxes. The Projections assume that, upon consummation, Reorganized Exide will have the benefit of approximately $600 million of net operating loss carryforwards ("NOLs"), net of NOLs used to shield cancellation of indebtedness income ("COD Income") resulting from the restructuring transaction. It is anticipated that approximately $500 million of those NOLs will reside with Foreign Subsidiary Borrowers, with approximately $100 million in domestic NOLs surviving after reductions for COD Income. The domestic combined federal, state and local income tax rate is estimated at 38% before NOL usage. Taking into account the continued benefit of NOLs, the foreign combined federal, state and local income tax rate is estimated at 25%.

(xiii) Capital Expenditures. Capital expenditures consist of maintenance costs, fixed asset purchases, environmental, health and safety costs, initiative-related capital

expenditures, and other capital expenditures. The Projections assume a level of capital expenditures that can be supported by the capital structure and forecasted operating results of Reorganized Exide.

(xiv) "Fresh Start Accounting". Although the Projections reflect certain adjustments as of the Effective Date, including the impact of the valuation of Reorganized Exide's equity, they do not fully reflect "fresh start" accounting. The Debtors are in the process of evaluating further how the reorganization value will be allocated to Reorganized Exide's various assets. It is likely that the final allocation will differ from current estimates, and therefore the amount of reorganization value in excess of book, as well as depreciation, will differ from the amounts presented herein. For purposes of the Projections, the fair market value of Debtors' assets and liabilities is assumed to be equivalent to their respective net book values.

(xv) Reorganization Value. For purposes of this Disclosure Statement and in order to prepare the Projections, management has estimated the reorganization value of Reorganized Exide as of March 31, 2004 to be approximately $1.5 billion. For purposes of computing reorganization adjustments, the reorganization value is assumed to be allocated between North America and Europe/ROW based on a $600 million valuation of North America and a $900 million valuation of Europe/ROW. See Valuation disclosure in Section I.H.2 hereof.

(xvi) Working Capital. Components of working capital are projected primarily on the basis of historic patterns, adjusted to reflect the benefit of management initiatives in areas such as inventory reduction.

(xvii) New Loan Facilities. The Projections include an Exit Facility consisting of a $250 million North American Term Loan, a $250 million European Term Loan, and a $100 million North American Revolving Credit Facility with on-lending capabilities. The New Loan Facilities include interest at LIBOR plus 350 bps. LIBOR is forecast to increase over the projection period from 150 bps to 400 bps.

(b) *Special Note Regarding Forward-Looking Statements*. Except for historical information, statements contained in this Disclosure Statement and incorporated by reference therein, including the Projections, may be considered "forward-looking statements" within the meaning of federal securities law. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, general economic and business conditions, the competitive environment in which Reorganized Exide operates and will operate, the success or failure of Reorganized Exide in implementing its current business and operational strategies, the level of vendor trade support, labor relations and labor costs, the ability of Reorganized Exide to maintain and improve its revenues and margins, and the liquidity of Reorganized Exide on a cash flow basis (including the ability to comply with the financial covenants of its credit arrangements and to fund Reorganized Exide's capital expenditures).

(c) *Financial Projections*. The financial projections prepared by management are summarized in the following tables. Specifically, the attached tables include:

(i) Pro-forma Reorganized Exide balance sheet at March 31, 2004.

(ii) Projected balance sheets for fiscal years ending 2005, 2006, 2007, 2008 and 2009.

(iii) Projected income statements for fiscal years ending in 2005, 2006, 2007, 2008 and 2009.

(iv) Projected statements of cash flow for fiscal years ending in 2005, 2006, 2007, 2008 and 2009.

2. Valuation

In the Bankruptcy Court's Opinion and Order regarding Confirmation ("Opinion"), dated December 30, 2003, the Bankruptcy Court ruled that the enterprise value of Reorganized Exide is in the range of $1.4 billion and $1.6 billion.

The Equity Committee contends that the enterprise value of $1.4 to $1.6 billion as determined by the Bankruptcy Court at the first confirmation hearing is no longer applicable or accurate. The Equity Committee maintains that the current enterprise value of the Debtors exceeds $2.0 billion; that unsecured creditors are therefore entitled to payment in full on their claims; and that Exide's shareholders are entitled to receive a distribution under a plan of reorganization. According to the Equity Committee, the increase in enterprise value is attributable to a number of developments in the past four months, including the strengthening of euro against the dollar, improvement in the metrics of comparable companies, and changes in the price of raw materials used by the Debtors in their operations, especially lead. Based on its assessment of the Debtors' enterprise value, the Equity Committee has advised the Debtors that it intends to object to confirmation of the Joint Plan. The Debtors dispute the factual and legal assertions of the Equity Committee and reserve all of their rights with respect thereto.

I. REORGANIZED DEBTORS AND THE POST-CONFIRMATION ESTATE

Except as otherwise provided in the Joint Plan, the Debtors shall, as Reorganized Debtors, continue to exist after the Effective Date as separate corporate entities, with all the powers of a corporation under the laws of their respective states of incorporation and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under such applicable state law. Except as otherwise provided in the Joint Plan, on and after the Effective Date, all property of the Debtors' Estates, and any property acquired by the Debtors or Reorganized Debtors under the Joint Plan, shall vest in the respective Reorganized Debtors, free and clear of all Claims, liens, charges, or other encumbrances. On and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire or dispose of property and compromise or settle any Claims or Equity Interests, without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Joint Plan and the Confirmation Order. On or before the Effective Date, Exide may contribute certain assets to several existing or newly formed, wholly-owned subsidiaries organized along functional lines to hold Exide's various businesses. Ownership of the transferred assets shall vest in such subsidiaries and shall be, after the Effective Date, free and clear of all Claims, liens, charges or other encumbrances. On and after the Effective Date, such subsidiaries may operate their businesses and may use, acquire or dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Joint Plan and the Confirmation Order.

II.
THE CHAPTER 11 CASES

On April 15, 2002, Exide along with the other Initial Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Subsequently, on November 21, 2002, the Subsequent Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On the relevant petition dates, all actions and proceedings against the Debtors and all acts to obtain property from them were stayed under section 362 of the Bankruptcy Code. The Debtors have continued to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

A. DEBTOR-IN-POSSESSION FINANCING

On May 10, 2002, the Company received final approval of its prior $250 million Original DIP Credit Facility. As described in greater detail in Section I.B.1 above, the Original DIP Credit Facility was being used to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, letter of credit requirements and other general corporate purposes. On February 13, 2004, the Company amended and restated the Original DIP Credit Facility to provide up to $500 million in financing (1) to supplement cash flows from operations during the reorganization process, including the payment of post-petition ordinary course trade and other payables, the payment of certain permitted prepetition claims, working capital needs, letter of credit requirements and other general corporate purposes, (2) purchase the outstanding loans and commitments of the

lenders under the European securitization facility, (3) to provide the Company with an additional $40 million in working capital financing and (4) to provide the Company with a $125 million stand-by commitment to pay the 9.125% Senior Notes (Deutsche mark denominated) at their April 15, 2004 maturity.

B. APPOINTMENT OF THE OFFICIAL COMMITTEES

On April 30, 2002, the office of the United States Trustee appointed the Creditors Committee.

The current members of the Creditors Committee are Pension Benefit Guarantee Corporation, HSBC Bank USA, as Trustee, The Bank of New York, as Trustee, Smith Management LLC, Turnberry Capital Management, L.P., Tulip Corporation, Transervice Logistics Inc., Carroll Todd Lollis, as Guardian ad Litem for Logan T. Lollis, and Aaron Wann.

After being ordered to appoint a committee of equity holders by an order of the Bankruptcy Court, on September 24, 2002, the office of the United States Trustee appointed the Equity Committee.

The members of the Equity Committee are State of Wisconsin Investment Board, Thomas V. Kandathil and Amand P. Rendell.

C. SUMMARY OF KEY MOTIONS

1. Motion to Obtain Postpetition Financing and Authorizing Debtors to Utilize Cash Collateral; Granting Adequate Protection to Prepetition Secured Lenders

On April 17, 2002 the Bankruptcy Court entered an interim order granting authority for the Debtors to enter into a Postpetition Credit Agreement to obtain revolving credit and term loans in an interim aggregate principal amount of up to $200 million, of which no more than $125 million in aggregate principal amount may consist of revolving loans. The Debtors were also granted authority to use cash collateral of the Prepetition Lenders and authority for the Debtors who are parties to the Prepetition Credit Agreement (namely, Exide, Exide Delaware, L.L.C. and RBD Liquidation, L.L.C. (collectively, the "Adequate Protection Debtors") to provide adequate protection to the Agent and the Prepetition Lenders, including making certain adequate protection payments to the Prepetition Lenders subject to liquidity calculations prescribed in the Original DIP Credit Facility. On May 10, 2002, the Bankruptcy Court gave final approval of the Debtors' Original DIP Credit Facility, in an aggregate principal amount of up to $250 million.

On February 12, 2004, the Bankruptcy Court entered an interim order granting authority for Debtors to amend and restate the Original DIP Credit Facility. The Replacement DIP Credit Facility provides up to $500 million in financing, is afforded super priority claim status in the Chapter 11 Cases and is collateralized by first liens on certain eligible U.S. assets of the Company, principally accounts receivable, inventory and property.

2. Motions for the Authority to Pay Prepetition Shipping Charges and Claims of Essential Trade Creditors

On April 18, 2002, the Bankruptcy Court granted the Debtors' requests for limited discretionary authority to pay certain prepetition trade claims of critical vendors, not to exceed $30 million. The Bankruptcy Court also granted the Debtors' request to pay certain prepetition shipping, warehouse, and customs fees and costs for goods in transit, not to exceed approximately $10 million. The relief granted in these motions allowed the Debtors to stabilize key vendor and supply relationships, helping to ensure a smooth transition into Chapter 11.

3. Applications for Retention of Debtors' Professionals

The Debtors have received Bankruptcy Court authority to retain legal, financial, turnaround and public relations professionals, among others, to assist the Debtors in connection with these Chapter 11 Cases. These professionals were intimately involved with the negotiation and development of the Debtors' restructuring. These professionals include, among others, (a) Kirkland & Ellis LLP, as counsel for the Debtors; (b) Pachulski, Stang, Ziehl, Young, Jones & Weintraub, as co-counsel for the Debtors; (c) The Blackstone Group, L.P., as financial advisors; (d) AlixPartners, as turnaround advisors; and (e) Gavin Anderson, as public relations consultants.

4. Motion for Expedited Procedures for the Rejection of Executory Contracts and Unexpired Leases

The Bankruptcy Court has authorized the use of expedited procedures in which the Debtors may reject an agreement for an executory contract or an unexpired lease where the remaining benefits under the agreement, if any, are of no or negligible further value to the Debtors' reorganization efforts.

5. Motion for Continued Use of Cash Management System

On June 14, 2002, the Bankruptcy Court entered a final order authorizing the Debtors to continue to operate their existing bank accounts, to continue to use their existing business forms, to continue to use their centralized cash management system and to grant superiority status to postpetition intercompany claims.

6. Motions to Pay Prepetition Wages, Salaries and other Compensation and Employee Medical, Pension and Similar Benefits

On August 12, 2002, the Bankruptcy Court granted the Debtors' request to pay all compensation and benefits owed to employees. The authority granted allows the Debtors to compensate their employees for obligations payable as of the Petition Date, as well as obligations that come due after the Petition Date.

7. Motion for Expedited Procedures in the Sale or Abandonment of De Minimis Assets

On May 10, 2002, the Bankruptcy Court authorized the use of expedited procedures in which the Debtors may (a) effectuate sales of certain obsolete, excess, or burdensome assets free and clear of all liens, claims, interests and encumbrances with any such liens attaching to the sale proceeds in the same validity, extent and priority as immediately prior to the sale, and (b) abandon de minimis assets to the extent a sale thereof cannot be consummated at value greater than the liquidation expense of such assets. The maximum aggregate value of de minimis asset sales authorized under this order cannot exceed $60 million without further approval from the Bankruptcy Court.

8. Motion to Implement a Key Employee Restructuring Milestone Incentive and Income Protection Program

On August 12, 2002, the Bankruptcy granted final approval of the Debtors' Key Employee Restructuring Milestone Incentive and Income Protection Program. The program addresses the Debtors' employment relationships with approximately 80 employees and provides a discretionary reserve fund for use in retaining the services of other employees deemed critical to the performance of the Debtors' businesses during the Chapter 11 Cases.

9. Motion to Extend the Time to Assume or Reject Unexpired Leases of Nonresidential Real Property

The Debtors, requiring more than the statutory 60 day period to decide whether to assume or reject unexpired leases of non-residential real property, have been granted several extensions of time within which to assume or reject such leases. The current deadline is set to expire on March 31, 2004.

10. Motion to Extend Time to File a Joint Plan and Solicit Acceptances

The Bankruptcy Court has granted several extensions of the time period in which the Debtors have the exclusive right to file a plan of reorganization and solicit acceptances of a plan. The Debtors' exclusive period to file a plan of reorganization and obtain acceptances to any such plan has expired with respect to the Agent and the Creditors Committee, but such period was extended to February 15, 2004 for all other parties. The Debtors have filed a motion to further extend their exclusive period to solicit acceptances of a plan of reorganization with respect to all parties except the Agent and the Creditors Committee to May 15, 2004.

11. Motion to Appoint an Equity Security Holders Committee

On September 23, 2002 the Bankruptcy Court granted the State of Wisconsin Investment Board authority to direct the United States Trustee to appoint an Equity Security Holders' Committee for the Debtors' Chapter 11 Cases.

12. Motion Directing that Certain Orders in the Chapter 11 Cases of Exide Technologies, et al be Made Applicable to Dixie Metals Company and Refined Metals Corporation

On November 21, 2002, the Debtors Dixie Metals Company and Refined Metals Corporation filed voluntary petitions for relief under Chapter 11. By order of the Bankruptcy Court dated December 18, 2002, certain orders previously entered in the Chapter 11 Cases were made applicable to Dixie Metals and Refined Metals, as if Dixie Metals and Refined Metals were actually referred to in the particular orders.

13. Claim of Bernd Schulte-Ladbeck

Bernd H. Schulte-Ladbeck ("Schulte") and Performance Plastics Products, Inc. ("3PI") have filed proofs of claim in which they assert ownership or co-ownership rights in certain patents. Specifically, Schulte and 3PI assert that (i) Exide Technologies is the owner by assignment of United States Patent Nos. 6,045,940 ("the '940 patent") and 6,110,617 ("the '617 patent") (collectively, the "Patents"), (ii) the '940 patent entitled Flooded Lead Acid Battery with Tilt-Over Capability issued to Exide Technologies on April 4, 2000, (iii) the '617 patent entitled Flooded Lead Acid Battery with Roll-Over Capability issued to Exide Technologies on August 29, 2000, (iv) both Patents name Fred F. Feres ("Feres") as the inventor, (vi) the Patents described and claimed batteries employing polytetrafluoroethylene (PTFE) frits as flame arresters to provide improved safety in tilt over and roll over circumstances, (vii) in the '617 patent, the frits are employed alone, while in the '940 patent they are used with a labyrinth on the top of the battery to prevent fluid loss, and (viii) these inventions are particularly suitable for use in automotive batteries. Schulte asserts that he is an engineer employed by 3PI. Schulte and 3PI assert that Schulte is the inventor of the invention disclosed and claimed in the '617 patent and is a co-inventor of the invention disclosed and claimed in the '940 patent. Schulte and 3PI assert in their proofs of claim that they intend to seek a correction of the inventors named in the Patents which would result in their acquisition of an ownership interest in the Patents. Further, they claim damages as a result of (1) Exide Technology's alleged unauthorized disclosure of Schulte's invention and 3PI's confidential and proprietary information by application for and acquisition of those United States patents and (2) the alleged loss of patent rights in foreign countries, notably Europe, Japan, Brazil, Russia and other countries where automobiles are manufactured and used, which Schulte and 3PI allege, over the twenty (20) year life of the average patent, could exceed One Hundred Million Dollars ($100,000,000.00). The Debtors dispute the factual and legal assertions of Schulte and 3PI and reserve all of their rights with respect thereto. The Debtors agree that Schulte or 3PI may file an action in the Bankruptcy Court (or seek relief from the automatic stay to file an action in another court) seeking a change of the inventors named in the Patents which would result in their acquisition of an ownership interest in the Patents, and that such action would not be barred by any injunction provisions or any other provisions contained in any confirmed plan of reorganization in these Chapter 11 Cases.

14. Motion to Approve Stipulation and Agreed Order Authorizing Entry Into a Bonding Facility Agreement

On August 19, 2003, the Bankruptcy Court approved a Stipulation and Agreed Order ("Stipulation and Agreed Order") Authorizing Entry Into a Bonding Facility Agreement by and between the Debtors and The St. Paul Companies, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company and Seaboard Surety Company (collectively, "St. Paul"). Pursuant to the Stipulation and Agreed Order, St. Paul has agreed to provide Exide with certain bonding availability during the remainder of the Debtors' bankruptcy proceedings and for a substantial period following emergence from bankruptcy, and Exide has agreed, inter alia, to collateralize outstanding bonds, all pursuant to the terms and conditions of the Stipulation and Agreed Order, which terms and conditions are more fully set forth therein.

D. ASSUMPTION/REJECTION OF CONTRACTS AND LEASES

Pursuant to section 365 of the Bankruptcy Code, and pursuant to the rejection procedures order described above, the Debtors may either assume, assume and assign, or reject executory contracts and unexpired leases of real and personal property, subject to the approval of the Bankruptcy Court. As a condition to assumption, or assumption and assignment, the Debtors must cure all existing defaults under the contract or lease. If the contract or lease is rejected, any resulting rejection damages are treated as prepetition unsecured claims. Generally, and with certain exceptions, postpetition obligations arising under a contract or lease must be paid in full in the ordinary course of business.

Throughout these Chapter 11 Cases, the Debtors have filed several motions to reject contracts, and have sought several extensions of time within which to assume or reject contracts. The current deadline for assuming or rejecting unexpired leases of non-residential real property is March 31, 2004. The Debtors are continuing to review their executory contracts and unexpired leases and will continue to make determinations with respect to such contracts on a rolling basis.

On March 24, 2003, the Debtors initiated adversary proceeding number 03-51952 (KJC) against certain of its purported equipment lessors (the "Purported Lessors") seeking a declaration that certain purported leases (the "Purported Leases") are actually financing agreements that create a security interest and are not "true leases" (the "Recharacterization Adversary Proceeding"). The Purported Lessors deny that the agreements are secured transactions. At this time, no trial date has been scheduled; however, under the current scheduling and discovery order, the Recharacterization Adversary Proceeding will not be resolved or completed prior to confirmation of the Joint Plan. As a result, the Purported Leases and Purported Lessors shall be subject to the following treatment under the Joint Plan. Immediately prior to the Effective Date, except as otherwise provided in this section, all Purported Leases shall be deemed assumed on a conditional basis pending the entry of a final, non-appealable order resolving the Recharacterization Adversary Proceeding in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those Purported Leases that (1) have been rejected on a conditional basis pending the entry of a final, non-appealable order resolving the Recharacterization Adversary Proceeding by order of the Bankruptcy Court, (2) are the subject of a motion to reject on a conditional basis pending the entry of a final, non-appealable order resolving the Recharacterization Adversary Proceeding pending on the Effective Date, or (3) are identified on a list to be included in the Plan Supplement. To the extent that a final, non-appealable order is entered in the Recharacterization Adversary Proceeding providing that a Purported Lease is a "true lease," the conditional assumption or rejection of such Purported Lease, whichever is applicable, shall become final and such Purported Lessor shall be entitled to the treatment provided for other lessors and non-debtor parties to executory contracts. To the extent that a final, non-appealable order is entered in the Recharacterization Adversary Proceeding providing that a Purported Lease is a secured financing transaction, such Purported Lessor shall be entitled to a Class P2-Other Secured Claim to the extent of the value of the equipment subject to the Purported Lease under section 506 of the Bankruptcy Code if such Purported Lessor qualifies as a secured creditor under applicable non-bankruptcy law and a P4-General Unsecured Claim for any amounts owed by the Debtors greater than the value of the equipment or for the entire amount of such allowed claim if the Purported Lessor does not qualify as a secured creditor under applicable non-bankruptcy law. With respect to any Purported Lease as to which the Debtors retain possession of the underlying equipment or to which the Debtors have not returned the underlying equipment, from the Confirmation Date through the date of entry of a dispositive final, non-appealable order in the Recharacterization Adversary Proceeding with respect to such Purported Lease or by other agreement between the parties, the Debtors and the Purported Lessors shall continue to perform their obligations under the Purported Leases in accordance with each such Purported Lease's terms; provided however, that with respect to any Purported Lease that is conditionally assumed as of the Confirmation Date, the Debtors shall not be required to make any cure payment within the meaning of section 365 of the Bankruptcy Code until the entry of a final, non-appealable order in the Recharacterization Adversary Proceeding determining that such Purported Lease is a "true lease." Unless otherwise agreed to by the parties, the Debtors shall continue to perform their obligations under the holdover terms of any Purported Lease for which the Debtors retain possession of the underlying equipment but which expires by its own terms prior to the entry of a dispositive final, non-appealable order in the Recharacterization Adversary Proceeding. In the event that the Debtors conditionally assume a Purported Lease and a final, non-appealable order is entered in the Recharacterization Adversary Proceeding determining that such Purported Lease is a "true lease," the Debtors shall provide such Purported Lessor with a notice setting forth the proposed cure amount within 30 days of the entry of such order. If the Purported Lessor does not agree with the Debtors' proposed cure amount, such Purported Lessor may submit an alternative cure amount within 30 days of receipt of the Debtors' notice. If the parties are unable to agree on a cure amount, a hearing shall be set before the Bankruptcy Court to determine the cure amount. Any bar date relating to Administrative Claims established in the Joint Plan or otherwise shall not apply to Administrative Claims alleged by the Purported Lessors relating to the Purported Leases. Rather, upon the motion of the Debtors or the Purported Lessors, the Bankruptcy Court shall establish a bar date and related notice and filing procedures, in the Recharacterization Adversary Proceeding, for Administrative Claims alleged by the Purported Lessors relating to the Purported Leases.

E. BANKRUPTCY LITIGATION

The following are substantial litigation issues currently pending by or against or seriously impacting upon the Debtors:

1. Exide v. Keystone Leasing Service, et al.

On March 24, 2003, Exide Technologies filed adversary complaint number 03-51952 in the United States Bankruptcy Court for the District of Delaware against Keystone Leasing Service, JDR Capital Corporation, Citicorp Vendor Finance, Inc., f/k/a Copelco Capital, Inc., Finova Capital Corporation, Trimarc Financial, New England Capital Corporation, Diamond Lease (U.S.A.), Inc., Sovereign Bank Network Capital Alliance Division, Fleet Credit Corporation, n/k/a Fleet Capital Corporation, Transamerica Business Credit Corporation, n/k/a M Credit, Inc., USL Capital Corporation, n/k/a Mellon US Leasing, General Electric Capital Corporation, Associates Leasing, Inc., n/k/a CitiCapital Commercial Leasing Corporation, Sanwa Business Credit Corporation n/k/a Fleet Business Credit Corporation, Fleet Business Credit Funding Corporation, FleetBoston Financial Corporation, Senstar Finance Company, n/k/a Deere Credit, Inc., Fifth Third Leasing Company and National City Leasing Company. The complaint relates to agreements pertaining to certain of Exide's industrial and manufacturing machinery, and seeks a determination that such agreements are secured financing transactions and not true leases. Currently, the parties are in the discovery phase of the litigation.

2. Exide v. Arthur M. Hawkins, Douglas N. Pearson and Alan E. Gauthier

On May 8, 2002, Exide filed an adversary proceeding against former officers Arthur Hawkins and Douglas Pearson, seeking the recovery of preferential transfers made within 90 days prior to the Petition Date. On or about April 24, 2003, Exide filed an additional adversary proceeding, naming Arthur Hawkins, Douglas Pearson and Alan Gauthier as defendants, seeking recovery of certain preferential transfers, fraudulent conveyances, and seeking the turnover of certain property of Exide's estate. These adversary proceedings have been consolidated under case number 02-03274, and all told Exide is seeking the recovery of approximately $3.2 million dollars, including approximately $735,000 from Arthur Hawkins, $1.787 million from Douglas Pearson and $661,298 from Alan Gauthier. This adversary proceeding is currently in the discovery phase.

3. Creditors Committee and R^2 Investments v. Credit Suisse First Boston and Salomon Smith Barney, Inc.

On January 16, 2003 the Committee and R^2 Investments, LDC filed an adversary proceeding against Credit Suisse First Boston, individually as lender and as administrative agent, joint lead arranger, sole book manager and class representative for a syndicate of banks and other institutions, and Salomon Smith Barney, Inc., as syndication agent, joint lead arranger and class representative for Prepetition Lenders, alleging impropriety with respect to the Prepetition Credit Facility. This adversary proceeding seeks, among other things, to avoid as fraudulent and preferential transfers certain of the Prepetition Credit Facility Claims and to subordinate all of the Prepetition Credit Facility Claims to the payment of General Unsecured Claims. Pursuant to section 1123(b) of the Bankruptcy Code, the plaintiffs, the defendants and the Debtors are settling this litigation in consideration for the classification, distribution, treatment, releases and other benefits provided under the Joint Plan, including without limitation the distributions to be made to Holders of General Unsecured Claims pursuant to Article III.B.4 of the Joint Plan and the undertakings of the parties in furtherance of the settlements provided in the Joint Plan. See Section III.I.7 below for a more detailed description of the litigation and proposed settlement.

As a condition to Confirmation of the Joint Plan, the Confirmation Order must approve the dismissal, with prejudice, of this adversary proceeding in its entirety, which dismissal shall be effective as of the Effective Date.

4. Smith Management LLC vs. Credit Suisse First Boston, et al.

On October 14, 2003, Smith Management LLC filed an adversary proceeding against Credit Suisse First Boston, Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., AG Capital Funding Partners L.P., R^2 Top Hat LTD., Black Diamond 1998-1 LTD., Black Diamond CLO 2000-1 LTD., Black Diamond International Funding, LTD., Citadel Trading LTD., and Citadel Equity Fund, LTD., designated as adversary proceeding 03-56894(KJC). The Smith Management LLC adversary proceeding makes allegations substantially identical to the allegations raised in the Creditors' Committee adversary proceeding, described immediately above. Pursuant to section 1123(b) of the Bankruptcy Code, the plaintiff, the defendants, the Debtors and the Creditors Committee are settling this litigation in consideration of the classification, distribution, treatment, releases and other benefits provided under the Joint Plan, including without limitation the distributions to be made to Holders of General Unsecured Claims pursuant to Article III.B.4 of the Joint Plan and the undertakings

of the parties to the settlements provided in the Joint Plan. See Section III.I.7 below for a more detailed description of the litigation and proposed settlement.

As a condition to Confirmation of the Joint Plan, the Confirmation Order must approve the dismissal, with prejudice, of this adversary proceeding in its entirety, which dismissal shall be effective as of the Effective Date.

5. EnerSys Litigation

On or about March 14, 2003, the Debtors gave notice of their intention to reject certain contracts (the "EnerSys Contracts") with predecessors in interest to EnerSys Inc. ("EnerSys"), including but not limited to a trademark licensing agreement regarding the use of the "Exide" name on industrial battery products. EnerSys objected to the Debtors' rejection of certain of the EnerSys Contracts, arguing, among other things, that the contracts at issue are not executory, that any benefit to the Debtors' estates from such rejections would be exceeded by the costs to the estates arising out of the rejection, and that it would be inequitable under the circumstances to permit rejection of certain of the contracts. A hearing on rejection of the EnerSys Contracts that EnerSys opposes will be heard by the Court beginning March 3, 2004.

The financial projections contained in this Disclosure Statement do not assume that the Debtors will obtain an order authorizing the rejection of the EnerSys Contracts. If the Debtors are authorized to reject the EnerSys Contracts, including the trademark licensing agreement, the Debtors assert that they will be able to use the "Exide" trademark in marketing industrial batteries, and believe that they would enjoy significant economic benefits from being able to market all of their products under a single brand. However, the Debtors have not quantified the amount of such benefits. In addition, the Debtors assert that EnerSys will be unable to use the "Exide" trademark in any market in connection with any products. In the event the Debtors prevail in their efforts to reject the EnerSys Contracts, no additional consideration would flow to unsecured creditors under the Joint Plan. Rather, any benefit from the rejection would inure to the benefit of Reorganized Exide. Further, in the event the Debtors are able to reject the EnerSys Contracts, EnerSys has asserted that it will have a rejection damage claim which will exceed $50.0 million. The Debtors and the Creditors Committee or the Postconfirmation Creditors Committee may contest the EnerSys rejection damage claim. To the extent the EnerSys rejection claim is allowed, it will be a Class P4-A Claim and the existence of such Claim will cause a reduction in the distributions to other Holders of Class P4 Claims.

6. Pacific Dunlop Litigation

In July 2001, Pacific Dunlop Holdings (US), Inc. ("PDH") and several of its foreign affiliates under the various agreements through which Exide and its affiliates acquired GNB, filed a complaint in the Circuit Court for Cook County, Illinois alleging breach of contract, unjust enrichment and conversion against Exide and three of its foreign affiliates. The plaintiffs maintain they are entitled to approximately $17.0 million in cash assets acquired by the defendants through their acquisition of GNB. In December 2001, the Court denied the defendants' motion to dismiss the complaint, without prejudice to re-filing the same motion after discovery proceeds. The defendants have filed an answer and counterclaim. On July 8, 2002, the Court authorized discovery to proceed as to all parties except Exide. In August 2002, the case was removed to the U.S. Bankruptcy Court for the Northern District of Illinois and in October 2002, the parties presented oral arguments, in the case of PDH, to remand the case to Illinois state court and, in the case of Exide, to transfer the case to the U.S. Bankruptcy Court for the District of Delaware. On February 4, 2003, the U.S. Bankruptcy Court for the Northern District of Illinois transferred the case to the U.S. Bankruptcy Court in Delaware.

In December 2001, PDH filed a separate action in the Circuit Court for Cook County, Illinois seeking recovery of approximately $3.1 million for amounts allegedly owed by Exide under various agreements between the parties. The claim arises from letters of credit and other security allegedly provided by PDH for GNB's performance of certain of GNB's obligations to third parties that PDH claims Exide was obligated to replace. Exide's answer contested the amounts claimed by PDH and Exide filed a counterclaim. Although this action has been consolidated with the Cook County suit concerning GNB's cash assets, the claims relating to this action are currently subject to the automatic bankruptcy stay, and have been transferred to the U.S. Bankruptcy Court for the District of Delaware.

On November 19, 2003, the Bankruptcy Court, denying PDH's Motion to Remand to the Circuit Court in Cook County, Illinois, issued an opinion holding that the Bankruptcy Court had jurisdiction over PDH's

claims and, moreover, holding that liability, if any, would lie solely against Exide and not against any of Exide's foreign affiliates. While Exide intends to vigorously defend the action and dispute any liability, Exide is confident, based on the Court's ruling, that any finding of liability would give rise to a prepetition claim that would be subject to discharge under the pending Joint Plan.

7. Confirmation Appeals

Smith Management LLC and HSBC Bank USA have each filed appeals with respect to the Bankruptcy Court's Opinion and Order, dated December 30, 2003, regarding confirmation of the Debtors' Fourth Amended Joint Plan of Reorganization. The parties have agreed that both such appeals shall be stayed during the pendency of the confirmation process for the Joint Plan.

F. CLAIMS PROCESS AND CLAIMS BAR DATES

In Chapter 11, claims against a debtor are established either as a result of being listed in a debtor's schedules of liabilities (the "Schedules") or through assertion by the creditor in a timely filed proof of claim (each, a "Claim"). Claims asserted by creditors are either allowed or disallowed. If allowed, the Claim will be recognized and treated pursuant to the plan of reorganization. If disallowed, the creditor will have no right to obtain any recovery on or otherwise enforce the Claim against the debtor.

1. Filing of Schedules of Liabilities

On June 13, 2002, the Initial Debtors filed their Schedules with the Bankruptcy Court. Schedules for the Subsequent Debtors were filed on November 27, 2002. The Debtors have, from time to time, amended their Schedules and reserve the right to continue to amend them during the pendency of the Chapter 11 Cases.

2. Bar Dates

By motion of the Debtors, the Bankruptcy Court set April 23, 2003, as the bar date for all entities to file Claims against the Debtors, subject to certain exceptions. Those creditors who were required to, but failed to, file Claims by April 23 are barred from asserting any claims against the Debtors or receiving any distributions under the Joint Plan. By further motion of the Debtors, the Bankruptcy Court set August 15, 2003 as the date by which all "contaminant" Claims, including personal injury and property damage claims based on contamination theories, must have been filed. Those creditors whose Claims were subject to the August 15 deadline must have filed Claims before that date, or they are now barred from asserting any claims against the Debtors or receiving any distributions under the Joint Plan on account of such claims.

3. Claims Objection Process

The Debtors anticipate that, when the various bar dates expire, the Debtors will begin evaluating the proofs of claim to determine whether to file objections seeking to disallow asserted Claims. The Debtors anticipate that they will also reconcile the Claims listed in our Schedules with the Claims asserted in proofs of claim and will eliminate duplicative or erroneous Claims to ensure that the Bankruptcy Court allows only valid Claims. If the Debtors object to a proof of claim, the Bankruptcy Court will determine whether to allow any such Claim. To the extent that the Debtors are successful in claims objections, the total amount of our liabilities to be treated under the Joint Plan will decrease. If the Debtors do not object to a proof of claim, the Claim will be deemed allowed and will be treated pursuant to the Joint Plan. As appropriate, the Debtors may seek to negotiate and settle proofs of claim disputes as an alternative to filing objections thereto.

G. EXCLUSIVE JOINT PLAN PROPOSAL AND ACCEPTANCE RIGHTS

Section 1121(b) of the Bankruptcy Code provides a debtor with an initial period of 120 days after the commencement of a Chapter 11 case during which it has the exclusive right to file a plan of reorganization and an initial period of 180 days to obtain acceptances to any such plan (the "Exclusive Periods"). In addition, pursuant to section 1121(d) of the Bankruptcy Code, the Bankruptcy Court may, upon a showing of cause, extend or increase a debtor's Exclusive Periods. The Debtor's Exclusive Period has expired with respect to the Agent and the Creditors Committee, but was extended to February 15, 2004 for all other parties. The Debtors have filed a motion to further extend their exclusive period to solicit acceptances of a plan of reorganization with respect to all parties except the Agent and the Creditors Committee to May 15, 2004.

H. EVENTS SINCE THE SECOND AMENDED DISCLOSURE STATEMENT

On October 25, 2003, and within the Debtors' exclusive period to file a plan of reorganization, the Debtors filed the Fourth Amended Plan. Under the Fourth Amended Plan, Classes P3, S3 and P4 were impaired and entitled to vote. Classes P3 and S3 voted overwhelmingly to accept the Fourth Amended Plan. Class P4 voted to reject the Fourth Amended Plan.

The Debtors received 27 formal, and several informal, objections to confirmation of the Fourth Amended Plan. Each of the informal objections were resolved without the necessity of filing a written objection. Approximately half of the formal objections were consensually resolved by the parties and withdrawn prior to the hearing to confirm the Fourth Amended Plan (the "Fourth Amended Plan Confirmation Hearing"). Several other formal objections were overruled by the Bankruptcy Court, and at the close of the Fourth Amended Plan Confirmation Hearing, only seven objections remained.

Following the Fourth Amended Plan Confirmation Hearing, on December 30, 2003, the Bankruptcy Court issued an order denying confirmation of the Fourth Amended Plan. The Bankruptcy Court found the Debtors' enterprise value to be in the range of $1.4 billion to $1.6 billion. Given, in large part, its opinion on the value of the Debtors' estates, the Bankruptcy Court held that (1) although the Debtors are authorized to propose a settlement of the Creditors Committee Adversary Proceeding under section 1123(b)(3)(A) of the Bankruptcy Code, the proposed settlement in the Fourth Amended Plan was not fair and equitable because the $8.5 million settlement amount was below the lowest range of reasonableness; (2) the Fourth Amended Plan's release and injunction provisions were not approved because general unsecured creditors did not receive fair consideration from the parties proposed to be released in return for such releases; and (3) the Debtors' proposed distribution to certain general unsecured creditors is not a reallocation of the Prepetition Lenders' recovery because there may be sufficient value to pay the Prepetition Lenders in full. The Bankruptcy Court's order further urged the parties to continue discussing a consensual exit strategy in light of the above findings.

In consideration of the Bankruptcy Court's order and its determination that the Debtors' enterprise value is in the range of $1.4 billion to $1.6 billion, the Creditors Committee, the Debtors, the Agent and their respective advisors negotiated for several weeks in an effort to reach a consensual plan of reorganization. On January 22, 2004, the parties reached an agreement in principle, which is the basis for this Disclosure Statement and the Joint Plan.

III.
SUMMARY OF THE JOINT PLAN OF REORGANIZATION

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. It authorizes a debtor to reorganize its business for the benefit of itself, its creditors and its interest holders. Another Chapter 11 goal is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that comprises all of a debtor's legal and equitable interests as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The principal objective of a Chapter 11 case is to consummate a plan of reorganization. The Chapter 11 plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of or equity holder in the debtor, whether or not such creditor or equity holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan.

A Chapter 11 plan may specify that the legal, contractual and equitable right of the holders of claims or interests in classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan.

Accordingly, it is not necessary to solicit votes from the holders of claims or equity interests in such classes. A Chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not "unimpaired" will be solicited to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Joint Plan divides Claims and Equity Interests into various Classes and sets forth the treatment for each Class. The Debtors also are required, as discussed above, under section 1122 of the Bankruptcy Code, to classify Claims and Equity Interests into Classes that contain Claims and Equity Interests that are substantially similar to the other Claims and Equity Interests in such Classes. The Debtors believe that the Joint Plan has classified all Claims and Equity Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a Holder of a Claim or Equity Interest may challenge the classification of Claims and Equity Interests and that the Bankruptcy Court may find that a different classification is required for the Joint Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Joint Plan, to make such reasonable modifications of the classifications under the Joint Plan to permit confirmation and to use the Joint Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder was initially a member, or any other Class under the Joint Plan, by changing the composition of such Class and the vote required of that Class for approval of the Joint Plan.

The Debtors and their Affiliates, the Reorganized Debtors and each of their Affiliates, the Creditors Committee, the Equity Committee, the Agent, the Option A Electors and all officers, directors, members, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of each of the foregoing whether current or former, in each case in their capacity as such, and only if serving in such capacity on the Initial Petition Date or thereafter, have, and upon confirmation of the Joint Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under the Joint Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Joint Plan or such distributions made pursuant to the Joint Plan.

THE REMAINDER OF THIS SECTION SUMMARIZES THE STRUCTURE AND MEANS FOR IMPLEMENTING THE JOINT PLAN AND HOW THE JOINT PLAN CLASSIFIES AND TREATS CLAIMS AND EQUITY INTERESTS, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE JOINT PLAN (AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE JOINT PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE JOINT PLAN OR DOCUMENTS REFERRED THEREIN, AND REFERENCE IS MADE TO THE JOINT PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF THE TERMS AND PROVISIONS OF THE JOINT PLAN AND DOCUMENTS REFERRED TO THEREIN.

THE JOINT PLAN ITSELF AND THE DOCUMENTS THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTORS UNDER THE JOINT PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS, THE DEBTORS' ESTATES, ALL PARTIES RECEIVING PROPERTY UNDER THE JOINT PLAN, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE JOINT PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE JOINT PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

THE DISCUSSION OF THE JOINT PLAN SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED PROVISIONS SET FORTH IN THE JOINT PLAN

AND ITS EXHIBITS, THE TERMS OF WHICH ARE CONTROLLING. HOLDERS OF CLAIMS OR INTERESTS AND OTHER INTERESTED PARTIES ARE URGED TO READ THE JOINT PLAN AND THE EXHIBITS THERETO IN THEIR ENTIRETY SO THAT THEY MAY MAKE AN INFORMED JUDGMENT CONCERNING THE JOINT PLAN.

B. SUBSTANTIVE CONSOLIDATION

THE ESTATES OF THE DEBTORS HAVE NOT BEEN CONSOLIDATED, SUBSTANTIVELY OR OTHERWISE. ANY CLAIMS HELD AGAINST ONE OF THE DEBTORS WILL BE SATISFIED SOLELY FROM THE CASH AND ASSETS OF SUCH DEBTOR. EXCEPT AS SPECIFICALLY SET FORTH IN THE JOINT PLAN, NOTHING IN THE JOINT PLAN OR THIS DISCLOSURE STATEMENT SHALL CONSTITUTE OR BE DEEMED TO CONSTITUTE AN ADMISSION THAT ONE OF THE DEBTORS IS SUBJECT TO OR LIABLE FOR ANY CLAIM AGAINST THE OTHER DEBTORS THE CLAIMS OF CREDITORS THAT HOLD CLAIMS AGAINST MULTIPLE DEBTORS WILL BE TREATED AS SEPARATE CLAIMS WITH RESPECT TO EACH DEBTOR'S ESTATE FOR ALL PURPOSES (INCLUDING, BUT NOT LIMITED TO, DISTRIBUTIONS AND VOTING), AND SUCH CLAIMS WILL BE ADMINISTERED AS PROVIDED IN THE JOINT PLAN.

C. ADMINISTRATIVE AND PRIORITY TAX CLAIMS

1. Administrative Claims

Subject to the provisions of section 330(a) and 331 of the Bankruptcy Code, each Holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash (i) on the Effective Date, (ii) or if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed, or (iii) upon such other terms as may be agreed upon by such Holder and Reorganized Debtor or otherwise upon an order of the Bankruptcy Court; *provided that* Allowed Administrative Claims representing obligations incurred in the ordinary course of business or otherwise assumed by a Debtor pursuant hereto will be assumed on the Effective Date and paid or performed by such Reorganized Debtor when due in accordance with the terms and conditions of the particular agreements governing such obligations. The Holders of Allowed Adequate Protection Superpriority Claims, if any, will receive on account of such Claims the treatment set forth for Class P3 in Article III.B.3 of the Joint Plan.

2. DIP Facility Claims

Subject to the provisions of sections 328, 330(a) and 331 of the Bankruptcy Code, Allowed DIP Facility Claims will be paid in full in Cash on the earlier of (i) the Effective Date or (ii) the termination of the DIP Facility according to its terms.

3. Priority Tax Claims

On the Effective Date or as soon as practicable thereafter, each Holder of a Priority Tax Claim due and payable on or prior to the Effective Date shall be paid, at the option of the respective Reorganized Debtor, (a) Cash in an amount equal to the amount of such Allowed Claim, or (b) Cash over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code, with interest payable at a fixed rate determined as of the Confirmation Date by the formula provided in section 6621(a)(2) of the Internal Revenue Code and compounded daily (as provided in section 6622 of the Internal Revenue Code), provided, however, that tax obligations owed to the Missouri Department of Revenue shall be paid at a rate of 5% annual interest. Any deferred payments made pursuant to section 1129(a)(9)(C) of the Bankruptcy Code shall be by equal quarterly Cash payments beginning on the first day of the calendar month following the Effective Date, and following on the first day of each third calendar month thereafter, as necessary. The amount of any Priority Tax Claim that is not an Allowed Claim or that is not otherwise due and payable on or prior to the Effective Date, and the rights of the Holder of such Claim, if any, to payment in respect thereof shall (x) be determined in the manner in which the amount of such Claim and the rights of the Holder of such Claim would have been resolved or adjudicated if the Chapter 11 Cases had not been commenced, (y) survive the Effective Date and Consummation of the Joint Plan as if the Chapter 11 Cases had not been commenced, and (z) not be discharged pursuant to section 1141 of the Bankruptcy Code. In accordance with section 1124 of the Bankruptcy Code, and notwithstanding any other provision of the Joint Plan to the contrary, the Joint Plan shall leave unaltered the legal, equitable, and contractual rights of each Holder of a Priority Tax Claim. If the Reorganized Debtors substantially default on the

payments of a tax due to a local, state or federal taxing authority under the Joint Plan, then the total amount still owed to such local, state or federal taxing authority under the Joint Plan shall become due and payable, and such local, state or federal taxing authority may collect such amount as otherwise permitted under nonbankruptcy law. In this context, "substantial default" shall mean that the Reorganized Debtors have defaulted on two consecutive Joint Plan payments owing to a given local, state or federal taxing authority, and, after receiving written notice of such default from the local, state or federal taxing authority, have not, within sixty days, cured the default.

D. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

1. Summary

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including voting, confirmation and distribution pursuant to the Joint Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

2. Summary of Classification and Treatment of Claims and Equity Interests: Exide

Class	Claim	Status	Voting Right
P1	Other Priority Claims	Unimpaired	Deemed to Accept
P2	Other Secured Claims	Unimpaired	Deemed to Accept
P3	Prepetition Credit Facility Claims	Impaired	Entitled to vote
P4	General Unsecured Claims P4-A: Non-Noteholder General Unsecured Claims P4-B: 10% Senior Note Claims P4-C: 2.9% Convertible Note Claims	Impaired	Entitled to vote
P5	Equity Interests	Impaired	Deemed to reject

3. Summary of Classification and Treatment of Claims and Equity Interests: Subsidiary Debtors

Class	**Claim**	**Status**	**Voting Right**
S1	Other Priority Claims	Unimpaired	Deemed to accept
S2	Other Secured Claims	Unimpaired	Deemed to accept
S3	Prepetition Credit Facility Claims	Impaired	Entitled to vote
S4	General Unsecured Claims	Impaired	Deemed to Reject
S5	Equity Interests	Impaired	Deemed to Reject

E. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS: EXIDE

1. Class P1—Other Priority Claims

(a) *Classification.* Class P1 consists of all Other Priority Claims against Exide.

(b) *Treatment.* The legal, equitable and contractual rights of the Holders of Allowed Class P1 Claims are unaltered by the Joint Plan. Unless otherwise agreed to by the Holders of the Allowed Other Priority Claim and Exide, each Holder of an Allowed Class P1 Claim shall receive, in full and final satisfaction of such Allowed Class P1 Claim, one of the following treatments, in the sole discretion of Exide:

(i) Reorganized Exide will pay the Allowed Class P1 Claim in full in Cash on the Effective Date or as soon thereafter as is practicable; *provided that,* Class P1 Claims

representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class P1 Claims become due and owing in the ordinary course of business; or

(ii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) *Voting.* Class P1 is Unimpaired and the Holders of Class P1 Claims are conclusively deemed to have accepted the Joint Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class P1 are not entitled to vote to accept or reject the Joint Plan.

2. Class P2—Other Secured Claims

(a) *Classification.* Class P2 consists of all Other Secured Claims against Exide.

(b) *Treatment.* The legal, equitable and contractual rights of the Holders of Class P2 Claims are unaltered by the Joint Plan. Unless otherwise agreed to by the Holder of the Allowed Class P2 Claim and Exide, each Holder of an Allowed Class P2 Claim shall receive, in full and final satisfaction of such Allowed Class P2 Claim, one of the following treatments, in the sole discretion of Exide:

(i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be unaltered by the Joint Plan;

(ii) Reorganized Exide shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or further recourse against Exide or Reorganized Exide; or

(iii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

On the Effective Date or as soon as practicable thereafter, the Allowed Class P2 Claims of local, state and federal taxing authorities, if any, shall be paid, at the option of the respective Reorganized Debtor, (a) Cash in an amount equal to the amount of such Allowed Class P2 Claim, or (b) Cash over a six-year period from the date of assessment of the tax to which the claim relates, with interest payable at a fixed rate determined as of the Confirmation Date by the formula provided in section 6621(a)(2) of the Internal Revenue Code and compounded daily (as provided in section 6622 of the Internal Revenue Code), provided, however, that tax obligations owed to the Missouri Department of Revenue shall be paid at a rate of 5% annual interest. Any deferred payments made pursuant to this provision of the Joint Plan shall be by equal quarterly Cash payments beginning on the first day of the calendar month following the Effective Date, and following on the first day of each third calendar month thereafter, as necessary. Notwithstanding any other provision of the Joint Plan, all local, state and federal taxing authorities shall retain their applicable legal and equitable rights, if any, against non-Debtor obligors with respect to local, state and federal tax obligations owed by the Debtors.

Notwithstanding any other provision of the Joint Plan, any oversecured Allowed Class 2A Claim of a state or federal taxing authority shall be entitled to postpetition interest at the rate provided for in section 6621(a)(2) of the Internal Revenue Code up to the amount by which the value of the property securing the oversecured Allowed Class P2 Claim exceeds the value of such claim.

All local, state and federal taxing authorities shall retain the tax liens and rights to setoff securing their Allowed Class P2 Claims and, in the event the Reorganized Debtors substantially default on the payment of such claims (as provided for in the Joint Plan), then the total amount still owed to the applicable state or federal taxing authority under the Joint Plan shall become due and payable, and the local, state or federal taxing authority may collect such amount as otherwise permitted under nonbankruptcy law. In this context, "substantial default" shall mean that the Reorganized Debtors have defaulted on two consecutive Joint Plan payments owing to a given local, state or federal taxing authority, and, after receiving written notice of such default from the local, state or federal taxing authority, have not, within sixty days, cured the default.

(c) *Voting.* Class P2 is Unimpaired and the Holders of Class P2 Claims are conclusively deemed to have accepted the Joint Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class P2 are not entitled to vote to accept or reject the Joint Plan.

3. Class P3—Prepetition Credit Facility Claims

(a) *Classification.* Class P3 consists of the Prepetition Credit Facility Claims against Exide.

(b) *Treatment.* Class P3 Claims shall be Allowed Claims in the aggregate amount of $802.7 million. Holders of Allowed Class P3 and S3 Prepetition Credit Facility Claims may elect on their respective Ballots either (i) Class P3 Option A or (ii) Class P3 Option B, provided that Holders must elect the same treatment for both their Class P3 and S3 Claims. Any Class P3 Holder that does not make an election on its Ballot is deemed to be an Option B Elector. Any Class P3 Holder that does not make an election on its Ballot or chooses the Class P3 Option B, may, at any time prior to the Effective Date, choose the Class P3 Option A with respect to such Claim by providing notice of such choice to the Debtors in writing. The Holder of the Prepetition Credit Facility Swap Claim is deemed to be an Option A Elector with respect to such Claim.

(i) Class P3 Option A: On or as soon as practicable after the Effective Date, Holders of Allowed Class P3 and S3 Prepetition Credit Facility Claims who choose the Class P3 Option A shall receive, in full and final satisfaction of their Prepetition Domestic Secured Claims and Prepetition Foreign Secured Claims, a Pro Rata share (based on the aggregate of such Holder's Prepetition Domestic Secured Claims and Prepetition Foreign Secured Claims) of 100% of the remaining Class P3 Distribution after distributions, if any, pursuant to the Class P3 Option B. As a condition to the receipt of a Pro Rata share of the New Exide Common Stock, each Option A Elector shall execute the amendment to the Prepetition Credit Facility summarized in the Amended Prepetition Foreign Credit Agreement Term Sheet.

(ii) Class P3 Option B: On or as soon as practicable after the Effective Date, Holders of Allowed Class P3 and S3 Prepetition Credit Facility Claims who choose the Class P3 Option B shall receive, in full and final satisfaction of their Prepetition Domestic Secured Claims, a Pro Rata share (based on the aggregate of the Prepetition Domestic Secured Claims) of the Class P3 Option B Distribution. On the Effective Date, the Prepetition Foreign Secured Claims of Option B Electors shall be governed by the Amended Prepetition Foreign Credit Agreement.

(c) *Voting.* Class P3 is Impaired and Holders of Class P3 Claims are entitled to vote to accept or reject the Joint Plan.

4. Class P4—General Unsecured Claims

(a) *Classification.* Class P4 consists of all General Unsecured Claims against Exide.

(b) *Treatment.* Except as provided in Section III.L hereof, on or as soon as practicable after the Effective Date, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Allowed Class P4 Claim, the following treatment:

(i) Class P4-A: Non-Noteholder General Unsecured Claims: Holders of Class P4-A Non-Noteholder General Unsecured Claims shall receive a Pro Rata share of the Class P4 Distribution, based on the Allowed amount of their Claims.

(ii) Class P4-B: 10% Senior Note Claims: Pursuant to Section III.I.8 hereof, Holders of Class P4-B 10% Senior Note Claims shall receive a Pro Rata share of the Class P4-B Distribution, based on the Allowed amount of their Claims. As provided in Section III.I.3 hereof, this distribution shall be made to the 10% Senior Note Indenture Trustee, who shall in turn make the distributions to or for the benefit of the beneficial holders of the 10% Senior Note Claims in accordance with the terms of the 10% Senior Note Indenture and herewith. To the extent amounts are still owing to the 10% Senior Note Indenture Trustee under the 10%

Senior Note Indenture, all distributions to Class P4-B shall be subject to the charging lien of the 10% Senior Note Indenture Trustee under the 10% Senior Note Indenture.

(iii) Class P4-C: 2.9% Convertible Note Claims: Pursuant to Section III.I.8 hereof, Holders of Class P4-C 2.9% Convertible Note Claims shall receive a Pro Rata share of the Class P4-C Distribution, based on the Allowed amount of their Claims. As provided in Section III.I.3 hereof, this distribution shall be made to the 2.9% Convertible Note Indenture Trustee, who shall in turn make the distributions to or for the benefit of the beneficial holders of the 2.9% Convertible Note Claims in accordance with the terms of the 2.9% Convertible Note Indenture and herewith. To the extent amounts are still owing to the 2.9% Convertible Note Indenture Trustee under the 2.9% Convertible Note Indenture, all distributions to Class P4-C shall be subject to the charging lien of the 2.9% Convertible Note Indenture Trustee under the 2.9% Convertible Note Indenture.

(c) *Voting.* Class P4 is Impaired and Holders of Class P4 Claims are entitled to vote to accept or reject the Joint Plan, with all such votes to be tabulated on the basis of one aggregate Class.

(d) Pursuant to the Noteholder Distribution Settlement, all of the shares of New Exide Common Stock and all of the New Exide Warrants that would be allocable to Holders of Allowed Class P4-B and P4-C Claims shall be aggregated, and Holders of Class P4-B Claims shall receive 86.67% of this aggregate amount, to distribute on a Pro Rata basis, and Holders of Class P4-C Claims shall receive 13.33% of the aggregate amount, to distribute on a Pro Rata basis. As more fully described herein, the Debtors, Creditors Committee (including Smith Management LLC and the indenture trustees) and Agent engaged in extensive negotiations to achieve an overall settlement resolving the many issues among the parties. One of the issues that was negotiated among the Creditors Committee, the indenture trustees, Turnberry Capital Management, L.P. and Smith Management LLC, and then subsequently with the R2 entities (as a significant holder of the 10% Senior Notes), was a settlement which, among other things, resolved the Smith Management Adversary Proceeding, the pending appeals of the Confirmation Order by Smith Management LLC and the 2.9% Convertible Note Indenture Trustee, and issues certain parties felt pertained to subordination and pay-over provisions of the 2.9% Convertible Note Indenture. The settlement was not an admission by any party as to the relative merits of any legal position or argument asserted in connection therewith, or to the likelihood of success of any claim. As part of the overall settlement, including the agreements to pay attorneys' fees to the Fee Submission Parties, the parties have agreed to provide for the payment to the holders of 10% Senior Notes of the entire distribution otherwise allocable to the holders of the 2.9% Convertible Notes, followed by an immediate reallocation of a portion of that recovery back to the holders of the 2.9% Convertible Notes. This distribution will be made in accordance with the procedures described herein and in the Joint Plan and results in an aggregate distribution to holders of 10% Senior Notes equal to 86.67% of the aggregate noteholder distribution, and an aggregate distribution to holders of 2.9% Convertible Notes equal to approximately 13.33% of such aggregate noteholder distribution.

The R2 entities and Turnberry Capital Management, L.P., as holders of the 10% Senior Notes, have consented and agreed to the treatment and distributions as provided under the Joint Plan.

5. Class P5—Equity Interests

(a) *Classification.* Class P5 consists of the Equity Interests in Exide.

(b) *Treatment.* On the Effective Date Class P5 Equity Interests will be cancelled and Holders thereof will not receive a distribution under the Joint Plan in respect of such Interests.

(c) *Voting.* Class P5 is Impaired and is conclusively deemed to reject the Joint Plan. Holders of Class P5 Equity Interests are not entitled to vote to accept or reject the Joint Plan.

F. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS: SUBSIDIARY DEBTORS

1. Class S1—Other Priority Claims

(a) *Classification.* Class S1 consists of all Other Priority Claims against the respective Subsidiary Debtors.

(b) *Treatment.* The legal, equitable and contractual rights of the Holders of Allowed Class S1 Claims are unaltered by the Joint Plan. Unless otherwise agreed to by the Holders of the Allowed Other Priority Claim and the respective Subsidiary Debtor, each Holder of an Allowed Class S1 Claim shall receive, in full and final satisfaction of such Allowed Class S1 Claim, one of the following treatments, in the sole discretion of the applicable Subsidiary Debtor:

(i) The applicable Reorganized Debtor will pay the Allowed Class S1 Claim in full in Cash on the Effective Date or as soon thereafter as is practicable; *provided that,* Class S1 Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class S1 Claims become due and owing in the ordinary course of business; or

(ii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) *Voting.* Class S1 is Unimpaired and the Holders of Class S1 Claims are conclusively deemed to have accepted the Joint Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class S1 are not entitled to vote to accept or reject the Joint Plan.

2. Class S2—Other Secured Claims

(a) *Classification.* Class S2 consists of all Other Secured Claims against the respective Subsidiary Debtors.

(b) *Treatment.* The legal, equitable and contractual rights of the Holders of Class S2 Claims are unaltered by the Joint Plan. Unless otherwise agreed to by the Holder of the Allowed Class S2 Claim and the applicable Subsidiary Debtor, each Holder of an Allowed Class 2B Claim shall receive, in full and final satisfaction of such Allowed Class 2B Claim, one of the following treatments, in the sole discretion of the applicable Subsidiary Debtor:

(i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be unaltered by the Joint Plan;

(ii) the applicable Reorganized Debtor shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or further recourse against the applicable Debtor or Reorganized Debtor; or

(iii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

On the Effective Date or as soon as practicable thereafter, the Allowed Class S2 Claims of local, state and federal taxing authorities, if any, shall be paid, at the option of the respective Reorganized Debtor, (a) Cash in an amount equal to the amount of such Allowed Class S2 Claim, or (b) Cash over a six-year period from the date of assessment of the tax to which the claim relates, with interest payable at a fixed rate determined as of the Confirmation Date by the formula provided in section 6621(a)(2) of the Internal Revenue Code and compounded daily (as provided in section 6622 of the Internal Revenue Code), provided, however, that tax obligations owed to the Missouri Department of Revenue shall be paid at a rate of 5% annual interest. Any deferred payments made pursuant to this provision of the Joint Plan shall be by equal quarterly Cash payments beginning on the first day of the calendar month following the Effective Date, and following on the first day of each third calendar month thereafter, as necessary. Notwithstanding any other provision of the Joint Plan, all local, state and federal taxing authorities shall

retain their applicable legal and equitable rights, if any, against non-Debtor obligors with respect to local, state and federal tax obligations owed by the Debtors.

Notwithstanding any other provision of the Joint Plan, any oversecured Allowed Class S2 Claim of a state or federal taxing authority shall be entitled to postpetition interest at the rate provided for in section 6621(a)(2) of the Internal Revenue Code up to the amount by which the value of the property securing the oversecured Allowed Class S2 Claim exceeds the value of such claim.

All local, state and federal taxing authorities shall retain the tax liens and rights to setoff securing their Allowed Class S2 Claims and, in the event the Reorganized Debtors substantially default on the payment of such claims (as provided for in the Joint Plan), then the total amount still owed to the applicable local, state or federal taxing authority under the Joint Plan shall become due and payable, and the local, state or federal taxing authority may collect such amount as otherwise permitted under nonbankruptcy law. In this context, "substantial default" shall mean that the Reorganized Debtors have defaulted on two consecutive Joint Plan payments owing to a given local, state or federal taxing authority, and, after receiving written notice of such default from the local, state or federal taxing authority, have not, within sixty days, cured the default.

(c) *Voting.* Class S2 is Unimpaired and the Holders of Class S2 Claims are conclusively deemed to have accepted the Joint Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class S2 are not entitled to vote to accept or reject the Joint Plan.

3. Class S3—Prepetition Credit Facility Claims.

(a) *Classification.* Class S3 consists of all Prepetition Credit Facility Claims against the respective Subsidiary Debtors.

(b) *Treatment.* Class S3 Claims shall be Allowed Claims in the aggregate amount of $802.7 million. On account of their Class S3 Claims, the Holders thereof will receive the treatment set forth for Class P3 in Section III.E.3 above.

(c) *Voting.* Class S3 is Impaired and Holders of Class S3 Claims are entitled to vote to accept or reject the Joint Plan.

4. Class S4—General Unsecured Claims

(a) *Classification.* Class S4 consists of all General Unsecured Claims against the respective Subsidiary Debtors.

(b) *Treatment.* On or as soon as practicable after the Effective Date, each Allowed Class S4 Claim will be cancelled and Holders of Allowed Class S4 Claims will receive no distribution on account thereof.

(c) *Voting.* Class S4 is Impaired and is conclusively deemed to reject the Joint Plan. Holders of Class S4 Claims are not entitled to vote to accept or reject the Joint Plan.

5. Class S5—Equity Interests

(a) *Classification.* Class S5 consists of all Equity Interest in the respective Subsidiary Debtors.

(b) *Treatment.* On or as soon as practicable after the Effective Date, each Allowed Class S5 Equity Interest will be cancelled.

(c) *Voting.* Class S5 is Impaired and is conclusively deemed to reject the Joint Plan. Holders of Class S5 Interests are not entitled to vote to accept or reject the Joint Plan.

G. SPECIAL PROVISION GOVERNING UNIMPAIRED CLAIMS

Except as otherwise provided in the Joint Plan, nothing under the Joint Plan shall affect the Debtors' or the Reorganized Debtors' rights in respect of any Unimpaired Claims, including, but not limited to, all rights in respect of legal and equitable defenses to or setoffs or recoupments against such Unimpaired Claims.

H. ACCEPTANCE OR REJECTION OF THE JOINT PLAN

1. Voting Classes

Each Holder of an Allowed Claim in Classes P3, P4 and S3 shall be entitled to vote to accept or reject the Joint Plan.

2. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Joint Plan if (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Joint Plan and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Joint Plan.

3. Presumed Acceptance of Joint Plan

Classes P1, P2, S1 and S2 are Unimpaired under the Joint Plan, and, therefore, are presumed to have accepted the Joint Plan pursuant to section 1126(f) of the Bankruptcy Code.

4. Presumed Rejection of Joint Plan

Classes P5, S4 and S5 are impaired and shall receive no distributions, and, therefore, are presumed to have rejected the Joint Plan pursuant to section 1126(g) of the Bankruptcy Code.

5. Non-Consensual Confirmation

The Creditors Committee and the Debtors reserve the right to seek Confirmation of the Joint Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, in view of the deemed rejection by Classes P5, S4 and S5. In the event that Class P3, P4, and/or S3 fails to accept the Joint Plan in accordance with section 1129(a)(8) of the Bankruptcy Code, the Creditors Committee and the Debtors reserve the right (a) to request that the Bankruptcy Court confirm the Joint Plan in accordance with section 1129(b) of the Bankruptcy Code and/or (b) to modify the Joint Plan in accordance with Article XII.E of the Joint Plan.

I. MEANS FOR IMPLEMENTATION OF THE JOINT PLAN

1. Restructuring

Prior to the Confirmation Date, (i) Exide will form a new Dutch company ("Exide CV"), owned by Exide and a new wholly-owned domestic subsidiary of Exide, and (ii) Exide CV will form another new, wholly-owned Dutch company ("Exide BV"). After the Confirmation Date but on or before the Effective Date, (i) Exide will transfer the shares of two existing foreign subsidiaries, Exide Holding Asia PTE Limited ("Exide Holding Asia") and Exide Holding Europe S.A. ("Exide Holding Europe"), along with its interest in the Exide Holding Europe participating loan, to Exide CV in exchange for equity of Exide CV, (ii) Exide CV will transfer its newly-acquired shares of Exide Holding Asia and a portion of its newly acquired shares of Exide Holding Europe to Exide BV in exchange for equity of Exide BV, (iii) Exide Holding Europe will be converted from a French S.A. to a French S.A.S. or S.A.R.L, and (iv) Exide will enter into an assumption and indemnification agreement with Deutsche Exide regarding Deutsche Exide's obligations under the Prepetition Credit Facility.

2. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

The Reorganized Debtors shall continue to exist after the Effective Date as separate legal entities, with all the powers of a corporation or limited liability company, as applicable, under the laws of their respective states of organization and without prejudice to any right to alter or terminate such existence (whether by merger

or otherwise) under such applicable state law. Except as otherwise provided in the Joint Plan, on and after the Effective Date, all property of the Debtors' Estates, and any property acquired by the Debtors or Reorganized Debtors under the Joint Plan, shall vest in the respective Reorganized Debtors, free and clear of all Claims, liens, charges, or other encumbrances. On and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire or dispose of property and compromise or settle any Claims or Equity Interests, without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Joint Plan and the Confirmation Order. In consideration of the undertakings of Reorganized Exide under the Joint Plan, Reorganized Exide shall continue to own 100% of the Subsidiary Debtors as of the Effective Date.

3. Cancellation of Old Notes and Equity Interests

On the Effective Date, except to the extent otherwise provided in the Joint Plan, all notes, instruments, certificates, and other documents evidencing (a) the Old Notes, (b) Equity Interests, and (c) any stock options, warrants or other rights to purchase Equity Interests shall be cancelled and the obligations of the Debtors thereunder or in any way related thereto shall be discharged. On the Effective Date, except to the extent otherwise provided in the Joint Plan, any indenture relating to any of the foregoing shall be deemed to be cancelled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the Debtors thereunder shall be discharged.

On the Effective Date, except as otherwise provided for herein, the 10% Senior Notes and the 2.9% Convertible Notes shall be deemed extinguished, cancelled and of no further force or effect, and the obligations of the Debtors thereunder shall be discharged, in each case without any further act or action under any applicable agreement, law, regulation, order or rule and without any further action on the part of the Bankruptcy Court or any Person; *provided, however*, that the 10% Senior Note Indenture and the 2.9% Convertible Note Indenture shall continue in effect for the purposes of (i) allowing the 10% Senior Note Indenture Trustee and the 2.9% Convertible Note Indenture Trustee to receive and make the Distributions to be made to the holders of 10% Senior Note Claims and the 2.9% Convertible Note Claims, respectively, in accordance with Article III.B.4 of the Joint Plan, and (ii) preserving any rights of the 10% Senior Note Indenture Trustee and the 2.9% Convertible Note Indenture Trustee, including indemnification rights, they may have with respect to the holders of the 10% Senior Notes or the 2.9% Convertible Notes under their respective indentures, and the charging liens in favor of the 10% Senior Note Indenture Trustee under the 10% Senior Note Indenture and the 2.9% Convertible Note Indenture Trustee under the 2.9% Convertible Note Indenture.

Notwithstanding any provision in the Joint Plan to the contrary, the distribution provisions contained in the 10% Senior Note Indenture and the 2.9% Convertible Note Indenture shall continue in effect to the extent necessary to authorize the 10% Senior Notes Indenture Trustee and the 2.9% Convertible Note Indenture Trustee to receive and distribute all distributions to be made pursuant to the Joint Plan to the holders of 10% Senior Note Claims and the 2.9% Convertible Note Claims, respectively. Such distribution provisions shall terminate in their entirety upon completion of all such distributions under the Joint Plan. The 10% Senior Note Indenture Trustee and the 2.9% Convertible Note Indenture Trustee shall not be required to give any bond or surety or other security for the performance of their duties.

4. Issuance of New Securities; Execution of Related Documents

Reorganized Exide shall issue or authorize for future issuance all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Joint Plan, including, without limitation, the New Exide Common Stock (shares of which will be reserved for issuance upon the exercise of the New Exide Warrants) and New Exide Warrants, each of which shall be distributed as provided in the Joint Plan. Reorganized Exide and its subsidiaries shall execute and deliver such other agreements, documents and instruments, including the Amended Prepetition Foreign Credit Agreement, as are required to be executed pursuant to the terms of the Joint Plan. The principal terms of the New Exide Common Stock, New Exide Warrants and Amended Prepetition Foreign Credit Agreement are as follows:

New Exide Common Stock

New Exide will issue or authorize for issuance in accordance with the Joint Plan 25 million shares of New Exide Common Stock which, assuming the distribution of all securities in the reserve for potential payment of Disputed Claims and the exercise of all New Exide Warrants on the Effective Date, represents 80% of the

outstanding New Exide Common Stock, subject to dilution pursuant to the Company Incentive Plan and any duly authorized issuance of Reorganized Exide capital stock after the Effective Date. The New Exide Common Stock will be authorized pursuant to the New Exide Certificate of Incorporation. Reorganized Exide will use its best efforts to cause the New Exide Common Stock to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

New Exide Warrants

General. On the Effective Date, Reorganized Exide will issue for distribution in accordance with the Joint Plan New Exide Warrants initially exercisable for 6.25 million shares of New Exide Common Stock, which shares will be reserved for issuance upon the exercise of the New Exide Warrants. The New Exide Warrants will expire seven years after the Effective Date.

Exercise Price. The exercise price of the New Exide Warrants will initially be set at a price per share equal to $32.11. In addition, the exercise price will be adjusted pursuant to the ant-dilution provisions summarized below.

Anti-dilution; Listing. The New Exide Warrants will have customary anti-dilution protections for stock splits, stock dividends, stock combinations, stock issuances below certain prices and similar transactions but will be subject to dilution pursuant to the Company Incentive Plan. Reorganized Exide will use its best efforts to cause the New Exide Warrants to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

Event Protection. In addition, for a period of three years following the Effective Date and subject to certain other conditions, in the event of a sale of all or substantially all of the assets of Reorganized Exide or a merger or other business combination in which Reorganized Exide is not the surviving entity, a buyer or surviving entity will have the right to either (i) pay holders of the New Exide Warrants (in exchange for such New Exide Warrants) the cash equivalent to a Black-Scholes valuation (using a 40% volatility and the remaining life of the New Exide Warrants, such valuation subject to a 50% reduction in the third year following the Effective Date) of such New Exide Warrants as of the date such transaction is consummated, or (ii) assume the New Exide Warrants.

Additional Considerations

To the extent that Reorganized Exide realizes any benefits, including any improvement in enterprise value or cash payments, from pending restructuring efforts, pending litigations (as described in Section II.E) or any transactions that may be contemplated but not yet consummated, such benefits will inure to the benefit of Reorganized Exide. It is possible that such benefits would have a positive impact on the value of Reorganized Exide's warrants and common stock. These benefits, if any, will not be distributed, or otherwise shared with, the Debtors' creditors who do not receive warrants or shares of Reorganized Exide's stock, nor will the costs of pursuing such benefits be borne by such creditors.

Company Incentive Plan

As soon as practicable after the Effective Date, the Company Incentive Plan shall be proposed and approved by the compensation committee of the New Exide Board of Directors, subject to final approval by the New Exide Board of Directors; provided however, that the Company Incentive Plan will provide that covered employees will receive or have the right to receive securities representing not less than 5% and not more than 10% of the fully diluted shares of New Exide Common Stock.

Amended Prepetition Foreign Credit Agreement

As described in Section III.E.3 hereof, Holders of Allowed Class P3 and Class S3 Prepetition Credit Facility Claims who choose the Class P3 Option B will, among other thing, have their Prepetition Foreign Secured Claims as against the respective Foreign Subsidiary Borrowers reinstated pursuant to the Amended Prepetition Foreign Credit Agreement, as more fully described in Exhibit A to the Joint Plan. All affirmative and negative covenants contained in the Prepetition Credit Facility and the Standstill Agreement will be deleted and will not be included in such Amended Prepetition Foreign Credit Agreement. Furthermore, the administrative agent under the Prepetition Credit Facility, Credit Suisse First Boston, will be authorized to release all obligations of GNB Battery Technologies Japan, Inc., a domestic non-Debtor, pursuant to the Loan Documents

(as defined in the Standstill Agreement). Credit Suisse First Boston will also be authorized to release all collateral securing the Prepetition Foreign Secured Claims, effective as of the day prior to the Effective Date.

5. Issuance of Stock or Limited Liability Company Interests of Reorganized Subsidiary Debtors to Reorganized Exide

On or immediately after the Effective Date, the common stock or limited liability company interests, as applicable, of the Reorganized Subsidiary Debtors shall be issued to Reorganized Exide.

6. Corporate Governance, Directors and Officers, and Corporate Action

(a) *New Certificate of Incorporation and By-laws.* On the Effective Date, the Reorganized Debtors will file the New Organizational Documents with the Secretary of State for the relevant state of incorporation or formation. The New Organizational Documents will prohibit the issuance of non-voting securities pursuant to section 1123(a)(6) of the Bankruptcy Code. The New Exide Certificate of Incorporation will, among other things, authorize the New Exide Common Stock, including those shares of New Exide Common Stock issuable upon the exercise of the New Exide Warrants.

(b) *Directors and Officers of Reorganized Exide.* Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the officers of Exide immediately prior to the Effective Date will be the officers of Reorganized Exide. Pursuant to section 1129(a)(5), Exide will disclose, on or prior to the Confirmation Date, the identity and affiliations of any Person proposed to serve on the New Exide Board of Directors. To the extent any such Person is an "Insider" under the Bankruptcy Code, the nature of any compensation for such Person will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Exide Certificate of Incorporation, the New Exide By-laws and the Delaware General Corporation Law.

The New Exide Board of Directors will be a newly-appointed seven person board of directors. One initial board member shall be appointed by the Creditors Committee, which member shall have a three year term and shall serve on the compensation committee of the New Exide Board of Directors. A second initial board member shall be appointed jointly by the Creditors Committee and the Prepetition Lenders. Additionally, Craig H. Muhlhauser, the Chief Executive Officer of Exide, shall be initially appointed to the New Exide Board of Directors. The four other members of the New Exide Board of Directors shall be appointed by the Prepetition Lenders. The New Exide Certificate of Incorporation will provide that the New Exide Board of Directors shall be divided into three classes of directors, with the initial Class I directors serving for a term expiring at the next succeeding annual meeting of stockholders following the Effective Date, the initial Class II directors serving for a term expiring at the second succeeding annual meeting of stockholders following the Effective Date and the initial Class III directors, which will include the individual appointed solely by the Creditors Committee, serving for a term expiring at the third succeeding annual meeting of stockholders following the Effective Date.

(c) *Corporate Action.* On the Effective Date, the adoption and filing of the New Exide Certificate of Incorporation and New Organizational Documents, the approval of the New Exide By-laws, the appointment of directors and officers for Reorganized Exide, the restructuring transactions contemplated by Article V.A of the Joint Plan, and all actions contemplated in the Joint Plan shall be authorized and approved by the Bankruptcy Court in all respects (subject to the provisions hereof). All matters provided for in the Joint Plan involving the corporate structure of the Debtors or Reorganized Debtors, and any corporate action required by the Debtors or Reorganized Debtors in connection with the Joint Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors or Reorganized Debtors. On the Effective Date, the appropriate officers of the Debtors and the Reorganized Debtors and members of the board of directors of the Debtors and the Reorganized Debtors are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Joint Plan in the name of and on behalf of the Debtors and the Reorganized Debtors.

7. Dismissal of Creditors Committee Adversary Proceeding, Smith Adversary Proceeding and other Settlements

Pursuant to Bankruptcy Rule 9019, and in consideration of the classification, distribution, treatment, releases and other benefits provided under the Joint Plan, including without limitation the distributions to be made to Holders of General Unsecured Claims pursuant to Article III.B.4 of the Joint Plan, and the undertakings of the parties to the settlements provided in the Joint Plan, the provisions of the Joint Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Joint Plan including, without limitation, (a) the releases set forth in Articles X.B, X.C and X.D of the Joint Plan, (b) the Creditors Committee Adversary Proceeding, (c) the Smith Adversary Proceeding, (d) the Smith Management LLC and HSBC Bank USA appeals of the Opinion on Confirmation, dated December 30, 2003, and the Order, dated December 30, 2003, denying confirmation of the Debtors' Fourth Amended Joint Plan of Reorganization, and (e) the Committee/R^2 Adversary, all of which shall be deemed settled pursuant to section 1123(b)(3)(A) of the Bankruptcy Code. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Joint Plan, including the releases, and the Bankruptcy Court's findings shall constitute its determination that such compromises, settlements and releases are in the best interests of the Debtors, the estates, the creditors and other parties in interest, and are fair, equitable and within the range of reasonableness, all of which shall be effective as of the Effective Date.

On the Effective Date, (a) the Creditors Committee, R^2 Investments, LDC and each Holder of General Unsecured Claims shall dismiss or shall be deemed to have dismissed their claims under the Creditors Committee Adversary Proceeding, with prejudice and in their entirety, (b) Smith Management LLC shall dismiss or shall be deemed to have dismissed its claims under the Smith Adversary Proceeding with prejudice and in their entirety, (c) Smith Management LLC and HSBC Bank USA shall dismiss or be deemed to have dismissed with prejudice any appeals of the Opinion on Confirmation, dated December 30, 2003, and the Order, dated December 30, 2003, denying confirmation of the Debtors' Fourth Amended Joint Plan of Reorganization, and (d) the Creditors Committee shall dismiss or shall be deemed to have dismissed with prejudice, and the Creditors Committee and the individual members of the Creditors Committee shall be deemed to have released R^2 Investments, LDC and R^2 Top Hat, Ltd. from any and all claims, allegations and causes of action described in or related to the allegations set forth in the Committee/R^2 Motion.

In consideration of the mutual undertakings of the Releasees in connection with the Chapter 11 Cases and the Joint Plan, each Releasee releases each other Releasee from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of Exide, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person or Entity would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (a) the Debtors or Reorganized Debtors; (b) the purchase or sale, or the rescission of a purchase or sale, of any security of any Debtor, (c) the Chapter 11 Cases, and (d) the negotiation, formulation and preparation of the Joint Plan or any related agreements, instruments or other documents.

In addition to the general injunction set forth in Article X.H of the Joint Plan, from and after the Effective Date, (a) the Creditors Committee, R^2 Investments, LDC and each Holder of General Unsecured Claims shall be permanently enjoined from continuing in any manner the Creditors Committee Adversary Proceeding or any of the claims, allegations and causes of action described in or related to the Creditors Committee Adversary Proceeding, (b) Smith Management LLC shall be permanently enjoined from continuing in any manner the Smith Adversary Proceeding or any of the claims, allegations and causes of action described in or related to the Smith Adversary Proceeding, (c) Smith Management LLC and HSBC Bank USA shall be permanently enjoined from continuing in any manner any appeals of the Opinion on Confirmation, dated December 30, 2003, and the Order, dated December 30, 2003, denying confirmation of the Debtors' Fourth Amended Joint Plan of Reorganization, (d) the Creditors Committee and the individual members of the Creditors Committee shall be permanently enjoined from pursuing in any manner the claims, allegations and causes of action described in or related to the allegations set forth in the Committee/R^2 Motion, and (e) each Releasee shall be permanently enjoined from pursuing any claims against any other Releasee that are released pursuant to the terms of the Joint Plan.

In the event the Effective Date does not occur, the dismissals, enjoinders, releases and waivers described above shall not be effective.

The Committee has filed pleadings in this case asserting that it has various causes of action against the R^2 entities based on alleged improper actions while it served as an ex officio member of the Committee. After a full and fair investigation of these allegations (including depositions of R^2 employees as well as interviews with and depositions of Committee members and professionals and others involved in this case, review of thousands of pages of documents produced by R^2 and other actions), the Debtor has determined that such causes of action lack merit and the Committee has determined not to seek standing to pursue such causes of action unless the Plan is not confirmed. The Committee further wishes to acknowledge that R^2 made a substantial contribution towards the distribution that unsecured creditors will receive under the Plan by, among other things, serving as initial co-plaintiff with the Committee in the Prepetition Bank Adversary Proceeding, retaining its own counsel to assist in formulating and prosecuting the claims asserted in such proceeding and funding a substantial portion of the initial litigation costs related to such adversary proceeding.

8. Noteholder Distribution Settlement

In recognition and settlement of claims relating to the contractual subordination of the 2.9% Convertible Notes to the 10% Senior Notes in the 2.9% Convertible Note Indenture, the 2.9% Convertible Note Indenture Trustee shall be deemed to have transferred the 2.9% Subordination Payment to the 10% Senior Note Indenture Trustee and the 10% Senior Note Indenture Trustee shall be deemed to have transferred the 2.9% Settlement and Reallocation Payment to the 2.9% Convertible Note Indenture Trustee, and all Creditors shall be deemed to have waived any and all contractual subordination rights that they may have with respect to the 2.9% Note Settlement and Reallocation Payment provided under the Joint Plan. In recognition of these deemed transfers, the Reorganized Debtors shall make the distributions set forth in Articles III.B.4.b.ii and iii of the Joint Plan.

9. Sources of Cash for Distribution under Joint Plan

All Cash necessary for Reorganized Debtors to make payments pursuant to the Joint Plan shall be obtained from existing Cash balances, if any, and proceeds of the Exit Facility.

10. Public Company Status and Listing on National Exchange

For a reasonable period of time following the Effective Date, Reorganized Exide shall use its best efforts to continue to be a reporting company under the Securities Exchange Act. Reorganized Exide shall use its best efforts to cause the New Exide Common Stock and New Exide Warrants to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date.

11. Payment of Fees and Expenses for the Agent, the Steering Committee and the Postconfirmation Creditors Committee

On the Effective Date or as soon as practicable thereafter, the Reorganized Debtors shall pay all reasonable and actual unpaid Agent Expenses and Steering Committee Expenses for the period up to and including the Effective Date. Thereafter, Reorganized Exide shall timely pay all reasonable and actual Agent Expenses incurred after the Effective Date related to the performance of services set forth in or contemplated by the Joint Plan.

After the Effective Date, the Reorganized Debtors shall pay all reasonable and actual fees and expenses of the professionals retained by the Postconfirmation Creditors Committee and all reasonable and actual expenses of the members of the Postconfirmation Creditors Committee.

12. Indenture Trustee and other Professional Fees and Expenses

All reasonable and actual fees and expenses of the Fee Submission Parties related to these Chapter 11 Cases shall be paid by the Debtors. Each Fee Submission Party shall submit to the Fee Notice Parties time descriptions and expense statements for all fees and expenses related to these Chapter 11 Cases. If such time descriptions and expense statements are submitted no later than 30 days prior to the commencement of the Confirmation Hearing, the Fee Notice Parties shall have until 10 days prior to the commencement of the

Confirmation Hearing to review such statements and serve objections, if any. If none of the Fee Notice Parties objects to such statements, or if such objection is resolved before the Effective Date, the fees and expenses of each Fee Submission Party shall be approved in the Confirmation Order and paid by the Debtors on the Effective Date. If any of the Fee Notice Parties objects to any of the statements presented by any of the Fee Submission Parties, the parties shall attempt to resolve such objection on a consensual basis. If no consensual resolution is reached, the Debtors shall be authorized to pay all fees and expenses that are not subject to dispute on the Effective Date, and all disputed fees and expenses shall be presented to the Bankruptcy Court for final determination. If such time descriptions and expense statements are submitted less than 30 days before the commencement of the Confirmation Hearing, the Fee Notice Parties shall have 20 days to review such statements and serve objections, if any. If none of the Fee Notice Parties objects to the payment of such fees and expenses, or such objection is resolved, the Debtors shall pay such fees and expenses as soon as practicable after the expiration of the 20 day review period, but no later than 10 days after the later of the expiration of the 20 day review period or the resolution of the relevant objection, as appropriate. If any of the Fee Notice Parties objects to any of the statements presented by any of the Fee Submission Parties, the parties shall attempt to resolve such objection on a consensual basis. If no consensual resolution is reached, the Debtors shall be authorized to pay all fees and expenses that are not subject to dispute, and all disputed fees and expenses shall be presented to the Bankruptcy Court for final determination. The Debtors or the Reorganized Debtors (as the case may be) shall pay any such fee or expense claim submitted to and resolved by the Bankruptcy Court as soon as practicable, but no later than 10 days after the entry of the Bankruptcy Court order relevant to such claim. The entry of the Confirmation Order shall constitute a determination by the Bankruptcy Court that these procedures are fair and reasonable, in light of the compromises and settlements set forth herein, and that the Debtors are authorized to make the payments provided in this section without need for further order of the Bankruptcy Court. It is understood that the billing and expense statements may be redacted as necessary to protect privilege and other related issues, and failure to so redact a statement shall not be deemed to be a waiver of such privileges and issues.

Notwithstanding any of the foregoing, the approval of the fees and expenses of Sonnenschein, Nath & Rosenthal LLP and The Bayard Firm, litigation counsel to the Creditors Committee, shall be governed by the orders of the Bankruptcy Court approving their retentions, by the order of the Bankruptcy Court dated June 25, 2003, approving the appointment of a fee examiner, by any other orders of the Bankruptcy Court related to their fees and/or expenses, including any order approving the stipulation among the Prepetition Lenders, the Debtors and the Creditors Committee, filed on or about February 27, 2004, and by all applicable provisions of the Bankruptcy Code.

Any objections to the billing and expense statements shall be in writing and shall specify the amount in dispute and the reasons therefore in reasonable detail. All objections may be resolved by the relevant Fee Submission Party and the Fee Notice Party making the objection, at any time, without notice to the other Fee Notice or Fee Submission Parties and without further order of the Court regardless of whether presented to the Court. Any disputed fees that are presented to the Court shall not be subject to any additional objection period. All of the parties to any objection presented to the Court shall request that such objection be heard on an expedited basis unless otherwise agreed by the parties to such objection.

The Debtors, the Agent and the Creditors Committee acknowledge that the Fee Submission Parties, (a) made a substantial contribution to these Chapter 11 Cases, including towards the distribution that shall be received by Holders of General Unsecured Claims under the Plan and the successful reorganization of the Debtors; and (b) that the economic aspects of the settlement of the various issues among the parties, including the payment of the reasonable and actual fees and expenses of the Fee Submission Parties, described herein is an integral component of the settlement. Accordingly, the Debtors, the Agent and the Creditors Committee support payment of the reasonable and actual fees and expenses of all of the Fee Submission Parties.

From and after the Effective Date, the Reorganized Debtors shall pay promptly all reasonable and actual fees and expenses of the 10% Senior Note Indenture Trustee and the 2.9% Convertible Note Indenture Trustee related to the performance of services set forth or contemplated by the Joint Plan, other than service by the 10% Senior Note Indenture Trustee or the 2.9% Convertible Note Indenture Trustee, if any, on the Postconfirmation Creditors Committee.

13. Adoption of Company Incentive Plan

As soon as reasonably practicable after the Effective Date, the Company Incentive Plan shall be proposed and approved by the compensation committee of the New Exide Board of Directors, subject to final approval by the New Exide Board of Directors, provided however, that the Company Incentive Plan will provide that covered employees will receive or have the right to receive securities representing not less than 5% and not more than 10% of the fully diluted shares of New Exide Common Stock.

J. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption of Executory Contracts and Unexpired Leases

Immediately prior to the Effective Date, except as otherwise provided in the Joint Plan, all executory contracts or unexpired leases of the Debtors, including, without limitation, customer program agreements, vendor agreements and warranty obligations, will be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those executory contracts and unexpired leases that (1) have been rejected by order of the Bankruptcy Court, (2) are the subject of a motion to reject pending on the Effective Date, (3) are identified on a list to be included in the Plan Supplement, (4) that relate to the purchase or other acquisition of Equity Interests, or (5) are rejected pursuant to the terms hereof.

Immediately prior to the Effective Date, except as otherwise provided in the Joint Plan, all Purported Leases shall be deemed assumed on a conditional basis pending the entry of a final, non-appealable order resolving the Recharacterization Adversary Proceeding in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those Purported Leases that (1) have been rejected on a conditional basis pending the entry of a final, non-appealable order resolving the Recharacterization Adversary Proceeding by order of the Bankruptcy Court, (2) are the subject of a motion to reject on a conditional basis pending the entry of a final, non-appealable order resolving the Recharacterization Adversary Proceeding pending on the Effective Date, or (3) are identified on a list to be included in the Plan Supplement. To the extent that a final, non-appealable order is entered in the Recharacterization Adversary Proceeding providing that a Purported Lease is a "true lease," the conditional assumption or rejection of such Purported Lease, whichever is applicable, shall become final and such Purported Lessor shall be entitled to the treatment provided for other lessors and non-debtor parties to executory contracts. To the extent that a final, non-appealable order is entered in the Recharacterization Adversary Proceeding providing that a Purported Lease is a secured financing transaction, such Purported Lessor shall be entitled to a Class P2-Other Secured Claim to the extent of the value of the equipment subject to the Purported Lease under section 506 of the Bankruptcy Code if such Purported Lessor qualifies as a secured creditor under applicable non-bankruptcy law and a P4-General Unsecured Claim for any amounts owed by the Debtors greater than the value of the equipment or for the entire amount of such allowed claim if the Purported Lessor does not qualify as a secured creditor under applicable non-bankruptcy law. With respect to any Purported Lease as to which the Debtors retain possession of the underlying equipment or to which the Debtors have not returned the underlying equipment, from the Confirmation Date through the date of entry of a dispositive final, non-appealable order in the Recharacterization Adversary Proceeding with respect to such Purported Lease or by other agreement between the parties, the Debtors and the Purported Lessors shall continue to perform their obligations under the Purported Leases in accordance with each such Purported Lease's terms; provided however, that with respect to any Purported Lease that is conditionally assumed as of the Confirmation Date, the Debtors shall not be required to make any cure payment within the meaning of section 365 of the Bankruptcy Code until the entry of a final, non-appealable order in the Recharacterization Adversary Proceeding determining that such Purported Lease is a "true lease." Unless otherwise agreed to by the parties, the Debtors shall continue to perform their obligations under the holdover terms of any Purported Lease for which the Debtors retain possession of the underlying equipment but which expires by its own terms prior to the entry of a dispositive final, non-appealable order in the Recharacterization Adversary Proceeding. In the event that the Debtors conditionally assume a Purported Lease and a final, non-appealable order is entered in the Recharacterization Adversary Proceeding determining that such Purported Lease is a "true lease," the Debtors shall provide such Purported Lessor with a notice setting forth the proposed cure amount within 30 days of the entry of such order. If the Purported Lessor does not agree with the Debtors' proposed cure amount, such Purported Lessor may submit an alternative cure amount within 30 days of receipt of the Debtors' notice. If the parties are unable to agree on a cure amount, a hearing shall be set before the Bankruptcy Court to determine the cure amount. Any bar date relating to Administrative Claims established in the Joint Plan or otherwise shall not apply to Administrative Claims alleged by the Purported Lessors relating to the Purported Leases. Rather, upon the motion of the Debtors or the Purported Lessors, the Bankruptcy Court

shall establish a bar date and related notice and filing procedures, in the Recharacterization Adversary Proceeding, for Administrative Claims alleged by the Purported Lessors relating to the Purported Leases.

The Debtors are still analyzing whether to assume or reject various executory contracts, including but not limited to a settlement agreement with William T. Martin and others similarly situated. Those contracts not rejected pursuant to the procedures described in the preceding paragraphs will be assumed under the Joint Plan.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All proofs of Claims with respect to Claims arising from the rejection of executory contracts or unexpired leases, if any, must be Filed with the Bankruptcy Court according to the deadlines established by the Bankruptcy Court in the Chapter 11 Cases. Any Claims arising from the rejection of an executory contract or unexpired lease not Filed within such time will be forever barred from assertion against the Debtors or Reorganized Debtors, their Estates and property unless otherwise ordered by the Bankruptcy Court or provided in the Joint Plan.

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Joint Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any cure payments, (2) the ability of a Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

4. Indemnification of Directors, Officers and Employees

The obligations of the Debtors to indemnify any Person serving at any time after the Initial Petition Date as one of their directors, officers or employees by reason of such Person's service in such capacity, or as a director, officer or employee of any other corporation or legal entity, to the extent provided in the Debtors' constituent documents, by a written agreement with a Debtor or under applicable state corporate law, shall be deemed and treated as executory contracts that are assumed by the Reorganized Debtors pursuant to the Joint Plan and pursuant to section 365 of the Bankruptcy Code as of the Effective Date. Accordingly, such indemnification obligations shall be treated as Administrative Claims, and shall survive unimpaired and unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. Notwithstanding anything to the contrary contained in the Joint Plan, such assumed indemnity obligations shall not be discharged, Impaired, or otherwise modified by confirmation of the Joint Plan and shall be deemed and treated as executory contracts that have been assumed by the relevant Debtors pursuant to the Joint Plan as to which no proofs of claim need be Filed.

5. Compensation and Benefit Programs

Except as otherwise expressly provided in the Joint Plan, all employment and severance agreements and policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their employees, former employees, retirees and non-employee directors and the employees, former employees and retirees of its subsidiaries, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit agreements and plans, incentive plans, deferred compensation plans and life, accidental death and dismemberment insurance plans shall be treated as executory contracts under the Joint Plan and on the Effective Date shall be deemed assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code; and the Debtors' obligations under such programs to such Persons shall survive confirmation of the Joint Plan, except for (1) executory contracts or employee benefit plans specifically rejected pursuant to the Joint Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code), (2) all employee equity or equity-based incentive plans, and (3) such executory contracts or employee benefit plans as have previously been rejected, are the subject of a motion to reject as of the Effective Date, or have been specifically waived by the beneficiaries of any employee benefit plan or contract; provided however,

that the Debtors' obligations, if any, to pay all "retiree benefits" as defined in section 1114(a) of the Bankruptcy Code shall continue.

6. Rejection of Rights Agreement and Registration Agreements

On the Effective Date, the Rights Agreement and Registration Agreements shall be deemed rejected by the Debtors, and the Reorganized Debtors shall have no obligations thereunder.

K. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Joint Plan or as may be ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed as of the Effective Date and are entitled to receive distributions under the Joint Plan shall be made on the Effective Date, or as soon as practicable thereafter, subject to the reserves for Disputed Claims described in Section III.L.1(f) hereof.

The New Exide Common Stock and New Exide Warrants to be authorized or issued under the Joint Plan, other than New Exide Common Stock and New Exide Warrants issued in connection with the reserves for Disputed Claims described in Section III.L.1(f) hereof and the shares of New Exide Common Stock issuable upon the exercise of the New Exide Warrants, shall be deemed issued as of the Effective Date regardless of the date on which the certificates evidencing such shares are actually dated or distributed; *provided that* Reorganized Exide shall withhold any actual payment, dividend or proceeds related to such stock until such distribution is made and no interest shall accrue or otherwise be payable on any such withheld amounts.

2. Delivery and Distributions and Undeliverable or Unclaimed Distributions

(a) *Delivery of Distributions in General.* Distributions to Holders of Allowed Claims shall be made to the Holders of such allowed Claims as of the Distribution Record Date. Except as otherwise provided in the Joint Plan, distributions to Holders of Allowed Claims shall be made at the address of the Holder of such Claim as indicated on the records of the Reorganized Debtors as of the date that such distribution is made. Distributions shall be subject to the reserve for Disputed Claims set forth in Article VIII.A.6 of the Joint Plan.

(b) *Undeliverable Distributions:*

(i) Holding of Undeliverable Distributions. If any distribution to a Holder of an Allowed Claim is returned to a Reorganized Debtor as undeliverable, no further distributions shall be made to such Holder unless and until such Reorganized Debtor is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the disputed claim reserve subject to section (ii) below until such time as a distribution becomes deliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, the Reorganized Debtors shall make all distributions that become deliverable.

(ii) Failure to Claim Undeliverable Distributions. In an effort to ensure that all Holders of valid Allowed Claims receive their allocated distributions, sixty (60) days after the Effective Date, the Reorganized Debtors will File with the Bankruptcy Court a listing of unclaimed distribution holders. This list will be maintained, and periodically updated, for as long as the Chapter 11 Cases are pending. Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Joint Plan for an undeliverable distribution (regardless of when not deliverable) within the later of one year after the Effective Date or 6 months after such Claim becomes an Allowed Claim shall have its Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against any Reorganized Debtor or its property. In such cases: (i) any Cash held for distribution on account of such Claims shall be property of the relevant Reorganized Debtor, free of any restrictions thereon; and (ii) any New Exide Warrants or New Exide Common Stock (or any proceeds thereof) held for distribution on account of such Claims shall be placed in the disputed claim reserve.

Nothing contained in the Joint Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

(c) *Compliance with Tax Requirements/Allocations.* In connection with the Joint Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant to the Joint Plan shall be subject to such withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to any unpaid principal amount of Allowed Claims with any excess allocated to the interest that accrued on such Claims.

3. Timing and Calculation of Amounts to be Distributed

On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Claim against a Reorganized Debtor shall receive the full amount of the distributions that the Joint Plan provides for Allowed Claims in the applicable Class, subject to the reserve for Disputed Claims described in Section III.L.1(f) hereof. If and to the extent that there are Disputed Claims, beginning on the date that is 20 calendar days after the end of the calendar quarter following the Effective Date and 20 calendar days after the end of each calendar quarter thereafter, distributions shall also be made, pursuant to the Joint Plan, to Holders of Disputed Claims in any Class whose Claims were allowed during the previous calendar quarter. Such quarterly distributions shall also be in the full amount that the Joint Plan provides for Allowed Claims in the applicable Class, subject to the reserve for Disputed Claims described in Section III.L.1(f) hereof.

4. Minimum Distribution

Any other provision of the Joint Plan notwithstanding, payments of fractions of shares of New Exide Common Stock or fractions of New Exide Warrants will not be made. At such a time as there are no remaining Disputed Claims, the Reorganized Debtors shall aggregate all fractional shares of New Exide Common Stock or fractions of New Exide Warrants that would have been distributed to each Class or sub-Class entitled to receive distributions of New Exide Common Stock or New Exide Warrants under Article III of the Joint Plan, and shall distribute whole shares of New Exide Common Stock (and New Exide Warrants, as applicable) to those Creditors within each Class or sub-Class who would have been entitled to a fractional share of New Exide Common Stock (and fractional New Exide Warrant, as applicable), with such distributions beginning with those Creditors who were owed the largest fractional interest in a share of New Exide Common Stock (and a New Exide Warrant, as applicable), and continuing in descending order until such time as there are no remaining shares of New Exide Common Stock (and/or New Exide Warrants, as applicable) otherwise allocable to Holders in such Class or Sub-Class; provided, however, that distributions made by indenture trustees shall be made in accordance with Section III.I.3 hereof. Any other provision of the Joint Plan notwithstanding, the Reorganized Debtors will not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Joint Plan would otherwise be called for, the actual payment will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

5. Setoffs

The Reorganized Debtors may, in consultation with the Postconfirmation Creditors Committee, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Joint Plan on account of such Claim (before any distribution is made on account of such Claim), the Claims, Equity Interests, rights and causes of action of any nature that Exide or Reorganized Exide may hold against the Holder of such Allowed Claim; *provided that* neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or Reorganized Debtors of any such Claims, Equity Interests, rights and causes of action that the Debtors or Reorganized Debtors may possess against such Holder, except as specifically provided in the Joint Plan.

6. Surrender of Cancelled Instruments or Securities

Each record Holder of a Claim based on or derived from the Old Notes, as a condition precedent to receiving any distribution on account of such Claims, shall be deemed to have surrendered the certificates or other documentation underlying such Claim, and all such certificates and other documentations shall be deemed to be cancelled as of the Effective Date.

7. Restriction on Distribution of New Exide Common Stock and New Exide Warrants

Distribution of any New Exide Common Stock or New Exide Warrants to any Claim Holder in a jurisdiction outside of the United States is conditioned on receipt by Exide from such Holder of satisfactory evidence that the distribution is legally permitted to be made in such foreign jurisdiction. Exide will reasonably cooperate with any such Holder, at the Holder's expense and without imposing any incremental liability on Exide, in making any filings or taking any other actions in order to make the distribution in such foreign jurisdiction legally permissible. In any event, any Claim Holder in a jurisdiction outside of the United States who has not received a distribution within one year of such Claim becoming an Allowed Claim shall have its Claim for such distribution discharged and shall be forever barred from asserting any such Claim against any Reorganized Debtor or its property. In such cases, any New Exide Common Stock or New Exide Warrants held for distribution on account of such Claims shall be placed in the disputed claims reserve.

L. PROCEDURES FOR RESOLUTION OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS OR EQUITY INTERESTS

1. Resolution of Disputed Claims

(a) *Prosecution of Objections to Claims.* After the Effective Date, the Reorganized Debtors, in consultation with the Postconfirmation Creditors Committee, shall have the authority on or before the Claims Objection Bar Date to File objections, settle, compromise, withdraw or litigate to judgment objections to Claims. The Debtors, in consultation with the Postconfirmation Creditors Committee, also reserve the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law and to seek an extension of the Claims Objection Bar Date.

(b) *Settlement of Claims.* After the Effective Date, the Debtors, after consultation with the Postconfirmation Creditors Committee, shall have the authority to settle Disputed Claims according to the following procedures:

(i) no settlement will be agreed by the Reorganized Debtors unless it is reasonable in the judgment of the Reorganized Debtors and after consultation with the Postconfirmation Creditors Committee, upon consideration of the probability of success if the claim is litigated or arbitrated, the complexity, expense and likely duration of any litigation or arbitration with respect to such claim, other factors relevant to assessing the wisdom of settlement, and the fairness of the settlement vis-à-vis the Reorganized Debtors' estates and creditors;

(ii) with regard to the settlement of any Disputed Claim which would result in the payment of $50,000 or less, the Reorganized Debtors may enter into and effectuate such settlement and are required to give notice to the Claim Settlement Notice Parties within 30 days following the effectuation of such settlement;

(iii) with regard to the settlement of any Disputed Claim which would result in the payment of more than $50,000 and up to $500,000, the Reorganized Debtors may enter into, execute and consummate a written agreement of settlement that will be binding on its estate, subject to: (i) sending advance written notice to the Claim Settlement Notice Parties, (ii) if no written objections are filed by the Claim Settlement Notice Parties within ten days of receipt of such notice, the Reorganized Debtors are authorized to immediately consummate such settlement; and (iii) if a written objection is received from a notice party within such ten-day period that cannot be resolved, the relevant settlement(s) shall only be consummated upon further order of the Bankruptcy Court;

(iv) with regard to the settlement of any Disputed Claim which would result in the payment of more than $500,000, the Reorganized Debtors may enter into, execute and consummate a written agreement of settlement that will be binding on its estate upon further order of the Bankruptcy Court; and

(v) The Reorganized Debtors shall provide the Postconfirmation Creditors Committee, as requested but not less than quarterly, with a summary report, on a claim-by-

claim basis, regarding the status and settlement of Disputed Claims. As requested, but not less than quarterly, the Debtors shall periodically confer with the Postconfirmation Creditors Committee to discuss pending claims and settlements; and

(vi) the Debtors and the Postconfirmation Creditors Committee may agree to alter the foregoing procedures at any time.

(c) *Estimation of Claims.* The Debtors or Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether a Debtor or Reorganized Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims and objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(d) *PITWD Claims.* Notwithstanding anything in the Joint Plan to the contrary, all objections, settlements and litigation with respect to PITWD Claims, and the allowance and payment of PITWD Claims shall be governed by the PITWD Claims Procedures, to be attached as *Exhibit C* to the Joint Plan.

(e) *Payments and Distributions on Disputed Claims.* Notwithstanding any provision herein or in the Joint Plan to the contrary, except as otherwise agreed by Reorganized Exide after consultation with the Postconfirmation Creditors Committee, no partial payments and no partial distributions will be made with respect to a Disputed Claim until the resolution of such disputes by settlement or Final Order. On the date or, if such date is not a business day, on the next successive business day that is 20 calendar days after the calendar quarter in which a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive all payments and distributions to which such Holder is then entitled under the Joint Plan, subject to the following adjustments:

(i) Subdivision or Combination of New Exide Common Stock. After the Effective Date, if Reorganized Exide subdivides (by any stock split, stock dividend, recapitalization or otherwise) shares of New Exide Common Stock into a greater number of shares, the remaining number of shares of New Exide Common Stock reserved for Disputed Claims shall be proportionately increased. After the Effective Date, if Reorganized Exide at any time combines (by reverse stock split or otherwise) shares of New Exide Common Stock into a smaller number of shares, then the remaining number of shares of New Exide Common Stock reserved for Disputed Claims shall be proportionately decreased. For purposes of the anti-dilution provisions of the New Exide Warrant Agreement, the New Exide Common Stock and New Exide Warrants reserved for Disputed Claims shall be deemed to be issued as of the Effective Date.

(ii) Dividends. After the Effective Date, if Reorganized Exide declares or pays a dividend upon the New Exide Common Stock except for a stock dividend payable in shares of New Exide Common Stock (a "Dividend"), then Reorganized Exide shall add to the reserve and payout for potential payment of Disputed Claims the amount and type of Dividends that would have been paid with respect to the remaining New Exide Common Stock reserved for Disputed Claims had such New Exide Common Stock been outstanding on the record date of such Dividend.

(iii) Organic Change. After the Effective Date, if Reorganized Exide consummates an Organic Change (as defined in the New Exide Warrant Agreement), then the successor or acquiring entity shall assume Reorganized Exide's obligations regarding payment

of Disputed Claims and shall adjust the reserve and payout for potential payment of Disputed Claims such that the reserve and payout consists of the consideration, if any, that would have been paid with respect to the remaining New Exide Common Stock and New Exide Warrants reserved for Disputed Claims had such New Exide Common Stock and New Exide Warrants been outstanding immediately prior to the consummation of the Organic Change.

(f) *Reserve for Disputed Claims.* Prior to the Effective Date, the Creditors Committee shall establish, and the Debtors shall implement, an appropriate and reasonable reserve for potential payment of Disputed Claims in Class P4 comprised of authorized but not issued New Exide Common Stock and New Exide Warrants and in each case the proceeds thereof, if any. At such time as either (a) the Creditors Committee or the Postconfirmation Creditors Committee or its successor, as appropriate, reasonably determines to lower the reserve amount, or (b) there are no remaining Disputed Claims, the Reorganized Debtors shall distribute any unapplied reserve amounts or properties, including any proceeds thereof, Pro Rata to the Holders of Allowed Claims in Class P4 (it being understood that the right to receive such residual distributions of New Exide Common Stock and New Exide Warrants and any proceeds thereof shall remain with the Holders of Allowed Claims in Class P4 and shall not extend to any Persons who purchase New Exide Common Stock or New Exide Warrants from such Holders on or after the Effective Date), according to the distribution protocol described in Article III.B.4 of the Joint Plan.

After the Effective Date, Reorganized Exide will at all times, reserve and keep available, out of its aggregate authorized but unissued or treasury shares of New Exide Common Stock, the remaining number of shares of New Exide Common Stock reserved for Disputed Claims and the number of such shares deliverable upon the exercise of all remaining New Exide Warrants reserved for Disputed Claims.

(g) *Postconfirmation Creditors Committee.* For the avoidance of doubt, while the Reorganized Debtors will have primary responsibility for administering the process of disputed claims resolution, the Postconfirmation Creditors Committee is intended to have an active role in all aspects of the disputed claims resolution process and related matters. In each instance as expeditiously as possible, the Reorganized Debtors shall provide the Postconfirmation Creditors Committee with all information and access to any and all materials and persons in the Reorganized Debtors' control reasonably requested by such committee.

2. Allowance of Claims

Except as expressly provided in the Joint Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall be deemed Allowed, unless and until such Claim is deemed Allowed under the Bankruptcy Code or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim. Except as expressly provided in the Joint Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), Reorganized Exide after Confirmation will have and retain any and all rights and defenses Exide had with respect to any Claim as of the Initial Petition Date. All Claims of any Person or Entity that owes an obligation to the Debtors under section 502(d) of the Bankruptcy Code shall be disallowed unless or until such Person or Entity has paid the amount or turned over the property for which such person or entity is liable under section 522(i), 542, 543, 550 or 553 of the Bankruptcy Code.

3. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or any Class of Claims are Impaired under the Joint Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Confirmation Date.

4. Personal Injury Tort and Wrongful Death Claims

Pursuant to 28 U.S.C. § 157(b)(5), personal injury tort and wrongful death claims are entitled to a trial in a district court and, therefore, cannot be judicially resolved within the context of the Debtors' ordinary claims resolution process. As a result, the Debtors have established the Personal Injury Tort and Wrongful Death Claims Resolution and Distribution Procedures (the "PITWD Claims Procedures") as a means to efficiently and

economically adjudicate and/or resolve all timely-filed personal injury tort and wrongful death claims caused by the alleged conduct of, omissions by and/or exposure to products and/or substances for which the Debtors and/or their predecessors, successors and assigns allegedly have legal responsibility (collectively, the "PITWD Claims"). The PITWD Claims Procedures are fully described in Article VIII.A.4 of the Joint Plan and Exhibit C attached thereto. Generally, under the PITWD Claims Procedures, claimants alleging PITWD Claims (the "PITWD Claimants") may initially select one of two options: either Quick Payment or Individual Review (each as defined in the PITWD Claims Procedures). If a PITWD Claimant selects the Quick Payment option, such claimant will receive a lump sum award without being required to provide any additional documentation supporting the PITWD Claim. If a PITWD Claimant believes that he, she or it is entitled to more than the amounts provided under the Quick Payment and such claimant can support such entitlement to additional compensation, the PITWD Claimant may decline the Quick Payment and select Individual Review. Under Individual Review, the Debtors may provide the PITWD Claimant with an individualized settlement offer, which such claimant may accept or reject or make a counter-offer. If the parties in good faith cannot agree on a settlement amount and have reached an impasse in their settlement negotiations, the PITWD Claimant may then select to proceed to either binding alternative dispute resolution or a trial on the merits. In either case, the amount of discovery required by the PITWD Claimant may increase and if the Debtors win the alternative dispute resolution or at trial, the PITWD Claimant will not be entitled to any claim or distribution in the chapter 11 cases. Further, notwithstanding their availability under applicable non-bankruptcy law, punitive damages will not be allowed for any PITWD Claimant.

M. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE JOINT PLAN

1. Condition Precedent to Confirmation

It shall be a condition to Confirmation of the Joint Plan that the following conditions have been satisfied or waived pursuant to the provisions of Article IX.C of the Joint Plan:

(a) All provisions, terms and conditions of the Joint Plan shall have been approved in the Confirmation Order.

(b) The Confirmation Order shall approve (a) the dismissal of the Creditors Committee Adversary Proceeding, (b) the dismissal of the Smith Adversary Proceeding, (c) the dismissal of the Smith Management LLC and HSBC Bank USA appeals of the Opinion on Confirmation, dated December 30, 2003, and the Order, dated December 30, 2003, denying confirmation of the Debtors' Fourth Amended Joint Plan of Reorganization, and (d) all other plan settlements, including releases, as described in Article V.G and Article X of the Joint Plan.

(c) The identities of the individuals proposed to serve on the New Exide Board of Directors shall have been disclosed to the Bankruptcy Court.

2. Conditions Precedent to Consummation

It shall be a condition to Consummation of the Joint Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Joint Plan:

(a) The Confirmation Order confirming the Joint Plan, as the Joint Plan may have been modified in accordance with Article XII.E of the Joint Plan, shall have been entered and become a Final Order in form and substance reasonably satisfactory to the Creditors Committee, the Debtors and the Agent, and shall provide that:

(i) the Debtors and Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Joint Plan;

(ii) the provisions of the Confirmation Order are nonseverable and mutually dependent;

(iii) Reorganized Exide is authorized to issue, pursuant to section 1145 of the Bankruptcy Code, the New Exide Common Stock, the New Exide Warrants and the shares of New Exide Common Stock issuable upon exercise of the New Exide Warrants;

(b) The following agreements and documents, in form and substance satisfactory to the Creditors Committee, the Debtors and the Agent shall have been tendered for delivery and all conditions precedent thereto, if any, shall have been satisfied:

(i) the New Organizational Documents and New Exide By-laws;

(ii) the agreement for the Exit Facility and all documents provided for therein or contemplated thereby;

(iii) the Amended Prepetition Foreign Credit Agreement; and

(iv) the New Exide Warrant Agreement.

(c) All actions, documents and agreements necessary to implement the Joint Plan shall have been effected or executed.

(d) The New Exide Board of Directors shall have been appointed.

(e) Holders of no more than $17.5 million of Prepetition Foreign Secured Claims shall have elected the Class P3 Option B, pursuant to Article III.B.3 of the Joint Plan.

3. Waiver of Conditions

Any of the conditions to Confirmation of the Joint Plan and/or to Consummation of the Joint Plan set forth in Article IX of the Joint Plan may be waived at any time, without any additional notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to confirm and/or consummate the Joint Plan, by the written consent of each of the Debtors, the Creditors Committee and the Agent.

4. Effect of Non-occurrence of Conditions to Consummation

If the Consummation of the Joint Plan does not occur, the Joint Plan shall be null and void in all respects and nothing contained in the Joint Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors; (2) prejudice in any manner the rights of the Creditors Committee or the Debtors; or (3) constitute an admission, acknowledgment, offer or undertaking by the Creditors Committee or the Debtors in any respect.

N. RELEASE, INJUNCTIVE AND RELATED PROVISIONS

1. Subordination

The classification and manner of satisfying all Claims and Equity Interests and the respective distributions, settlements, reallocations and treatments hereunder (including, without limitation, the 2.9% Settlement and Reallocation Payment) take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Joint Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled in this manner.

2. Releases by the Debtors

Except as otherwise specifically provided herein, for good and valuable consideration, including the service of the Releasees to facilitate the expeditious reorganization of Exide, the implementation of the restructuring contemplated by the Joint Plan, and the obligations and undertakings of the Option A Electors set

forth in the Joint Plan, the Releasees, on and after the Effective Date, shall be deemed released by the Debtors and Reorganized Debtors from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that a Debtor or its Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person or Entity, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, including, without limitation, claims related to or arising from (a) the Prepetition Credit Facility, including but not limited to the negotiation, formulation, preparation, administration, execution, and enforcement thereof, and any payments received by the lenders thereunder, (b) any guaranty arising under the Prepetition Credit Facility, (c) any liens, pledges, or collateral of any kind, (d) any of the other loan documents referred to in the Prepetition Credit Facility or any other documents contemplated thereby or therein or the transactions contemplated thereby or therein or any action taken or omitted to be taken by the Agent under or in connection with any of the foregoing and (e) any action or omissions by a Releasee in respect of the foregoing items or any other matter in these Chapter 11 Cases; provided, however, the foregoing shall not release any Claims or liabilities in respect of ordinary commercial relationships between a Debtor and any such Person, including as between a Debtor and one of its Affiliates, it being understood that the matters listed in clauses (a) through (d) above do not relate to an ordinary commercial relationship between the Debtors and the Releasees. The Debtors are not generally aware of any specific potential cause or causes of action, including avoidance actions, against the Releasees that would be extinguished by the releases provided in the Joint Plan. The Debtors believe that the release and exculpation provisions of the Joint Plan are permissible under the Bankruptcy Code. Parties with standing may object to such provisions at the Confirmation Hearing.

3. Releases by Holders of Claims

Except as otherwise provided in the Joint Plan, on and after the Effective Date, each Holder of a Claim who has voted to accept the Joint Plan shall be deemed to have unconditionally released each Releasee from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of Exide, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person or Entity would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (s) the Debtors or Reorganized Debtors, (t) the purchase or sale, or the rescission of a purchase or sale, of any security of any Debtor, (u) the Chapter 11 Cases, (v) the negotiation, formulation and preparation of the Joint Plan or any related agreements, instruments or other documents, (w) the Prepetition Credit Facility, including, but not limited to the negotiation, formulation, preparation, administration, execution, and enforcement thereof, and any payments received by the lenders thereunder, (x) any guaranty arising under the Prepetition Credit Facility, (y) any liens, pledges, or collateral of any kind, and (z) any of the other loan documents referred to in the Prepetition Credit Facility or any other documents contemplated thereby or therein or the transactions contemplated thereby or therein or any action taken or omitted by the Agent under or in connection with any of the foregoing. The Debtors are not generally aware of any specific potential cause or causes of action, including avoidance actions, against the Releasees that would be extinguished by the releases provided in the Joint Plan. The Debtors believe that the release and exculpation provisions of the Joint Plan are permissible under the Bankruptcy Code. Parties with standing may object to such provisions at the Confirmation Hearing.

4. Release of Foreign Subsidiary Borrowers and the Domestic Non-Debtor

On and after the Effective Date, each Option A Elector shall be deemed to have unconditionally released the Foreign Subsidiary Borrowers and the Domestic Non-Debtor from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of Exide, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person or Entity would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (1) the Debtors, Reorganized Debtors, Foreign Subsidiary Borrowers or the Domestic Non-Debtor; (2) the purchase or sale, or the rescission of a purchase or sale, of any security of any Debtor, (3) the Chapter 11 Cases, (4) the negotiation, formulation and preparation of the Joint Plan or any related agreements, instruments or other documents, (5) the Prepetition Credit Facility, (6) any guaranty arising under the Prepetition Credit Facility, (7) any liens, pledges, or collateral of any kind, and (8) any of the other loan documents referred to in the Prepetition Credit Facility or

any other documents contemplated thereby or therein or the transactions contemplated thereby or therein, and all Prepetition Foreign Secured Claims of the Option A Electors shall be deemed transferred and assigned to Exide or Reorganized Exide. In addition, each Option A Elector shall be deemed to have submitted to the jurisdiction of the Bankruptcy Court with respect to the treatment, discharge and release of such Holder's Prepetition Credit Facility Claims.

5. Exculpation

The Releasees shall neither have nor incur any liability to any Person or Entity for any pre or post-petition act taken or omitted to be taken in connection with, or related to the formulation, negotiation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Joint Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Joint Plan or any other pre or post-petition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors, provided, however, that the provisions of Article X.E of the Joint Plan shall have no effect on the liability of any Person or Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct.

6. Injunction

Except as otherwise provided herein, from and after the Effective Date, all Holders of Claims or Equity Interests shall be permanently enjoined from commencing or continuing in any manner, any suit, action or other proceeding, on account of or respecting any Claim, Equity Interest, obligation, debt, right, Cause of Action, remedy or liability or any other claim or cause of action released or to be released pursuant hereto.

7. Preservation of Rights of Action

(a) *Maintenance of Causes of Action.* Except as otherwise provided in the Joint Plan, the Reorganized Debtors shall retain all rights on behalf of the Debtors and the post-confirmation Estates to commence and pursue any and all Causes of Action (whether arising before or after the Petition Date, under any theory of law, including, without limitation, the Bankruptcy Code, and in any court or other tribunal including, without limitation, in an adversary proceeding filed in the Debtors' Chapter 11 Cases) to the extent the Reorganized Debtors deem appropriate. Potential Causes of Action currently being investigated by the Debtors, which may be pursued by the Debtors prior to the Effective Date and by the Reorganized Debtors after the Effective Date to the extent warranted, include without limitation, Claims and Causes of Action to be set forth in more detail in the list of retained Causes of Action, which will be contained in the Plan Supplement to be filed with the Bankruptcy Court and available from the Information Agent upon specific request in writing.

In addition, potential Causes of Action which may be pursued by the Debtors prior to the Effective Date and by the Reorganized Debtors after the Effective Date, also include, without limitation the following:

(i) any other Causes of Action, whether legal, equitable or statutory in nature, arising out of, or in connection with the Debtors' businesses or operations, including, without limitation, the following: possible claims against vendors, landlords, sublessees, assignees, customers or suppliers for warranty, indemnity, back charge/set-off issues, overpayment or duplicate payment issues and collections/accounts receivables matters; deposits or other amounts owed by any creditor, lessor, utility, supplier, vendor, landlord, sublessee, assignee, or other entity; employee, management or operational matters; claims against landlords, sublessees and assignees arising from the various leases, subleases and assignment agreements relating thereto, including, without limitation, claims for overcharges relating to taxes, common area maintenance and other similar charges; financial reporting; environmental, and product liability matters; actions against insurance carriers relating to coverage, indemnity or other matters; counterclaims and defenses relating to notes or other obligations; contract or tort claims which may exist or subsequently arise; and

(ii) except for Debtors which have expressly waived such claims, any and all avoidance claims pursuant to any applicable section of the Bankruptcy Code, including, without limitation sections 544, 545, 547, 548, 549, 550, 551, 553(b) and/or 724(a) of the Bankruptcy Code arising from any transaction involving or concerning the Debtors.

In addition, there may be numerous other Causes of Action which currently exist or may subsequently arise that are not set forth herein or in the Plan Supplement, because the facts upon which such Causes of Action are based are not currently or fully known by the Debtors and, as a result, can not be raised during the pendency of the Chapter 11 Cases (collectively, the "Unknown Causes of Action"). The failure to list any such Unknown Cause of Action herein or in the Plan Supplement is not intended to limit the rights of the Reorganized Debtors to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action subsequently become fully known to the Debtors.

Except as otherwise provided in the Joint Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Joint Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, any Claims, rights, and Causes of Action that the respective Debtors, Estates, or post-confirmation Estates may hold against any Person or Entity shall vest in the applicable Reorganized Debtor, and the Debtors and Reorganized Debtors shall retain and may exclusively enforce, as the authorized representatives of the respective Estates and post-confirmation Estates, any and all such Claims, rights, or Causes of Action. The Debtors and Reorganized Debtors may pursue any and all such Claims, rights, or Causes of Action, as appropriate, in accordance with their respective best interests. The Debtors and Reorganized Debtors shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Claims, rights, and Causes of Action without the consent or approval of any third party and without any further order of court.

The potential net proceeds from the Causes of Action identified herein, in the Plan Supplement or which may subsequently arise or be pursued are speculative and uncertain and, therefore, no value has been assigned to such recoveries. The Debtors and the Reorganized Debtors do not intend, and it should not be assumed that because any existing or potential Causes of Action have not yet been pursued by the Debtors or are not set forth herein or in the Plan Supplement, that any such Causes of Action have been waived.

(b) *Preservation of All Causes of Action Not Expressly Settled or Released.* Unless a claim or Cause of Action against a Creditor or other Entity is expressly waived, relinquished, released, compromised or settled in the Joint Plan or any Final Order, the Debtors expressly reserve such claim or Cause of Action for later adjudication by the Debtors or Reorganized Debtors (including, without limitation, claims and Causes of Action not specifically identified or which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances which may change or be different from those which the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata,* collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or Causes of Action upon or after the confirmation or consummation of the Joint Plan based on the Disclosure Statement, the Joint Plan or the Confirmation Order, except where such claims or Causes of Action have been released in the Joint Plan or other Final Order. In addition, the Debtors and Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which a Debtor is a defendant or an interested party, against any person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

Any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, whether or not (a) such Entity has Filed a proof of claim against the Debtors in the Chapter 11 Cases; (b) such Entity's proof of claim has been objected to; (c) such Entity's Claim was included in the Debtors' Schedules; or (d) such Entity's scheduled claim

has been objected to by the a Debtor or has been identified by a Debtor as disputed, contingent, or unliquidated.

The Debtors have not yet analyzed potential recoveries from avoidance actions, but do not believe any such recoveries could have a material impact on recoveries available to creditors. Further, any claims and recoveries under sections 544, 545, 547 and 548 of the Bankruptcy Code are pledged to the lenders under the Replacement DIP Credit Facility and to the Prepetition Lenders pursuant to the Final DIP Order.

8. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided in the Joint Plan: (1) the rights afforded in the Joint Plan and the treatment of all Claims and Equity Interests in the Joint Plan, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against any Debtor or any of its assets or properties, (2) on the Effective Date, all such Claims against, and Equity Interests in any Debtor shall be satisfied, discharged and released in full and (3) all Persons and Entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, their successors, assets or properties, any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, provided, however, that nothing in the Joint Plan shall be deemed to release or nullify any environmental liability to a governmental entity under environmental laws or regulations that any of the Debtors would be subject to as the owner or operator of property after the Confirmation Date, and provided further that nothing in the Joint Plan shall be deemed to release, discharge or preclude any claims arising after the Confirmation Date that such governmental entity may have against the Reorganized Debtors or their successors.

O. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as legally permissible, including jurisdiction to:

- allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;

- grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Joint Plan, for periods ending on or before the Effective Date;

- resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is party or with respect to which any Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;

- ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Joint Plan;

- decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving any Debtor that may be pending on the Effective Date;

- enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Joint Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Joint Plan, Plan Supplement or the Disclosure Statement;

- resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Joint Plan or any Person's or Entity's obligations incurred in connection with the Joint Plan;

- issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with Consummation or enforcement of the Joint Plan, except as otherwise provided in the Joint Plan;

- resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article X of the Joint Plan and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;

- enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

- determine any other matters that may arise in connection with or relate to the Joint Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Joint Plan or the Disclosure Statement; and

- enter an order and/or final decree concluding the Chapter 11 Cases.

P. MISCELLANEOUS PROVISIONS

1. Effectuating Documents, Further Transactions and Corporation Action

The Debtors and Reorganized Debtors are authorized to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Joint Plan and the securities issued pursuant to the Joint Plan.

Prior to, on or after the Effective Date (as appropriate), all matters expressly provided for hereunder that would otherwise require approval of the shareholders or directors of the Debtors or Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to applicable state general corporation law without any requirement of further action by the shareholders or directors of the Debtors or Reorganized Debtors.

2. Dissolution of Committees

On (1) the later of (a) the Effective Date, and (b) 11 days after the Confirmation Date, or (2) in the case of the Creditors Committee only, the formation of the Postconfirmation Creditors Committee, if no appeal is pending, the Creditors Committee and the Equity Committee shall dissolve and their members shall be released and discharged from all rights and duties arising from, or related to, the Chapter 11 Cases, provided, however, that the members of the Creditors Committee shall have the option of serving on the Postconfirmation Creditors Committee. Any duties to be performed by the Postconfirmation Creditors Committee shall be performed by the Creditors Committee if the Postconfirmation Creditors Committee has not yet been formed.

3. Payment of Statutory Fees

All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid on the earlier of when due or the Effective Date, or as soon thereafter as practicable, but prior to the closing of the Chapter 11 Cases, with respect to any such fees payable after the Effective Date.

4. Letters of Credit

The Debtors will cause each letter of credit issued pursuant to the Prepetition Credit Facility that has not expired, been terminated, been replaced and terminated, or fully drawn on or before the Effective Date, to be

replaced and terminated on the Effective Date, provided, however, that in the event any such letter of credit shall not have been so replaced and terminated on the Effective Date, the Debtors may at their option provide to the Agent cash collateral for each such letter of credit in an amount equal to 105% of the undrawn balance of such letter of credit as of the Effective Date.

5. Modification of Joint Plan

Subject to the limitations contained in the Joint Plan, (1) the Creditors Committee, the Agent and the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Joint Plan prior to the entry of the Confirmation Order and (2) after the entry of the Confirmation Order, the Creditors Committee or Postconfirmation Creditors Committee and the Debtors or Reorganized Debtors, as the case may be, may, upon order of the Bankruptcy Court, amend or modify the Joint Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Joint Plan in such manner as may be necessary to carry out the purpose and intent of the Joint Plan.

6. Revocation of Joint Plan

The Creditors Committee, the Agent and the Debtors reserve the right to revoke or withdraw the Joint Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Creditors Committee, the Agent and the Debtors revoke or withdraw the Joint Plan, or if Confirmation or Consummation does not occur, then (a) the Joint Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Joint Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or leases affected by the Joint Plan, and any document or agreement executed pursuant to the Joint Plan, shall be deemed null and void, and (c) nothing contained in the Joint Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person, or (iii) constitute an admission of any sort by the Creditors Committee, the Agent, the Debtor or any other Person.

7. Successors and Assigns

The rights, benefits and obligations of any Person or Entity named or referred to in the Joint Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

8. Reservation of Rights

Except as expressly set forth in the Joint Plan, the Joint Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Joint Plan, any statement or provision contained in the Joint Plan, or the taking of any action by the Creditors Committee or a Debtor with respect to the Joint Plan shall be or shall be deemed to be an admission or waiver of any rights of the Creditors Committee or a Debtor with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

9. Section 1145 Exemption

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold claims against or interests in the debtor; and (iii) the securities must be issued in exchange (or principally in exchange) for the recipient's claims against or interests in the debtor. The Debtors believe that the offer and sale of the New Exide Common Stock and New Exide Warrants under the Joint Plan, including the shares of New Exide Common Stock issuable upon exercise of the New Exide Warrants, satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

To the extent that the New Exide Common Stock and New Exide Warrants are issued under the Joint Plan and are covered by section 1145(a)(1) of the Bankruptcy Code, they may be resold by the holders thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such

securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who: (i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (ii) offers to sell securities offered under a plan for the holders of such securities; (iii) offers to buy such securities from the holders of such securities, if the offer to buy is: (A) with a view to distributing such securities; and (B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or (iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer. To the extent that Persons who receive New Exide Common Stock and New Exide Warrants pursuant to the Joint Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would, however, be permitted to sell such New Exide Common Stock and New Exide Warrants or other securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. Any person who is an "underwriter" but not an "issuer" with respect to an issue of securities is, however, entitled to engage in exempt "ordinary trading transactions" within the meaning of section 1145(b) of the Bankruptcy Code.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Exide Common Stock or New Exide Warrants to be issued pursuant to the Joint Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New Exide Common Stock or New Exide Warrants under the Joint Plan would be an "underwriter" with respect to such New Exide Common Stock or New Exide Warrants.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the New Exide Common Stock or New Exide Warrants. The Debtors recommend that potential recipients of the New Exide Common Stock or New Exide Warrants consult their own counsel concerning whether they may freely trade Exide Common Stock or New Exide Warrants without compliance with the Securities Act, the Securities Exchange Act or similar state and federal laws.

10. Section 1146 Exemption

Pursuant to section 1146(c) of the Bankruptcy Code, any transfers of property pursuant to the Joint Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

11. Further Assurances

The Debtors, Reorganized Debtors, Releasees and all Holders of Claims receiving distributions hereunder and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Joint Plan.

12. Service of Documents

Any pleading, notice or other document required by the Joint Plan to be served on or delivered to the Debtors or Reorganized Debtors shall be sent by first class U.S. mail, postage prepaid to:

Exide Technologies
13000 Deerfield Parkway Building 200
Alpharetta, GA 30004
Attn: Stuart H. Kupinsky, Executive Vice President,
General Counsel and Secretary

And

Exide Technologies
Attn: Plan Service, Suite 230
Crossroads Corporate Center
3150 Brunswick Pike
Lawrenceville, NJ 08648

with copies to:
Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
Attn: Matthew N. Kleiman
Ross M. Kwasteniet

And

Pachulski, Stang, Ziehl, Young, Jones & Weintraub
919 North Market Street
P.O. Box 8705
Wilmington, Delaware 19899-8705
Attn: Laura Davis Jones
James E. O'Neill

Any pleading, notice or other document required by the Joint Plan to be served on or delivered to the Creditors Committee or Postconfirmation Creditors Committee shall be sent by first class U.S. mail, postage prepaid to:

Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, New York 10022
Attn: Fred S. Hodara
Mary Reidy Masella

Pepper Hamilton LLP
Hercules Plaza
Suite 5100
1313 Market Street
Wilmington, DE 19801
Attn: David B. Stratton
David M. Fournier

Any pleading, notice or other document required by the Joint Plan to be served on or delivered to the Agent shall be sent by first class U.S. mail, postage prepaid to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attn: Douglas P. Bartner
Marc B. Hankin

Richards, Layton & Finger, P.A.
One Rodney Square
Wilmington, DE 19899
Attn: Mark D. Collins
Etta R. Wolfe

13. **Filing of Additional Documents**

On or before the Effective Date, the Creditors Committee and the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

IV.
VOTING AND CONFIRMATION PROCEDURE

The following is a brief summary regarding the acceptance and confirmation of the Joint Plan. Holders of Claims are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys. Additional information regarding voting procedures is set forth in the Notices accompanying this Disclosure Statement.

A. VOTING INSTRUCTIONS

This Disclosure Statement, accompanied by a Ballot to be used for voting on the Joint Plan, is being distributed to Holders of Claims in Classes P3, P4 and S3. Ballots and Master Ballots are being distributed to Holders of Class P4-B and P4-C Claims. Only Holders in these Classes are entitled to vote to accept or reject the Joint Plan and may do so by completing the Ballot and returning it in the envelope provided. Beneficial owners who receive a return envelope addressed to their Nominee should allow enough time for their vote to be received by the Nominee and processed on a Master Ballot. ***In light of the benefits of the Joint Plan for each Class of Claims, the Creditors Committee, the Debtors and the ad hoc steering committee of Prepetition Lenders recommend that Holders of Claims in each of the Impaired Classes vote to accept the Joint Plan and return the Ballot.***

BALLOTS AND MASTER BALLOTS CAST BY HOLDERS IN CLASSES ENTITLED TO VOTE MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:

If by U.S. Mail:
Bankruptcy Management Corporation
Attention: Exide Solicitation Agent
PO Box 1063
El Segundo, CA 90245-1063

If by courier/hand delivery:
Bankruptcy Management Corporation
Attention: Exide Solicitation Agent
1330 E. Franklin Avenue
El Segundo, CA 90245

IF YOU HAVE ANY QUESTIONS ON VOTING PROCEDURES, PLEASE CALL BANKRUPTCY MANAGEMENT CORPORATION TOLL FREE AT (888) 909-0100.

BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES WHENEVER POSSIBLE. IF YOUR RETURN ENVELOPE IS ADDRESSED TO YOUR NOMINEE (I.E., AN INTERMEDIARY), PLEASE ALLOW ADDITIONAL TIME FOR YOUR VOTE TO BE PROCESSED BY THE NOMINEE AND VOTED ON A MASTER BALLOT. IF YOU HAVE A QUESTION CONCERNING THE VOTING PROCEDURES, CONTACT THE APPLICABLE INTERMEDIARY OR THE SOLICITATION AGENT. ANY BALLOT, OR MASTER BALLOT VOTED BY YOUR NOMINEE ON YOUR BEHALF, RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED.

ANY BALLOT WHICH IS EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE JOINT PLAN OR WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE JOINT PLAN SHALL NOT BE COUNTED ONLY FOR PURPOSES OF VOTING FOR OR AGAINST THE JOINT PLAN.

The Debtors will publish the Confirmation Hearing Notice in the national edition of The Wall Street Journal, which will contain the Joint Plan objection deadline and the date and time of the Confirmation Hearing, in order to provide notification to persons who may not otherwise receive notice by mail.

For all Holders:

By signing and returning a Ballot, each Holder of Claims in Classes P3, P4 and S3 will also be certifying to the Bankruptcy Court, the Debtors and the Creditors Committee that, among other things:

- such Holder has received and reviewed a copy of the Joint Plan, the Disclosure Statement and related Ballot and/or Master Ballot and other solicitation materials and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth in the Joint Plan;

- such Holder has cast the same vote on every Ballot completed by such Holder with respect to holdings of such Class of Claims;

- no other Ballots with respect to such Class of Claims have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such earlier Ballots are thereby revoked;

- the Debtors and the Creditors Committee have made available to such Holder or its agents all documents and information relating to the Joint Plan and related matters reasonably requested by or on behalf of such Holder; and

- except for information provided by the Debtors and the Creditors Committee in writing, and by its own agents, such Holder has not relied on any statements made or other information received from any person with respect to the Joint Plan.

By signing and returning a Ballot, each Holder of Claims also acknowledges that the securities being distributed pursuant to the Joint Plan are not being distributed pursuant to a registration statement filed with the United States Securities and Exchange Commission or with any securities authority outside of the United States and represents that any such securities will be acquired for its own account and not with a view to any distribution of such securities in violation of the United States Securities Act of 1933. *It is expected that when issued pursuant to the Joint Plan, except with respect to entities deemed to be underwriters, the New Exide Common Stock, including the shares of New Exide Common Stock issuable upon exercise of the New Exide Warrants, and the New Exide Warrants will be exempt from the registration requirements of the Securities Act by virtue of section 1145 of the Bankruptcy Code and may be resold by the Holders thereof subject to the provisions of section 1145.*

B. VOTING TABULATION

The Voting Record Date for purposes of determining which Holders of Claims are entitled to vote on the Joint Plan is March 11, 2004.

In tabulating votes, the following rules shall be used to determine the claim amount associated with a Creditor's vote:

(i) If neither the Debtors nor the Creditors Committee have filed a written objection to the Claim, the Claim amount for voting purposes shall be the Claim amount contained on a timely filed proof of claim or, if no proof of claim was filed, the non-contingent, liquidated and undisputed Claim amount listed in the Debtors' schedules of liabilities.

(ii) If the Debtors or the Creditors Committee have filed a written objection to the Claim, such Creditor's Ballot shall not be counted in accordance with Fed. R. Bankr. P. 3018(a), unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing, pursuant to instruction (iv) below.

(iii) If a Creditor casts a Ballot and is listed on the Debtors' schedules of liabilities as holding a Claim that is contingent, unliquidated or disputed, and such Creditor has not filed a proof of claim as to which the Debtors or the Creditors Committee have not filed a written objection,

such Creditor's Ballot shall not be counted in accordance with Fed. R. Bankr. P. 3018(a), unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing pursuant to instruction (iv) below.

(iv) If a Creditor is not entitled to vote pursuant to instructions (ii) or (iii) above and believes that it should be entitled to vote on the Joint Plan, then such Creditor must serve on the Debtors and the Creditors Committee and file with the Bankruptcy Court a motion for an order pursuant to Fed. R. Bankr. P. 3018(a) (a "Rule 3018(a) Motion") seeking temporary allowance of their Claim for voting purposes. Such Rule 3018(a) Motion, with evidence in support thereof, must be filed by 5:00 p.m. Prevailing Eastern Time on April 9, 2004. With regard to any timely filed Rule 3018(a) Motions, the Debtors and the Creditors Committee may file a response no later than the commencement of the Confirmation Hearing. The Bankruptcy Court shall consider timely filed Rule 3018(a) Motions, if any, at the Confirmation Hearing;

(v) Ballots cast by Creditors whose Claims are not listed on the Debtors' schedules of liabilities, but who timely filed proofs of Claim in unliquidated or unknown amounts that are not the subject of a written objection, will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code and will count as Ballots for Claims in the amount of $1.00 solely for the purpose of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code.

(vi) In the case of publicly traded securities, the principal amount or number of shares according to the records of the transfer agent for the particular series of securities, including a further breakdown, in the case of The Depository Trust Company ("DTC"), of the individual Nominee Holders which are DTC participants, as of the Voting Record Date, shall be the Claim or interest amount, except that in no event shall a Nominee Holder be permitted to vote in excess of its position in DTC as of the Voting Record Date.

The Claim amount established through the above process controls for voting purposes only and does not constitute the Allowed amount of any Claim or Equity Interest for distribution purposes.

To ensure that its vote is counted, each Holder of a Claim must (a) complete a Ballot; (b) indicate the Holder's decision either to accept or reject the Joint Plan in the boxes provided in the respective Ballot; and (c) sign and return the Ballot, by the Voting Deadline, to the address set forth on the envelope enclosed therewith.

The Ballot or Master Ballot does not constitute, and shall not be deemed to be, a proof of claim or an assertion or admission of a Claim.

The following general voting procedures and standard assumptions will be used to tabulate ballots:

- Except to the extent determined by the Debtors and the Creditors Committee in their reasonable discretion, or otherwise permitted by the Bankruptcy Court, the Debtors and the Creditors Committee will not accept or count any Ballots and Master Ballots received after the Voting Deadline.

- Creditors shall not split their vote within a Claim; thus, each Creditor shall be deemed to have voted the full amount of its Claims either to accept or reject the Joint Plan.

- The method of delivery of Ballots and Master Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder, *provided that*, except as otherwise provided in the Joint Plan, such delivery will be deemed made only when the *original* executed Ballot or Master Ballot is *actually received* by the Solicitation Agent.

- The Solicitation Agent must receive an original executed Ballot or Master Ballot; delivery of a Ballot or Master Ballot by facsimile, email or any other electronic means will not be accepted.

- No Ballot or Master Ballot sent to (i) the Debtors or the Creditors Committee, (ii) any indenture trustee or agent, or (iii) the Debtors' or the Creditors Committee's financial or legal advisors shall be accepted or counted.

- If multiple Ballots or Master Ballots are received from, or on behalf of, an individual Holder of Claims with respect to the same Claims prior to the Voting Deadline, the last Ballot or Master Ballot timely received or otherwise accepted will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot or Master Ballot.

- Any trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, who signs a Ballot or Master Ballot must (i) indicate his or her capacity as such when signing and, (ii) unless otherwise determined by the Debtors and the Creditors Committee, submit proper evidence of such authority to act on behalf of a beneficial interest Holder in form and content satisfactory to the Debtors and the Creditors Committee.

- The Debtors and the Creditors Committee, in their joint sole discretion, and without notice, subject to contrary order of the Bankruptcy Court, may waive any defect in any Ballot or Master Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, the Debtors or the Creditors Committee may, in their joint sole discretion, reject any Ballot or Master Ballot not timely submitted on or prior to the Voting Deadline as invalid and, therefore, not count such Ballot or Master Ballot in connection with confirmation of the Joint Plan.

- Any Holder of Impaired Claims who has delivered a valid Ballot voting on the Joint Plan may withdraw such vote solely in accordance with Fed. R. Bankr. P. 3018(a).

- Neither the Debtors, the Creditors Committee nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots or Master Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots or Master Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots and Master Ballots previously furnished (as to which any irregularities have not theretofore been cured or waived) will not be counted.

The following procedures, as well as the procedures set forth above, apply to Holders of Claims derived from or based on publicly traded securities (collectively, the "Beneficial Holder Claims"):

- The Debtors and the Creditors Committee shall distribute a Ballot to each record Holder of the Beneficial Holder Claims as of the Voting Record Date.

- The Debtors and the Creditors Committee shall also distribute an appropriate number of copies of Ballots to each bank or brokerage firm (or the agent or other Nominee therefor) identified by the Solicitation Agent as an entity through which beneficial owners hold the Beneficial Holder Claims. Each Nominee will be requested to immediately distribute the Ballots to all beneficial Holders for which it holds the Beneficial Holder Claims.

- Each Nominee must summarize the individual votes of its respective individual beneficial Holders from their individual beneficial Holders' Ballots on a Master Ballot and return such Master Ballot to the Solicitation Agent.

- Any beneficial Holder of the Beneficial Holder Claims holding as a record Holder in its own name, shall vote on the Joint Plan by completing and signing the Ballot and returning it to the Solicitation Agent.

- Any beneficial Holder of the Beneficial Holder Claims who holds in "street name" through a Nominee shall vote on the Joint Plan by promptly completing and signing the Ballot and returning

it to the Nominee in sufficient time to allow the Nominee to process the Ballot and return a Master Ballot to the Solicitation Agent by the Voting Deadline.

- Any Ballot returned to a Nominee by a beneficial Holder will not be counted for purposes of accepting or rejecting the Joint Plan until such Nominee properly completes and timely delivers to the Solicitation Agent a Master Ballot that reflects the vote of such beneficial Holder.

- If a beneficial Holder holds the Beneficial Holder Claims or any combination thereof through more than one Nominee, such beneficial Holder should execute a separate Ballot for each block of the Beneficial Holder Claims that it holds through any Nominee and return the Ballot to the respective Nominee that holds the Beneficial Holder Claims.

- If a beneficial Holder holds a portion of its Beneficial Holder Claims through a Nominee and another portion directly or in its own name as a record Holder, such beneficial Holder should follow the procedures described herein with respect to voting each such portion separately.

C. THE CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Joint Plan (the "Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Joint Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for April 16, 2004, before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the Robert N.C. Nix Federal Courthouse, 900 Market Street, Philadelphia, PA 19107. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Joint Plan must be filed and served on or before 5:00 p.m. Prevailing Eastern Time on April 9, 2004 in accordance with the Confirmation Hearing Notice accompanying this Disclosure Statement. **UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE SOLICITATION ORDER, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

D. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE JOINT PLAN

At the Confirmation Hearing, the Bankruptcy Court will confirm the Joint Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Joint Plan (i) is accepted by all impaired Classes of Claims and Interests or, if rejected by an impaired Class, that the Joint Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (ii) is feasible, and (iii) is in the "best interests" of holders of Claims and Interests impaired under the Joint Plan. A Class is impaired if the Claims in that Class will not be paid in full under the Joint Plan.

1. Acceptance

The Claims and Equity Interests in Classes P1, P2, S1 and S2 are not impaired under the Joint Plan, and as a result the Holders of such Claims are deemed to have accepted the Joint Plan.

Claims in Classes P3, P4, and S3 are impaired under the Joint Plan, and as a result, the holders of such Claims are entitled to vote thereon. Pursuant to section 1129 of the Bankruptcy code, the Claims in Classes P3, P4 and S3 must accept the Joint Plan in order for it to be confirmed without application of the "fair and equitable test," described below, to such Classes. As stated above, Classes of Claims will have accepted the Joint Plan if the Joint Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Joint Plan.

2. Fair and Equitable Test

The Debtors will seek to confirm the Joint Plan notwithstanding the nonacceptance or deemed nonacceptance of the Joint Plan by any impaired Class of Claims or Equity Interests. To obtain such confirmation, it must be demonstrated to the Bankruptcy Court that the Joint Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such dissenting impaired Class. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class receives more than it is entitled to for its claims or interests. The Debtors believe that the Joint Plan satisfies this requirement.

The Bankruptcy Code establishes different "fair and equitable" tests for secured claims, unsecured claims and interests, as follows:

(a) *Secured Claims.* Either the plan must provide (i) that the Holders of such Claims retain the liens securing such Claims, whether the property subject to such liens is retained by the Debtors or transferred to another entity, to the extent of the allowed amount of such Claims, and each Holder of a Claim receives deferred cash payments totaling at least the allowed amount of such Claim, of a value, as of the effective date of the plan, of at least the value of such Holder's interest in the estate's interest in such property; (ii) for the sale of any property that is subject to the liens securing such Claims, free and clear of such liens, with such liens to attach to the proceeds of such sale; or (iii) for the realization by such Holders of the indubitable equivalent of such Claims.

(b) *Unsecured Claims.* Either (i) each Holder of an Impaired unsecured Claim receives or retains under the plan property of a value equal to the amount of its Allowed Claim or (ii) the Holders of Claims and Equity Interests that are junior to the Claims of the dissenting class will not receive any property under the plan.

(c) *Equity Interests.* No Equity Interest Holder will receive any distributions under the Joint Plan.

THE DEBTORS BELIEVE THAT THE JOINT PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS (PROVIDED AT LEAST ONE IMPAIRED CLASS OF CLAIMS VOTES TO ACCEPT THE JOINT PLAN). ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE JOINT PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

3. Feasibility

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by the liquidation or the need for further financial reorganization, unless such liquidation is contemplated by the Joint Plan. For purposes of showing that the Joint Plan meets this feasibility standard, the Debtors, together with Blackstone and AlixPartners, have analyzed the ability of the Reorganized Debtors to meet their obligations under the Joint Plan and to retain sufficient liquidity and capital resources to conduct their businesses.

The Debtors believe that with a significantly deleveraged capital structure, the Company's businesses will be able to return to viability. The decrease in the amount of debt on the Company's balance sheet will substantially reduce its interest expense, improving cash flow. Based on the terms of the Joint Plan, at emergence the Company will have approximately $1.4 billion less in debt and accrued interest on its balance sheet than it had prior to the restructuring.

The Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their obligations and to fund their operations. Accordingly, the Debtors believe that the Joint Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

4. "Best Interests" Test

With respect to each impaired Class of Claims and Equity Interests, confirmation of the Joint Plan requires that each such holder either (x) accepts the Joint Plan or (y) receives or retains under the Joint Plan property of a value, as of the Effective Date of the Joint Plan, that is not less than the value such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

This analysis requires the Bankruptcy Court to determine what the Holders of Allowed Claims and Allowed Equity Interests in each impaired class would receive from the liquidation of the Debtors' assets and properties in the context of Chapter 7 liquidation cases. The cash amount which would be available for the satisfaction of Unsecured Claims and Equity Interests of the Debtors would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation cases. Such cash amount would be reduced by the costs and expenses of the liquidation and by such additional administrative and priority claims that may result from the termination of the Debtors' businesses and the use of Chapter 7 for the purposes of liquidation.

The Debtors' costs of liquidation under Chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those payable to attorneys, investment bankers and other professionals that such trustee may engage, plus any unpaid expenses incurred by the Debtors during the Chapter 11 Cases, such as compensation for attorneys, Advisors, accountants and costs and expenses of members of any official committees that are allowed in the Chapter 7 cases. In addition, claims could arise by reason of the breach or rejection of obligations incurred and executory contracts entered into or assumed by the Debtors during the pendency of the Chapter 11 Cases.

The foregoing types of Claims and such other claims which may arise in the liquidation cases or result from the pending Chapter 11 Cases would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition Claims.

To determine if the Joint Plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the Debtors' assets and properties (after subtracting the amounts attributable to the aforesaid claims) is then compared with the value offered to such classes of Claims and Equity Interests under the Joint Plan.

In applying the "best interests" test, it is possible that Claims and Equity Interests in the Chapter 7 cases may not be classified according to the seniority of such Claims and Equity Interests. In the absence of a contrary determination by the Bankruptcy Court, all pre-Chapter 11 Unsecured Claims which have the same rights upon liquidation would be treated as one class for the purposes of determining the potential distribution of the liquidation proceeds resulting from the Chapter 7 cases of the Debtors. The distributions from the liquidation proceeds would be calculated on a Pro Rata basis according to the amount of the Claim held by each Creditor. Therefore, Creditors who claim to be third-party beneficiaries of any contractual subordination provisions might have to seek to enforce such contractual subordination provisions in the Bankruptcy Court or otherwise. The Debtors believe that the most likely outcome of liquidation proceedings under Chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior creditor receives any distribution until all senior creditors are paid in full with interest and no stockholder receives any distribution until all Creditors are paid in full with postpetition interest.

In addition, under a Chapter 7 liquidation, the Debtors would face significant challenges in retaining its key management to execute the wind down plan. The Debtors further believe that a Chapter 7 liquidation is not the optimal environment for disposing of assets and businesses, and projects that a forced liquidation or an orderly liquidation of their assets in Chapter 7 would allow them to recover less than the "going concern" value of the Company — the value on which the Joint Plan is premised. Finally, the Debtors would likely require working capital to finance the liquidation of its assets; raising such financing would be difficult in a Chapter 7 environment.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Cases, including: (a) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee; (b) the substantial increases in claims which would be satisfied on a priority basis or on parity with creditors in the Chapter 11 Cases; and (c) the significantly lower proceeds likely to be realized from a liquidation of the Debtors' assets under a Chapter 7 liquidation, the Debtors believe that Confirmation of the Joint Plan will provide each holder of an Allowed Claim or Equity Interest with no less than, and in many cases more than, the amount it would receive pursuant to liquidation of the Debtors under Chapter 7 of the Bankruptcy Code. See *Exhibit B* and *Exhibit C* hereto.

The Debtors also believe that the value of any distributions from the liquidation proceeds to each class of Allowed Claims in a Chapter 7 case would be less than the value of distributions under the Joint Plan because

such distributions in a Chapter 7 case would not occur for a substantial period of time. It is likely that distribution of the proceeds of the liquidation could be delayed for at least a year or more after the completion of such liquidation in order to resolve claims and prepare for distributions. In the likely event litigation were necessary to resolve claims asserted in the Chapter 7 cases, the delay could be prolonged.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and management. The Liquidation Analysis is also based upon assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected may not be realized if the Debtors were, in fact, to undergo such a liquidation.

V.
RISK FACTORS

ALL IMPAIRED HOLDERS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE JOINT PLAN.

A. CERTAIN BANKRUPTCY CONSIDERATIONS

Parties in interest may object to Debtors' classification of Claims. Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. Debtors believe that the classification of claims and interests under the Joint Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The bankruptcy filing may disrupt the Company's operations. The impact, if any, that the Chapter 11 Cases may have on the operations of Reorganized Debtors cannot be accurately predicted or quantified. Since Debtors' announcement of their intention to seek a restructuring of its capital structure in April, 2002 and their filing of the Chapter 11 Cases, the Company has not suffered significant disruptions in or an adverse impact on its operations. Nonetheless, the continuation of the Chapter 11 Cases, particularly if the Joint Plan is not approved or confirmed in the time frame currently contemplated, could adversely affect the Company's relationship with its customers, suppliers and employees.

If confirmation and consummation of the Joint Plan do not occur expeditiously, the Chapter 11 Cases could adversely affect the Company's relationships with its customers, employees and suppliers and could result in, among other things, increased costs for professional fees and similar expenses. In addition, prolonged Chapter 11 Cases may make it more difficult for the Company to retain and attract management and other key personnel and would require senior management to spend an excessive amount of time and effort dealing with Debtors' financial problems instead of focusing on the operation of their businesses.

Debtors may not be able to secure confirmation of the Joint Plan. There can be no assurance that the requisite acceptances to confirm the Joint Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Joint Plan. A non-accepting creditor or equity holder of Debtors might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Joint Plan if it found that any of the statutory requirements for confirmation had not been met, including that the terms of the Joint Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that the Joint Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes, confirmation of the Joint Plan is not likely to be followed by a liquidation or a need for further financial reorganization and the value of distributions to non-accepting Holders of claims and interests within a particular class under the Joint Plan will not be less than the value of distributions such Holders would receive if Debtors were liquidated under Chapter 7 of the Bankruptcy Code. While there can be no assurance that these requirements will be met, Debtors believe

that the Joint Plan will not be followed by a need for further financial reorganization and that non-accepting Holders within each Class under the Joint Plan will receive distributions at least as great as would be received following a liquidation under Chapter 7 of the Bankruptcy Code when taking into consideration all administrative claims and costs associated with any such Chapter 7 case. Debtors believe that Holders of Equity Interests in Debtors would receive no distribution under either a liquidation pursuant to Chapter 7 or Chapter 11.

The confirmation of the Joint Plan is also subject to certain conditions as described in Section III.M hereof. If the Joint Plan is not confirmed, it is unclear whether a restructuring of Debtors could be implemented and what distributions Holders of Claims or Equity Interests ultimately would receive with respect to their Claims or Equity Interests. If an alternative reorganization could not be agreed to, it is possible that Debtors would have to liquidate their assets, in which case it is likely that Holders of Claims and Equity Interests would receive substantially less favorable treatment than they would receive under the Joint Plan.

Debtors may not be able to consummate the Joint Plan. Consummation of the Joint Plan is conditioned upon, among other things, entry of the Confirmation Order and the negotiation and execution of certain definitive agreements, documents and plans. As of the date of this Disclosure Statement, there can be no assurance that any or all of the foregoing conditions will be met (or waived) or that the other conditions to consummation, if any, will be satisfied. Accordingly, even if the Bankruptcy Court confirms the Joint Plan, there can be no assurance that the Joint Plan will be consummated. If a liquidation or protracted reorganization were to occur, there is a risk that the value of the Debtors' enterprise would be eroded to the detriment of all stakeholders.

Debtors may object to the amount or classification of a Claim. Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest. The estimates set forth in this Disclosure Statement cannot be relied on by any creditor or equity holder whose Claim or Equity Interest is subject to an objection. Any such Holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

Bankruptcy Court may not approve the settlement of Creditors Committee Adversary Proceeding. If the Bankruptcy Court does not approve the settlement of the Creditors Committee Adversary Proceeding, as contemplated by Article V.G of the Joint Plan, there is a substantial and material risk that distributions called for under the Joint Plan will be significantly delayed. There is the additional possibility that the full litigation of the Creditors Committee Adversary Proceeding would result in allocations to Creditors that are materially different from the allocations called for under the Joint Plan.

Conditions precedent to the Effective Date may not be satisfied on time. If the conditions precedent to the Effective Date have not been satisfied or waived by June 18, 2004, the lenders party to the Standstill Agreement will be able to exercise their rights and remedies against the non-Debtor subsidiaries of the Company under the Prepetition Credit Facility. In addition, the lenders under the Replacement DIP Credit Facility will be able to exercise their rights and remedies against the Debtors and non-Debtor subsidiaries. As of March 31, 2003, the assets of the non-Debtor subsidiaries represented 59% of the Company's consolidated assets. The Debtors cannot assure you as to the timing of the satisfaction or waiver of the conditions precedent to the Effective Date.

B. FACTORS AFFECTING THE VALUE OF THE SECURITIES TO BE ISSUED UNDER THE JOINT PLAN

Reorganized Debtors may not be able to achieve their projected financial results. Reorganized Debtors may not be able to meet their projected financial results or achieve the revenue or cash flow that they have assumed in projecting their future business prospects. If Reorganized Debtors do not achieve these projected revenue or cash flow levels, they may lack sufficient liquidity to continue operating as planned after the Effective Date. Debtors' financial projections represent management's view based on current known facts and hypothetical assumptions about Reorganized Debtors' future operations. However, the Projections set forth on *Exhibit C* attached hereto do not guarantee Reorganized Debtors' future financial performance.

Reorganized Debtors may not be able to meet their post-reorganization debt obligations and finance all of their operating expenses, working capital needs and capital expenditures. Debtors are currently highly leveraged. Even after the reorganization, the Reorganized Debtors and the non-Debtor subsidiaries will have a significant amount of debt which will continue to require significant interest and principal payments. The Company may not generate sufficient positive cash flow to support the debt. The Company's level of debt and

the limitations imposed on it by the Company's debt agreements could adversely affect the Company's operating flexibility and put the Company at a competitive disadvantage. The Company's significant level of debt may adversely affect the Company's future performance, because, among other things:

- the Company may not be able to obtain further debt financing and may have to pay more for the financing or sell equity securities which could dilute the ownership interest of a holder of New Exide Warrants or New Exide Common Stock;
- the Company may not be able to take advantage of business opportunities;
- the Company may be disadvantaged compared to competitors with less leverage; and
- the Company will be more vulnerable to adverse economic conditions.

The Company's debt agreements will likely contain a number of significant financial and other restrictive covenants. These covenants could adversely affect the Company by limiting the Company's financial and operating flexibility as well as its ability to plan for and react to market conditions and to meet its capital needs. The Company's failure to comply with these covenants could result in events of default which, if not cured or waived, could result in the Company's being required to repay that indebtedness before its due date, and the Company cannot assure that it would have the financial resources or be able to arrange alternative financing to do so.

A liquid trading market for the New Exide Common Stock and New Exide Warrants may not develop. Although the Company will use its best efforts to cause the New Exide Common Stock and New Exide Warrants to be listed on the New York Stock Exchange or the Nasdaq National Market as soon as practicable after the Effective Date, it cannot provide assurances that it will be able to obtain these listings or, even if it does, that liquid trading markets for the New Exide Common Stock and New Exide Warrants will develop. The liquidity of any market for the New Exide Common Stock and New Exide Warrants will depend, among other things, upon the number of Holders of New Exide Common Stock and New Exide Warrants, the Company's financial performance, and the market for similar securities, none of which can be determined or predicted. Therefore, the Company cannot provide assurances that an active trading market will develop or, if a market develops, what the liquidity or pricing characteristics of that market will be.

The estimated valuation of Reorganized Debtors and the New Exide Common Stock and New Exide Warrants, and the estimated recoveries to Holders of Claims and Equity Interests, is not intended to represent the trading values of the New Exide Common Stock and New Exide Warrants. The estimated valuation of Reorganized Debtors set forth in Section I.H hereof is not intended to represent the trading values of Debtors' securities in public or private markets. The estimated recoveries to each of the Impaired Classes are based on this theoretical valuation analysis. This valuation analysis is based on numerous assumptions, the realization of many of which is beyond the control of Debtors). Even if Reorganized Debtors achieve the Projections, the trading market values for the New Exide Common Stock and New Exide Warrants could be adversely impacted by the lack of trading liquidity for such securities, the lack of institutional research coverage and concentrated selling by recipients of such securities.

Reorganized Exide does not expect to pay any dividends on the New Exide Common Stock for the foreseeable future. It is not anticipated that any cash dividends will be paid on the New Exide Common Stock for the foreseeable future.

Provisions of the New Exide Certificate of Incorporation could delay or prevent a change of control. The New Exide Certificate of Incorporation will provide that the New Exide Board of Directors will be classified into three classes of directors, with each class elected at a separate election. Such provisions, among others, could delay a potential acquiror from obtaining majority control of the New Exide Board of Directors and thus deter potential acquisitions that might otherwise provide Reorganized Exide's stockholders with a premium over the then current market price for their shares.

Certain tax implications of Debtors' bankruptcy and reorganization may increase the tax liability of Reorganized Debtors. The U.S. federal income tax consequences of consummation of the Joint Plan to Holders of Claims or Equity Interests are complex and subject to uncertainty. Certain U.S. tax attributes of Debtors, including net operating loss carryovers, may be reduced or eliminated as a consequence of the Joint Plan. The

elimination or reduction of net operating loss carryovers and such other tax attributes may increase the amount of tax payable by Reorganized Debtors following the consummation of the Joint Plan as compared with the amount of tax payable had no such reduction been required. See Section VI hereof, "Certain Federal Income Tax Consequences" below for discussion of the U.S. federal income tax consequences for creditors, equity holders and Debtors resulting from the consummation of the Joint Plan.

C. RISKS RELATING TO THE OPERATIONS OF REORGANIZED DEBTORS

The Company operates in a competitive environment and the pricing of its products is substantially dependent on market forces. The global transportation, motive power and network power battery markets are highly competitive. In recent years, competition has continued to intensify and the Company continues to come under increasing pressure for price reductions. This competition has been exacerbated by excess capacity and fluctuating lead prices as well as low-priced Asian imports impacting the Company's markets.

The Company's financial results may be adversely affected by fluctuations in certain foreign currency exchange rates. The Company is exposed to foreign currency risk in most European countries, principally from fluctuations in the Euro and British Pound. The Company is also exposed, although to a lesser extent, to foreign currency risk in Australia and the Pacific Rim. Movements of exchange rates against the U.S. dollar can result in variations in the U.S. dollar value of non-U.S. sales. In some instances, gains in one currency may be offset by losses in another. Movements in European currencies impacted the Company's results (both favorably and unfavorably) for the periods presented in the Annual Report on Form 10-K for the fiscal year ended March 31, 2003 attached as *Exhibit D* hereto.

The Company's customers and sales are concentrated in a few geographic locations. The Company is subject to concentrations of customers and sales in a few geographic locations and is dependent on customers in certain industries, including the automotive, telecommunications and material handling markets. Economic difficulties experienced in these markets and geographic locations have and may continue to impact the Company's financial results.

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

Fluctuations in the cost of lead may adversely affect the Company. Lead is the primary material by weight used in the manufacture of batteries, representing approximately one-fourth of the Company's cost of goods sold. The market price of lead fluctuates. Generally, when lead prices decrease, customers may seek disproportionate price reductions from the Company, and when lead prices increase, customers may resist price increases, thus decreasing the Company's gross margins.

Environmental and occupational safety and health laws and regulations impose substantial costs on the Company's operations. As a result of its multinational manufacturing, distribution and recycling operations, the Company is subject to numerous federal, state and local environmental, occupational safety and health laws and regulations, as well as similar laws and regulations in other countries in which the Company operates (collectively "EH&S laws"). The Company is exposed to liabilities under such EH&S laws arising from its past handling, release, storage and disposal of hazardous substances and hazardous wastes. The Company previously has been advised by the U.S. Environmental Protection Agency or state agencies that it is a "Potentially Responsible Party" ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar state laws at approximately 94 federally defined Superfund or state equivalent sites.

The Company expects that its operations will continue to incur capital and operating expenses in order to maintain compliance with evolving environmental, health and safety requirements or more stringent enforcement of existing requirements. The Company has established reserves for on-site and off-site environmental remediation costs and believes that such reserves are adequate. As of March 31, 2003, the amount

of such reserves on the Company's consolidated balance sheet was $78.3 million. For more information on environmental matters, see Section VII.A.2 below.

The Company depends heavily on its senior management, and it may be unable to replace key executives if they leave. The Company is dependent on the continued service of its management team. Although the Company believes it could replace key employees in an orderly fashion should the need arise, the loss of such personnel could have an adverse effect on the Company.

EXCEPT FOR HISTORICAL INFORMATION, THIS DISCLOSURE STATEMENT AND THE RISK FACTORS CONTAINED HEREIN MAY BE DEEMED TO CONTAIN "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 (THE "ACT"). THE DEBTORS DESIRE TO AVAIL THEMSELVES OF THE SAFE HARBOR PROVISIONS OF THE ACT AND ARE INCLUDING THIS CAUTIONARY STATEMENT FOR THE EXPRESS PURPOSE OF AVAILING THEMSELVES OF THE PROTECTION AFFORDED BY THE ACT.

FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THESE FORWARD LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING GENERAL FACTORS SUCH AS: (I) THE DEBTORS' ABILITY TO IMPLEMENT BUSINESS STRATEGIES AND FINANCIAL REORGANIZATION AND RESTRUCTURING PLANS, (II) UNSEASONABLE WEATHER (WARM WINTERS AND COOL SUMMERS) WHICH ADVERSELY AFFECTS DEMAND FOR AUTOMOTIVE AND SOME INDUSTRIAL BATTERIES, (III) THE DEBTORS' SUBSTANTIAL DEBT AND DEBT SERVICE REQUIREMENTS WHICH RESTRICT THE DEBTORS' OPERATIONAL AND FINANCIAL FLEXIBILITY, AS WELL AS IMPOSING SIGNIFICANT INTEREST AND FINANCING COSTS, (IV) THE DEBTORS ARE SUBJECT TO A NUMBER OF LITIGATION PROCEEDINGS, THE RESULTS OF WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON THE DEBTORS AND THEIR BUSINESS, (V) THE DEBTORS' ASSETS INCLUDE THE TAX BENEFITS OF NET OPERATING LOSS CARRY FORWARDS, REALIZATION OF WHICH ARE DEPENDENT UPON FUTURE TAXABLE INCOME, (VI) 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 THE DEBTORS' RESULTS BECAUSE IT IS A MAJOR CONSTITUENT IN MOST OF THE DEBTORS' PRODUCTS, (VII) THE BATTERY MARKETS IN NORTH AMERICA AND EUROPE ARE VERY COMPETITIVE AND, AS A RESULT, IT IS OFTEN DIFFICULT TO MAINTAIN MARGINS, (VIII) THE DEBTORS' CONSOLIDATION AND RATIONALIZATION OF ACQUIRED ENTITIES REQUIRES SUBSTANTIAL MANAGEMENT TIME AND FINANCIAL AND OTHER RESOURCES AND IS NOT WITHOUT RISK, (IX) FOREIGN OPERATIONS INVOLVE RISKS SUCH AS DISRUPTION OF MARKETS, CHANGES IN IMPORT AND EXPORT LAWS, CURRENCY RESTRICTIONS AND CURRENCY EXCHANGE RATE FLUCTUATIONS, (X) THE DEBTORS ARE EXPOSED TO FLUCTUATIONS IN INTEREST RATES ON THEIR VARIABLE DEBT WHICH CAN AFFECT THE DEBTORS' RESULTS, (XI) GENERAL ECONOMIC CONDITIONS, (XII) THE ABILITY TO ACQUIRE GOODS AND SERVICES AND/OR FULFILL LABOR NEEDS AT BUDGETED COSTS AND BANKRUPTCY CONSIDERATIONS SUCH AS: (A) THE DEBTORS' ABILITY TO CONTINUE AS A GOING CONCERN, (B) THE DEBTORS' ABILITY TO OPERATE IN ACCORDANCE WITH THE TERMS OF AND MAINTAIN COMPLIANCE WITH COVENANTS OF THE REPLACEMENT DIP CREDIT FACILITY AND OTHER FINANCING ARRANGEMENTS, (C) THE DEBTORS' ABILITY TO OBTAIN BANKRUPTCY COURT APPROVAL WITH RESPECT TO MOTIONS IN THE CHAPTER 11 CASES FROM TIME TO TIME, (D) THE DEBTORS' ABILITY TO DEVELOP, CONFIRM AND CONSUMMATE THE JOINT PLAN ON A TIMELY BASIS, (E) THE DEBTORS' ABILITY TO ATTRACT, MOTIVATE AND RETAIN KEY PERSONNEL, (F) THE DEBTORS' ABILITY TO OBTAIN AND MAINTAIN NORMAL TERMS WITH VENDORS AND SERVICE PROVIDERS, (G) THE DEBTORS' ABILITY TO MAINTAIN CONTRACTS THAT ARE CRITICAL TO THEIR BUSINESS, AND (H) THE DEBTORS' ABILITY TO ATTRACT AND RETAIN CUSTOMERS.

THEREFORE, THE DEBTORS CAUTION EACH READER OF THIS DISCLOSURE STATEMENT AND THE RISK FACTORS CONTAINED HEREIN TO CONSIDER CAREFULLY THOSE GENERAL FACTORS HEREINABOVE SET FORTH, BECAUSE SUCH FACTORS HAVE, IN SOME INSTANCES, AFFECTED AND IN THE FUTURE COULD AFFECT, THE ABILITY OF THE DEBTORS TO ACHIEVE THEIR PROJECTED RESULTS AND MAY CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED HEREIN.

VI.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax consequences of the Joint Plan to Debtors and Holders of Prepetition Credit Facility Claims, General Unsecured Claims and Equity Interests. Unless otherwise indicated, this discussion addresses the treatment of Claims and Equity Interests against both the Company and the Subsidiary Debtors. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date hereof and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and Debtors do not intend to seek a ruling from the Internal Revenue Service (the "IRS") as to any of such tax consequences, and there can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Prepetition Credit Facility Claims, General Unsecured Claims and Equity Interests that are not United States persons (as defined in the Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies, investors that hold the instruments as part of a straddle or hedging, constructive sale, integrated or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). The following discussion assumes that Holders of Prepetition Credit Facility Claims, General Unsecured Claims and Equity Interests hold their instruments as "capital assets" within the meaning of Code Section 1221. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to Debtors and Holders of Prepetition Credit Facility Claims, General Unsecured Claims and Equity Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under state, local, or foreign tax law.

If a partnership holds Prepetition Credit Facility Claims, General Unsecured Claims or Equity Interests, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in partnerships that hold Prepetition Credit Facility Claims, General Unsecured Claims or Equity Interests should consult their tax advisors.

The following summary is not a substitute for careful tax planning and advice based on the particular circumstances of each Holder of Prepetition Credit Facility Claims, General Unsecured Claims and Equity Interests. All Holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences, as well as any applicable state, local, and foreign tax consequences of the Plan.

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLAIMS AND EQUITY INTERESTS

1. Consequences to Holders of Prepetition Credit Facility Claims

The consequences of the exchange under the Plan to the Holders of Prepetition Credit Facility Claims and the amount of gain or loss realized depend on whether (i) such Holders choose the Class P3 Option A or the Class P3 Option B, as provided in the Joint Plan; (ii) the Prepetition Credit Facility Claims are treated as "securities" for purposes of the reorganization provisions of the Code and (iii) the exchange under the Joint Plan qualifies as a tax-free reorganization.

(a) *Consequences to Holders of Prepetition Credit Facility Claims Choosing the Class P3 Option A.* After the Confirmation Date and prior to the Effective Date, Holders of Prepetition Credit Facility Claims who choose the Class P3 Option A will receive, in exchange for and in full and final satisfaction of their Prepetition Credit Facility Claims, a Pro Rata share (based on the aggregate of such Holder's Prepetition Domestic Secured Claims and Prepetition Foreign Secured Claims) of 90% of Effective Date New Exide Common Stock remaining after distributions, if any, pursuant to the Class P3 Option B.

The U.S. federal income tax consequences to Holders of Prepetition Credit Facility Claims depend on whether (i) the Prepetition Credit Facility Claims are treated as "securities" for purposes of the reorganization provisions of the Code and (ii) the exchange under the Joint Plan qualifies as a tax-free reorganization.

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including among others, the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued.

If Prepetition Credit Facility Claims are treated as securities, the exchange of Prepetition Credit Facility Claims for New Exide Common Stock should be treated as a recapitalization (and therefore, a tax-free reorganization), and Holders of Prepetition Credit Facility Claims should not recognize any gain or loss on the exchange, except to the extent that New Exide Common Stock is treated as received in satisfaction of accrued but untaxed interest on the Prepetition Credit Facility Claims. See "Accrued But Untaxed Interest," below. Such Holder should obtain a tax basis in New Exide Common Stock equal to the tax basis of Prepetition Credit Facility Claims surrendered therefor and should have a holding period for the New Exide Common Stock that includes the holding period for Prepetition Credit Facility Claims; provided that the tax basis of New Exide Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New Exide Common Stock should not include the holding period of Prepetition Credit Facility Claims.

If Prepetition Credit Facility Claims are not treated as securities or the exchange under the Plan is not treated as a tax-free reorganization, Holders of Prepetition Credit Facility Claims will be treated as exchanging their Prepetition Credit Facility Claims for New Exide Common Stock in a taxable exchange under Section 1001 of the Code. Accordingly, the Holders of Prepetition Credit Facility Claims would recognize gain or loss equal to the difference between (i) the fair market value of the New Exide Common Stock received (provided such New Exide Common Stock is not allocable to accrued but untaxed interest) and (ii) such Holder's tax basis in Prepetition Credit Facility Claims. To the extent such Holders hold their Prepetition Credit Facility Claims as capital assets, such gain or loss should be capital in nature and should be long-term capital gain or loss in the case of Prepetition Credit Facility Claims if Prepetition Credit Facility Claims were held for more than one year (subject to the "market discount" rules discussed below). To the extent that a portion of the New Exide Common Stock received in exchange for Prepetition Credit Facility Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New Exide Common Stock received should equal the fair market value of the New Exide Common Stock as of the Effective Date. A Holder's holding period for the New Exide Common Stock should begin on the day following the Effective Date.

(b) *Consequences to Holders of Prepetition Credit Facility Claims Choosing the Class P3 Option B.* Holders of Prepetition Credit Facility Claims choosing the Class P3 Option B under the Joint Plan will have their Prepetition Foreign Secured Claims reinstated and will receive New Exide Common Stock in exchange for their Prepetition Domestic Secured Claims.

The reinstatement of Prepetition Foreign Secured Claims involves making certain amendments and modifications to such claims, as described in the Joint Plan (collectively, the "Modifications"). If the Modifications are considered to constitute a "significant modification" of existing Prepetition Foreign Secured Claims under Treasury Regulations promulgated under Code Section 1001 (the "Exchange Regulations"), then the Modifications will result in a deemed exchange of the existing Prepetition Foreign Secured Claims for the modified Prepetition Foreign Secured Claims. If the Modifications are not considered to be a significant modification under the Exchange

Regulations, the reinstatement of Prepetition Foreign Secured Claims pursuant to the Joint Plan should not be a taxable event for U.S. federal income tax purposes, and a Holder of Prepetition Foreign Secured Claims should have the same tax basis and holding period in the reinstated Prepetition Foreign Secured Claims that such holder had in the original Prepetition Foreign Secured Claims.

If the Modifications constitute a significant modification, the U.S. federal income tax consequences to a Holder of Prepetition Foreign Secured Claims depend in part on whether the deemed exchange qualifies as a tax-free reorganization. This determination, in turn, depends in part on whether both the existing Prepetition Foreign Secured Claims and modified Prepetition Foreign Secured Claims constitute "securities" for purposes of the reorganization provisions of the Tax Code.

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including among others, the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued.

If the Modifications constitute a significant modification and either (i) the existing Prepetition Foreign Secured Claims or the modified Prepetition Foreign Secured Claims are not treated as securities or (ii) the deemed exchange is not treated as a tax-free reorganization, a Holder of Prepetition Foreign Secured Claims will be deemed to exchange its existing Prepetition Foreign Secured Claims for modified Prepetition Foreign Secured Claims in a taxable exchange under Code Section 1001. In such case, a Holder of Prepetition Foreign Secured Claims would recognize gain (or loss) equal to the amount by which (i) the "issue price" of such Holder's modified Prepetition Foreign Secured Claims (to the extent not allocable to accrued but unpaid interest), exceeds (or, in the case of loss, is less than) (ii) such Holder's tax basis in the existing Prepetition Foreign Secured Claims. Any gain or loss recognized in a taxable exchange by a Holder of Prepetition Foreign Secured Claims that constitute capital assets in the hands of the Holder should be capital in nature (subject to the market discount rules discussed below), and should be long term capital gain or loss if Prepetition Foreign Secured Claims deemed exchanged were held for more than one year. To the extent that modified Prepetition Foreign Secured Claims received in the deemed exchange are treated as received in satisfaction of accrued but untaxed interest on the existing Prepetition Foreign Secured Claims, a Holder should recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in modified Prepetition Foreign Secured Claims received in a taxable exchange should equal the issue price of such Holder's modified Prepetition Secured Claims. In such case, a Holder's holding period for such modified Prepetition Foreign Secured Claims should begin on the day following receipt thereof.

If the Modifications constitute a significant modification and (i) the existing Prepetition Foreign Secured Claims and the modified Prepetition Foreign Secured Claims are each treated as securities and (ii) the deemed exchange is treated as a tax-free reorganization, a Holder of Prepetition Foreign Secured Claims would not recognize any gain or loss as a result of such exchange, except to the extent that modified Prepetition Foreign Secured Claims are treated as received in satisfaction of accrued but untaxed interest on the existing Prepetition Foreign Secured Claims. See "Accrued But Untaxed Interest," below. In such case, a Holder would obtain a tax basis in the modified Prepetition Foreign Secured Claims equal to the tax basis of the existing Prepetition Foreign Secured Claims surrendered in exchange therefor, provided that the tax basis of any modified Prepetition Foreign Secured Claims treated as received in satisfaction of accrued interest should equal the amount of such accrued interest. A Holder's holding period for the modified Prepetition Foreign Secured Claims should include the holding period of the existing Prepetition Foreign Secured Claims surrendered in exchange therefor; provided that the holding period for any portion of the modified Prepetition Foreign Secured Claims treated as received in satisfaction of accrued but untaxed interest should begin on the day following the receipt thereof.

The exchange of Prepetition Domestic Secured Claims for New Exide Common Stock under the Class P3 Option B should result in the tax consequences to the Holders of such claims similar to the tax consequences under Election A described above, except that Holders choosing the Class P3 Option B will received a smaller amount of New Exide Common Stock for the total amount of their Class P3 Claims.

2. Consequences to Holders of General Unsecured Claims Against the Company

Holders of General Unsecured Claims against the Company (which includes Holders of 10% Senior Note Claims, 2.9% Convertible Note Claims and Non-Noteholder General Unsecured Claims) will receive New Exide Common Stock (subject to dilution by the Company Incentive Plan and the New Exide Warrants) and New Exide Warrants in full and final satisfaction of their claims. The U.S. federal income tax consequences to Holders of the General Unsecured Claims against the Company depend on whether (i) the General Unsecured Claims are treated as "securities" for purposes of the reorganization provisions of the Code and (ii) the exchange under the Joint Plan qualifies as a tax-free reorganization.

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including among others, the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued.

If the General Unsecured Claims are treated as securities, the exchange of the General Unsecured Claims for New Exide Common Stock and New Exide Warrants should be treated as a recapitalization (and therefore, a tax-free reorganization), and Holders of the General Unsecured Claims should not recognize any gain or loss on the exchange, except to the extent that New Exide Common Stock and New Exide Warrants are treated as received in satisfaction of accrued but untaxed interest on the General Unsecured Claims. See "Accrued But Untaxed Interest" below. In such case, such Holder should obtain a tax basis in New Exide Common Stock and New Exide Warrants equal to the tax basis of the General Unsecured Claims surrendered therefor and should have a holding period for the New Exide Common Stock and New Exide Warrants that includes the holding period for the General Unsecured Claims; provided that the tax basis of New Exide Common Stock and New Exide Warrants treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New Exide Common Stock and New Exide Warrants should not include the holding period of the General Unsecured Claims.

If the General Unsecured Claims are not treated as securities or the exchange under the Joint Plan is not treated as a tax-free reorganization, Holders of General Unsecured Claims will be treated as exchanging their General Unsecured Claims for New Exide Common Stock and New Exide Warrants in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of the General Unsecured Claims should recognize gain or loss equal to the difference between (i) the fair market value of the New Exide Common Stock and New Exide Warrants and (ii) such Holder's basis in the General Unsecured Claims. To the extent such Holders hold their General Unsecured Claims as capital assets, such gain or loss should be capital in nature and should be long-term capital gain or loss if the General Unsecured Claims were held for more than one year (subject to the "market discount" rules discussed below). To the extent that a portion of New Exide Common Stock or New Exide Warrants received in exchange for the General Unsecured Claims is allocable to accrued but untaxed interest, the Holder should recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New Exide Common Stock and New Exide Warrants received should equal the fair market value of the New Exide Common Stock and New Exide Warrants as of the Effective Date. A Holder's holding period for New Exide Common Stock and New Exide Warrants should begin on the day following the Effective Date.

3. Consequences to Holders of General Unsecured Claims Against the Subsidiary Debtors

Holders of General Unsecured Claims against the Subsidiary Debtors will receive no distribution on account of such claims. Holders of General Unsecured Claims against the Subsidiary Debtors should be entitled to a loss deduction in the tax year in which such General Unsecured Claims become worthless (which could be a tax year prior to the year the Joint Plan becomes effective) and provided that (i) such deduction was not previously claimed by such Holders and (ii) such Holders have a non-zero tax basis in their General Unsecured Claims. The loss realized on the cancellation of General Unsecured Claims against the Subsidiary Debtors should be a capital loss under Code Section 165 if such claims are treated as "securities" under Code Section 165(g)(2). If General Unsecured Claims against the Subsidiary Debtors are not treated as "securities" under Code Section 165(g)(2), the loss realized on the cancellation of General Unsecured Claims against the Subsidiary Debtors may be a capital loss or an ordinary loss under Code Section 166, depending on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed.

4. Consequences to Holders of Equity Interests

Holders of Equity Interests that are cancelled in the exchange under the Joint Plan will be allowed a "worthless stock deduction" (unless such Holder had previously claimed a worthless stock deduction with respect to any Equity Interest) in the tax year in which such Equity Interest becomes worthless (which could be a tax year prior to the year the Joint Plan becomes effective) in an amount equal to the Holder's adjusted basis in its Equity Interest. If the Holder held an Equity Interest as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset.

5. Accrued Interest, Market Discount and Original Issue Discount

(a) *Accrued But Untaxed Interest.* To the extent that any amount received by a Holder of Prepetition Credit Facility Claims and General Unsecured Claims under the Plan is attributable to accrued but untaxed interest, such amount should be taxable to the Holder as interest income, if such accrued interest has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder of Prepetition Credit Facility Claims or General Unsecured Claims may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) for such purposes to the extent that any accrued interest was previously included in the Holder's gross income but was not paid in full by the Debtors.

The extent to which New Exide Common Stock and/or New Exide Warrants received by a Holder of a Prepetition Credit Facility Claims or General Unsecured Claims will be attributable to accrued but untaxed interest is unclear. Under the Joint Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be treated as first satisfying accrued, but unpaid, interest, if any, with any excess allocated to the stated principal amount of the Claims. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a bankruptcy plan is binding for federal income tax purposes. However, the IRS could take the position that the consideration received by a Holder should be allocated in some way other than as provided in the Joint Plan. Holders of Prepetition Credit Facility Claims and General Unsecured Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Joint Plan.

(b) *Market Discount.* Holders of Prepetition Credit Facility Claims or General Unsecured Claims who exchange Prepetition Credit Facility Claims or General Unsecured Claims for New Exide Common Stock and/or New Exide Warrants may be affected by the "market discount" provisions of Code Sections 1276 through 1278. Under these rules, some or all of the gain realized by Holders of Prepetition Credit Facility Claims and General Unsecured Claims may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on such Prepetition Credit Facility Claims and General Unsecured Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be a acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price, in the case of a debt obligation issued with original issue discount)

exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation will not be a "market discount bond" if such excess is less than a statutory de minimis amount (equal to 0.25 percent of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition of Prepetition Credit Facility Claims and General Unsecured Claims (determined as described above) that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Prepetition Credit Facility Claims and General Unsecured Claims were considered to be held by a Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the Prepetition Credit Facility Claims and General Unsecured Claims that had been acquired with market discount are exchanged in certain tax-free transactions for other property, any market discount that accrued on the Prepetition Credit Facility Claims and General Unsecured Claims but was not recognized by the Holder is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued market discount.

(c) *Limitation on Use of Capital Losses*. Holders of Claims and Equity Interests who recognize capital losses as a result of the exchange under the Joint Plan will be subject to limits on their use of capital losses. For noncorporate Holders, capital losses may be used to offset any capital gains (without regard to holding periods) plus the lesser of (1) $3,000 ($1,500 for married individuals filing separate returns) or (2) the excess of the capital losses over the capital gains. For corporate Holders, losses from the sale or exchange of capital assets may only be used to offset capital gains. Holders who have more capital losses than can be used in a tax year may be allowed to carry over the excess capital losses for use in succeeding tax years. Noncorporate Holders may carry over unused capital losses and apply them to capital gains and a portion of their ordinary income (see described immediately above) for an unlimited number of years. Corporate Holders may only carry over unused capital losses for the five years following the capital loss year, but are allowed to carry back unused capital losses to the three years preceding the capital loss year.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO REORGANIZED DEBTORS

1. Cancellation of Indebtedness and Reduction of Tax Attributes

As a result of the anticipated exchange of Prepetition Credit Facility Claims and General Unsecured Claims for New Exide Common Stock and New Exide Warrants, the amount of Debtors' aggregate outstanding indebtedness will be substantially reduced. In general, absent an exception, a debtor will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for an amount less than its adjusted issue price. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of cash paid and the fair market value of any new consideration (including stock of the Debtor) given in satisfaction of such indebtedness at the time of the exchange.

A debtor will not, however, be required to include any amount of COD Income in gross income if debtor is under the jurisdiction of a court in a Title 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding. Instead, a debtor must (as of the first day of the next taxable year) reduce its tax attributes by the amount of COD Income which it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs"), (b) tax credits and capital loss carryovers, and (c) tax basis in assets.

Because, under the Joint Plan, Holders of Prepetition Credit Facility Claims and General Unsecured Claims will receive New Exide Common Stock and New Exide Warrants, the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, will depend on the fair market value of the New Exide Common Stock and New Exide Warrants. This value cannot be known with certainty until after the Effective Date. Thus, although it is expected that a reduction of tax attributes will be required, the exact amount of such reduction cannot be predicted.

To the extent that a reduction of tax attributes is required, Debtor anticipates that it will reduce the amount of its NOL carryforward and then reduce its other tax attributes, primarily the tax basis of its assets. The IRS recently released temporary regulations (the "New Regulations") governing the reduction of tax attributes when a member of a consolidated group realizes cancellation of debt income that is excluded from gross income ("Excluded COD Income"). The New Regulations apply to discharges of indebtedness that occur after August 29, 2003. In general, the New Regulations require a member of a consolidated group that realizes Excluded COD Income to reduce the tax attributes that are attributable to that member (and its direct and indirect subsidiaries under various look-through rules when the tax basis of stock of such subsidiaries is reduced as a result of the member realizing Excluded COD Income). To the extent that Excluded COD Income is not applied to reduce the tax attributes (including basis in subsidiary stock) attributable to the member actually realizing Excluded COD Income, after applying the look-through rules, the remaining consolidated tax attributes attributable to the consolidated group (but not basis in assets) are required to be reduced by such amount. The Debtors anticipate that the amount of Excluded COD Income will result in a reduction of the NOL carryforwards of Debtors' consolidated group and may result, depending on the value of the New Exide Common Stock and New Exide Warrants issued in the reorganization, in a reduction of the tax basis in assets (including depreciable assets) of Debtors' consolidated group.

The exchange of the Prepetition Foreign Secured Claims for New Exide Common Stock and/or New Exide Warrants and related foreign debt restructuring may also result in recognition of COD Income by foreign subsidiaries of the Debtor under U.S. tax principles. Such COD Income, if recognized, may give rise to receipt of deemed dividends by Exide, which is expected to be offset in whole or in part by current year NOLs and NOL carryforwards. NOL carryforwards will generally be available to Exide subject to the limitation on utilization under the alternative minimum tax rules, resulting in an effective 2% U.S. federal tax cost and potential state tax costs with respect to such COD Income to the extent it exceeds current year NOLs.

2. Limitation of Net Operating Loss Carryovers and Other Tax Attributes

Code Section 382 generally limits a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an ownership change) if a corporation undergoes an "ownership change." This discussion describes the limitation determined under Code Section 382 in the case of an "ownership change" as the "Section 382 Limitation." The Section 382 Limitation on the use of pre-change losses (the NOLs and built-in losses recognized within the five year post-ownership change period) in any "post change year" is generally equal to the product of the fair market value of the loss corporation's outstanding stock immediately before the ownership change and the long term tax-exempt rate (which is published monthly by the Treasury Department and most recently was approximately 4.58% for ownership changes occurring in February 2004) in effect for the month in which the ownership change occurs. Code Section 383 applies a similar limitation to capital loss carryforward and tax credits.

In general, an ownership change occurs when the percentage of the corporation's stock owned by certain "5 percent shareholders" increases by more than 50 percentage points over the lowest percentage owned at any time during the applicable "testing period" (generally, the shorter of (a) the three-year period proceeding the testing date or (b) the period of time since the most recent ownership change of the corporation). A "5 percent shareholder" for these purposes includes, generally, an individual or entity that directly or indirectly owns 5 percent or more of a corporation's stock during the relevant period, and may include one or more groups of shareholders that in the aggregate own less than 5 percent of the value of the corporation's stock. Under applicable Treasury Regulations, an ownership change with respect to an affiliated group of corporations filing a consolidated return that have consolidated NOLs is generally measured by changes in stock ownership of the parent corporation of the group.

The issuance of New Exide Common Stock and New Exide Warrants pursuant to the Joint Plan will cause an ownership change to occur with respect to Debtors, and consequently with respect to Debtor's consolidated group, on the Effective Date. As a result, the Section 382 Limitation will be applicable to the utilization by Debtors of their NOLs and built-in losses following the Effective Date. This limitation is independent of, and in addition to, the reduction of tax attributes described in the preceding section resulting from the exclusion of COD Income. Similarly, the ability of Debtors to use any remaining capital loss carryforwards and tax credits will also be limited.

When an "ownership change" occurs pursuant to the implementation of a plan of reorganization under the Bankruptcy Code, the general Section 382 Limitation may not apply if certain requirements are satisfied.

Under Section 382(l)(5) of the Code, the Section 382 Limitation does not apply to an ownership change of a loss corporation if the ownership change was pursuant to a Bankruptcy Court-approved plan immediately before the change and those persons who were shareholders and creditors of the loss corporation immediately before the ownership change own at least 50 percent of the loss corporation's stock by value and voting power after the ownership change (the "Bankruptcy Exception"). Stock received by a creditor in exchange for indebtedness is considered in determining whether the 50 percent requirement is satisfied only if (a) the creditor held (or is treated as holding) the debt at least 18 months before the Petition Date or (b) the debt arose in the ordinary course of the loss corporation's trade or business and has been held by the person who has at all times held the beneficial interest in the claim.

Thus, under Code Section 382(l)(5), Debtor would avoid entirely the application of Section 382 Limitation to the NOLs and recognized built-in losses, if any, but would be required to reduce its NOLs and possibly other tax attributes by any deduction for interest claimed by Exide with respect to any indebtedness converted into stock for (a) the three-year period preceding the taxable year of the "ownership change" and (b) the portion of the year of the "ownership change" prior to the consummation of the Joint Plan. In addition, under Section 382(l)(5)(D) of the Code, if a second "ownership change" with respect to the Debtor occurs within the two-year period following the consummation of the Plan, the Section 382(l)(5) exception will not apply and any NOLs and other pre-change losses remaining after the second "ownership change" will be eliminated. Exide does not believe that it qualifies for the exception under Code Section 382(l)(5) and thus the exception under Code Section 382(l)(6) discussed below will apply.

As noted above, the Section 382 Limitation is generally determined by reference to the fair market value of the loss corporation's outstanding stock immediately before the ownership change. However, Code Section 382(l)(6) provides that a debtor that does not qualify for the Bankruptcy Exception in the case of an ownership change resulting from a bankruptcy proceeding of a debtor will have the value of the debtor's stock for the purpose of calculating the Section 382 Limitation determined by reference to the net equity value of the debtor's stock immediately after the ownership change. Although it is not possible to know with certainty what the fair market value of New Exide Common Stock and New Exide Warrants will be following the Effective Date (and accordingly what the amount of the Section 382 Limitation would be), Exide believes that the Code Section 382(l)(6) rule could be of significant benefit with respect to its ability to utilize any remaining tax attributes following the Effective Date. Thus, for purposes of calculating the Section 382 Limitation, the value of New Exide Common Stock and New Exide Warrants would reflect the increase, if any, in value resulting from any surrender or cancellation of creditors' claims against Exide in the bankruptcy.

C. BACKUP WITHHOLDING

Under the backup withholding rules, a Holder of Prepetition Credit Facility Claims and General Unsecured Claims may be subject to backup withholding with respect to distributions or payments made pursuant to the Joint Plan unless that holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax.

Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. Debtors will comply with all applicable reporting requirements of the Code.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF THE PREPETITION CREDIT FACILITY CLAIMS, GENERAL UNSECURED CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

VII.
MISCELLANEOUS PROVISIONS

Certain additional miscellaneous information regarding the Joint Plan and the Chapter 11 Cases is set forth below.

A. PENDING LITIGATION

As of the Petition Date, substantially all pending litigation against the Debtors was stayed. To the extent any of the Debtors are ultimately found liable with respect to such litigation, the Debtors believe the claim resulting therefrom would constitute a general unsecured claim against the Debtors, the treatment of which would be governed by any plan of reorganization confirmed by the Bankruptcy Court. Litigation against the Company's non-Debtor subsidiaries has not been stayed and will not be affected by the bankruptcy proceedings.

Former Senior Executives and Battery Quality Matters. On March 23, 2001, the Company reached a plea agreement with the U.S. Attorney for the Southern District of Illinois, 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. Under the terms of that settlement, the Company 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 her prosecution of Arthur M. Hawkins, Douglas N. Pearson and Alan E. Gauthier, former senior executives of the Company. The payment terms of the plea agreement are dependent upon the Company's compliance with the plea agreement during the five-year probation period. Generally, the terms of the probation would permit the U.S. Government to reopen the case against the Company if the Company violates the terms of the plea agreement or other provisions of law. The plea agreement was lodged with the U.S. District Court for the Southern District of Illinois, and accepted on February 27, 2002. The Company reserved $31.0 million for this matter, including expected costs and out-of-pocket expenses, in the first quarter of fiscal 2001, and an additional $1.0 million in the third quarter of fiscal 2002. At December 31, 2003, approximately $27.5 million of this reserve remains. As a result of the imposition of the automatic stay arising upon the Company's Chapter 11 Cases, the Company has not made installment payments of its $27.5 million fine. The Company is uncertain as to the effect of these non-payments and the bankruptcy filing with respect to the plea agreement. On June 10, 2002, the United States Attorney's Office for the Southern District of Illinois filed a claim as a general unsecured creditor for $27.9 million.

The Company is currently involved in litigation with the former senior executives referenced above. The former senior executives made claims to enforce separation agreements, reimbursements of legal fees and other contracts, and the Company has filed claims and counterclaims asserting fraud, breach of fiduciary duties, misappropriation of corporate assets and civil conspiracy. In addition, the Company has filed actions in the Bankruptcy Court against the former senior executives to recover certain payments of legal fees that the Company was required to advance to such individuals prior to the Petition Date.

The Company has filed two claims with its insurers for reimbursement of the amounts paid to the former executives, and believes it is entitled to obtain substantial reimbursement for those amounts.

The Company has completed an investigation and determined that due to a deviation from manufacturing procedures approximately 950,000 automotive aftermarket batteries sold during 2001 and 2002 in North America did not contain one minor feature of several advertised for the batteries. In all cases the batteries performed in accordance with their labeled specifications. The feature was reinstated and the Company has discussed the situation with certain customers. The Company cannot predict at this time the effects of this matter on its business, but the remediation that has been offered is not material to its financial condition, cash flows or results of operations.

1. Private Party Lawsuits

Active Lawsuits. In June 2002, the following lawsuit was filed in Louisiana state court: Hardy et. al. v. Ducote Wrecking, et. al. The case was filed as a putative class action for damages brought by two employees of Ducote Wrecking & Demolition, an independent contractor performing multiple maintenance projects at the Company's Baton Rouge, Louisiana facility. The plaintiffs allege that while they were engaged in work at the Company's facility, they were intentionally exposed to and poisoned by lead, acid, and other heavy metals. Plaintiffs named the Company's insurance carriers and supervisory employee as defendants, along with Ducote.

The case was removed to the U.S. District Court for the Western District of Louisiana. Plaintiffs filed a motion to remand, which was denied by the Court in a January 2003 decision. In the same January 2003 decision, the Court dismissed the Company's supervisory employee and the independent contractor defendant from the litigation. The Court also has denied plaintiffs' motion for class certification. The Company's insurer has issued a reservation of rights as to the Company's coverage for the alleged claims.

On April 11, 2003, the following lawsuit was filed in the Delaware Court of Chancery by the official committee of equity holders and its members: Kandathil et. al. v. Exide. The complaint seeks to compel the Company to convene a meeting of stockholders. On April 21, 2003, the Debtors filed a complaint against the official committee of equity holders and its members in the Bankruptcy Court seeking to enjoin their attempts to compel the Company to convene a meeting of stockholders. Hearings on the two complaints have been postponed indefinitely.

Exide is a defendant in an arbitration proceeding initiated in October of 2001 by Margulead Limited ("Margulead"). In June of 1997, GNB, now an operating division of Exide, entered into an agreement with Margulead, which Margulead contended obligated the Company to build a facility to test and develop certain lead acid battery recycling technology allegedly developed by Margulead. GNB terminated the contract in 1998. Exide contended, in part, that the Margulead process was not ready for pilot plant implementation and also failed to meet success criteria. Margulead claimed approximately $13 million in damages. The Company denied that it was liable and defended the matter in the arbitration. An arbitration decision was rendered on May 7, 2003, determining that the contract was unenforceable and that neither party was entitled to damages or costs. Margulead asked the arbitrator to reconsider the decision. Margulead has now advised the Company that it intends to challenge the arbitrator's award in the English commercial court. On or about July 23, 2003, Margulead filed an Application Notice advising of its intent to apply for an extension of time in which to make an application under certain sections of the Arbitration Act of 1996.

Margulead filed an Arbitration Claim Form, dated August 13, 2003, pursuant to which it seeks to challenge the arbitrator's May 7, 2003 Final Arbitration Award and a June 26, 2003 Correction of the Final Award, in which the arbitrator corrected minor typographical errors. The Arbitration Claim Form was filed under Section 68 of the Arbitration Act of 1996 on the basis of alleged "serious irregularity." The Company is opposing that Application. Further, the Company made an application for an order that Margulead be required to provide security for costs pursuant to Section 70(6) of the Arbitration Act of 1996 in connection with its application to reopen the Final Award. That application was heard by an English Court on October 31, 2003, and was successful. A hearing on this matter has been set for February 16, 2004. The Company does not believe it is likely that Margulead will succeed in any challenge to the arbitrator's Final Award.

In November 2002, the following lawsuit was filed in the Ontario Court of Justice: Exide Canada, Inc., v. Lorne Hilts et. al. This lawsuit was initiated by Exide Canada, Inc. against former officers, employees and a former logistics services vendor seeking in excess of $1.5 million in damages on multiple grounds including breach of trust, breach of contract and fraud. Defendant Hilts filed a counterclaim against Exide Canada for severance and other benefits and seeks damages in an amount exceeding $0.6 million. Defendant Ryad counterclaimed against Exide Canada alleging breach of contract and against Exide Technologies alleging it induced Exide Canada to breach its contract with Ryad for certain logistics services. Ryad seeks damages against each defendant in an amount exceeding $6.3 million. The Company believes that the counterclaims are without merit and is vigorously defending itself.

The Company's preliminary review of these active claims suggest they are without merit, and, to the extent the Company is a party to these active lawsuits, it plans to vigorously defend itself. The Company does not believe any reserves are currently warranted for these claims.

Stayed Prepetition Lawsuits. The following lawsuits allege that Exide and its predecessors allowed hazardous materials used in the battery manufacturing process to be released from certain of its facilities, allegedly resulting in personal injury and/or property damage. On August 25, 1999 several cases were filed in the Circuit Court for Greenville County, South Carolina and are currently pending: Joshua Lollis v. Exide; Buchanan v. Exide; Agnew v. Exide; Patrick Miller v. Exide; Kelly v. Exide; Amanda Thompson v. Exide; Jonathan Talley v. Exide; Smith v. Exide; Lakeisha Talley v. Exide; Brandon Dodd v. Exide; Prince v. Exide; Andriae Dodd v. Exide; Dominic Thompson v. Exide; Snoddy v. Exide; Antoine Dodd v. Exide; Roshanda Talley v. Exide; Fielder v. Exide; Rice v. Exide; Logan Lollis v. Exide; and Dallis Miller v. Exide. In January 2002, counsel that brought the South Carolina actions filed additional claims in the Circuit Court for Greenville County, South

Carolina. The following lawsuits of this type are currently pending in the Court of Common Pleas for Berks County, Pennsylvania: Grillo v. Exide, filed on May 24, 1995; Blume v. Exide, filed on March 4, 1996; Esterly v. Exide, filed on May 30, 1995; and Saylor v. Exide, filed on October 18, 1996. The following lawsuit of this type is currently pending in the United States District Court for the Southern District of Indiana: Strange v. Exide. Finally, the following lawsuit of this type is pending in the Circuit Court of Shelby County, Tennessee: Cawthon v. Exide, et al. All these cases have been stayed.

In July 2001, Pacific Dunlop Holdings (US), Inc. ("PDH") and several of its foreign affiliates under the various agreements through which Exide and its affiliates acquired GNB, filed a complaint in the Circuit Court for Cook County, Illinois alleging breach of contract, unjust enrichment and conversion against Exide and three of its foreign affiliates. The plaintiffs maintain they are entitled to approximately $17.0 million in cash assets acquired by the defendants through their acquisition of GNB. In December 2001, the Court denied the defendants' motion to dismiss the complaint, without prejudice to re-filing the same motion after discovery proceeds. The defendants have filed an answer and counterclaim. On July 8, 2002, the Court authorized discovery to proceed as to all parties except Exide. In August 2002, the case was removed to the U.S. Bankruptcy Court for the Northern District of Illinois and in October 2002, the parties presented oral arguments, in the case of PDH, to remand the case to Illinois state court and, in the case of Exide, to transfer the case to the U.S. Bankruptcy Court for the District of Delaware. On February 4, 2003, the U.S. Bankruptcy Court for the Northern District of Illinois transferred the case to the U.S. Bankruptcy Court in Delaware. On November 19, 2003, the Bankruptcy Court denied PDH's motion to abstain or remand the case and issued an opinion holding that the Bankruptcy Court had jurisdiction over PDH's claims and, moreover, holding that liability, if any, would lie solely against Exide Technologies and not against any of its foreign affiliates. The Company plans to vigorously defend the action and pursue the counterclaim.

In December 2001, PDH filed a separate action in the Circuit Court for Cook County, Illinois seeking recovery of approximately $3.1 million for amounts allegedly owed by Exide under various agreements between the parties. The claim arises from letters of credit and other security allegedly provided by PDH for GNB's performance of certain of GNB's obligations to third parties that PDH claims Exide was obligated to replace. Exide's answer contested the amounts claimed by PDH and Exide filed a counterclaim. Although this action has been consolidated with the Cook County suit concerning GNB's cash assets, the claims relating to this action are currently subject to the automatic bankruptcy stay, and have been transferred to the U.S. Bankruptcy Court for the District of Delaware.

Between March and September 2002, the following cases were filed in the U.S. District Court for the Middle District of Louisiana: Joseph et. al. v. Exide; Andrews et. al. v. Exide; and Armstead v. Exide. These actions seek monetary damages and injunctive relief for alleged racial discrimination in the Company's Shreveport and Baton Rouge, Louisiana plants. The Joseph and Andrews cases have been consolidated and all three lawsuits have been stayed.

In February 2001, the following lawsuit was filed in the U.S. District Court for the Northern District of California: Flaherty v. Exide, et. al. Plaintiff contends the Company is responsible, in part, for contamination resulting from alleged disposal of hazardous substances at plaintiff's property. The suit contains claims predicated on CERCLA, private nuisance, public nuisance, trespass, negligence, equitable indemnity, contribution, injunctive relief under RCRA and declaratory relief under state law. The Company has filed counterclaims against plaintiff and other potentially responsible parties.

The Company's preliminary review of these claims suggests they are without merit and the Company plans to vigorously defend itself with regard to the stayed prepetition lawsuits. The Company expects that all of these lawsuits will be compromised upon confirmation of the Joint Plan by the Bankruptcy Court.

2. Environmental Matters.

As a result of its multinational manufacturing, distribution and recycling operations, the Company is subject to numerous federal, state and local EH&S laws. The Company is exposed to liabilities under such EH&S laws arising from its past handling, release, storage and disposal of hazardous substances and hazardous wastes. The Company previously has been advised by the U.S. Environmental Protection Agency or state agencies that it is a PRP under the CERCLA or similar state laws at approximately 94 federally defined Superfund or state equivalent sites. At approximately 44 of these sites, the Company has paid its share of liability. The Company is currently making payments at one site. The Company expects that its liability at

certain Superfund and other sites, including all or some of the sites discussed in the following paragraph, will be treated as prepetition Claims under the Joint Plan. In most instances, the Company's remaining obligations are not expected to be significant because its portion of any potential liability appears to be minor or insignificant in relation to the total liability of all identified PRPs that are financially viable. The Company's share of the anticipated remediation costs associated with all of the superfund sites where it has been named a PRP, based on the Company's estimated volumetric contribution of waste to each site, is included in the environmental remediation reserves discussed below.

Of those sites for which the Company has not completed payment of its share of liability, it currently has greater than 50% liability at three Superfund sites, and allocated liability that exceeds five percent at an additional seven sites that averages approximately 22%. Because the Company's liability under such statutes may be imposed on a joint and several basis, the Company's liability may not necessarily be based on volumetric allocations and could be greater than the Company's estimates. The Company believes, however, that its PRP status at these Superfund sites will not have a material adverse effect on the Company's business or financial condition because, based on the Company's experience, it is reasonable to expect that the liability will be roughly proportionate to its volumetric contribution of waste to the sites, although waste toxicity may also be a factor.

The Company is also involved in the assessment and remediation of various other properties, including certain Company owned or operated facilities. Such assessment and remedial work is being conducted pursuant to applicable EH&S laws with varying degrees of involvement by appropriate legal authorities. In addition, certain environmental matters concerning the Company are pending in various courts or with certain environmental regulatory agencies.

While the ultimate outcome of the foregoing environmental matters is uncertain, after consultation with legal counsel, the Company does not believe the resolution of these matters, individually or in the aggregate, will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

The Company has established reserves for on-site and off-site environmental remediation costs and believes that such reserves are adequate. As of March 31, 2003, the amount of such reserves on the Company's consolidated balance sheet was $78.3 million. These reserves were not intended to cover future environmental remediation costs at the Debtors' operating facilities, such as the Vernon, California facility. The California Department of Toxic Substances Control (the "DTSC") and other state and local environmental agencies are expected to contend that remediation of such operating facilities is an ongoing obligation of the Debtors and cannot be discharged. The Debtors reserve the right to dispute those contentions. The Company expects a significant, but as yet undetermined, portion of this liability will be treated as prepetition Claims under the Joint Plan. Because environmental liabilities are not accrued until a liability is determined to be probable and reasonably estimable, not all potential future environmental liabilities have been included in the Company's environmental reserves and, therefore, additional earnings charges are possible. Also, future findings or changes in estimates could have a material effect on the recorded reserves and cash flows.

Prior to 2000, the Debtors comprehensively reviewed potential insurance coverage for environmental liabilities and pursued claims against insurers. These efforts resulted in settlements with key insurers and others in which the Debtors received payments in return for releases from further claims under the policies. The Debtors are not aware of any other insurance coverage for environmental liabilities and believe that further pursuit to identify insurance coverage for environmental claims would be prohibitively expensive and is not in the best interests of the estates. The amount received in the settlements with insurers was less than the amount the Debtors have expended on the environmental liabilities for which coverage was pursued.

In the U.S., the Company has advised each state and federal authority with whom it has negotiated plans for environmental investigations or remediation of the Debtors' Chapter 11 Cases as required by those agreements or applicable rules. In some cases these authorities may require the Company to undertake certain agreed remedial activities under a modified schedule, or may seek to negotiate or require modified remedial activities. Such requests have been received at several sites and are the subject of ongoing discussions. Among the sites at which there are alleged remediation issues are the following:

Tampa, Florida. The Tampa site is a former secondary lead smelter, lead oxide production facility, and sheet lead-rolling mill that operated from 1943 to 1989. Under a RCRA Part B Closure Permit and a Consent Decree with the State of Florida, Exide is required to investigate and remediate certain historic environmental impacts to the site. Cost estimates for remediation (closure and post-closure) range from $12.5 million to $20.5

million depending on final State of Florida requirements. The remediation activities are expected to occur over the course of several years.

Columbus, Georgia. The Columbus site is a former secondary lead smelter that was decommissioned in 1999, which is part of a larger facility that includes an operating lead acid battery manufacturing facility. Groundwater remediation activities began in 1988. Costs for supplemental investigations, remediation and site closure are currently estimated at $13.5 million.

Sonalur, Portugal. The Sonalur facility is an active secondary lead smelter. Materials from past operations present at the site are stored in aboveground concrete containment vessels and in underground storage deposits. The Company is in the process of obtaining additional site characterization data to evaluate remediation alternatives agreeable to local authorities. Costs for remediation are currently estimated at $3.5 to $7.0 million.

Trenton, New Jersey. The State of New Jersey, Department of Environmental Protection ("NJDEP"), has designated Exide a responsible party and has initiated an enforcement action against Exide for the seven acre site located at 467 Calhoun Street, Trenton, Mercer County, New Jersey. The NJDEP has directed Exide to perform both investigatory and remedial activities as described in "Directives" issued to Exide on June 5, 2003, and November 18, 2003, pursuant to the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 to -23.14. Exide had been performing such remedial activities under a memorandum of agreement with the NJDEP but did not submit a required revised remedial investigative report to the NJDEP that was due on or before July 23, 2002. The estimate for the cost of the remediation is not exact because the investigation is not complete, but the NJDEP asserts that it will probably be in the vicinity of $2,000,000. The NJDEP contends that this environmental obligation is not a "claim" but an ongoing environmental obligation of the Debtors that is not subject to discharge. On December 18, 2003, Exide declined to perform the actions requested by NJDEP's Directives on ground's related to Exide's Chapter 11 case. The Debtors reserve their rights to dispute liability with respect thereto.

Vernon, California. Exide operates a battery recycling facility in Vernon, California. The DTSC contends that there is a release of hazardous waste or hazardous waste constituents into the environment at that site. On February 25, 2002, the DTSC and Exide entered into a consent order to implement a corrective action program at the Vernon site. DTSC asserts that it is entitled to recover its costs of complying with the California Environmental Quality Act (the "CEQA"). In addition, the DTSC asserts that its law and regulations require the owner and operator of a hazardous waste facility to provide financial assurances to cover responses to damage and injury claims arising out of the operation of the facility and to provide for the closure and post-closure maintenance of the site. The DTSC asserts that it is entitled to reimbursement for past and future oversight costs, for hazardous waste fees, and for the CEQA and financial assurances as described above. As set forth in the claims filed by DTSC in this proceeding, the DTSC asserts that the estimated costs for the Vernon site are $11,632,088.52. The DTSC contends that this remediation obligation is not a "claim" but is an ongoing environmental obligation of the Company that is not subject to discharge. The Debtors reserve the right to dispute all such alleged liability.

Visalia, California. Exide operated a battery manufacturing plant and hazardous waste management facility in Visalia, California. In October of 1998, Exide and DTSC entered into a consent agreement, which superceded a previous agreement dated June 1995, requiring Exide to undertake corrective action to address releases of hazardous waste at this site as required by law. The DTSC asserts that it has unpaid prepetition and postpetition oversight costs of approximately $8,000, but estimates that future costs for site investigation, cleanup, and its oversight costs will amount to approximately $2,160,000. The DTSC contends that this remediation obligation is not a "claim" but is an ongoing environmental obligation of the Company that is not subject to discharge. The Debtors reserve the right to dispute all such alleged liability.

Carson, California. The DTSC asserts that Exide is a responsible party as the successor to GNB Technologies and GNB Industrial Battery, which the DTSC asserts arranged for the treatment or disposal of hazardous substances at the Alco Pacific site, including lead dross and slag. There is pending litigation, State of California, Department of Toxic Substances Control v. Alco Pacific Inc., et al. United States District Court, Central District of California, Civ. No. 01-09294 SJO (FMOx). The DTSC asserts that its unpaid prepetition costs include $976,761.13. The DTSC also asserts that its unpaid postpetition costs include $457,542.21. The DTSC has not estimated any future site investigation costs at this time. The DTSC estimates its future oversight costs to be $200,000 and its future cleanup costs to be $1,300,000. The DTSC estimates its total future costs to

be $1,957,542.21. Accordingly, the DTSC asserts that its total claim for the Alco Site is $2,934,303.34. The DTSC asserts that the alleged responsible parties at the site are jointly and severally liable with each other, some of whom are named in the existing litigation, so the amount of liability to which the DTSC asserts that Exide is likely to be exposed is currently unknown. The DTSC contends that this remediation obligation is not a "claim" but is an ongoing environmental obligation of the Company that is not subject to discharge. The Debtors reserve the right to dispute all such alleged liability.

San Gabriel Basin Groundwater Site, Puente Valley Operable Unit, San Gabriel, California. The DTSC asserts that San Gabriel Basin Groundwater Superfund Site includes four (4) areas of contamination in the San Gabriel Valley, Los Angeles County, including the Puente Valley Operable Unit. Exide (formerly GNB Batteries, Inc.) has been notified by the U.S. Environmental Protection Agency (the "USEPA") that it is one of 74 responsible parties for this site. The DTSC asserts that the required remedy includes extraction and treatment of contaminated groundwater and design is expected to be completed by mid to late 2003. The USEPA estimated the total clean up costs will cost roughly $47,200,000. The DTSC asserts that it has incurred prepetition oversight costs associated with this site in the amount of $61,687. The DTSC asserts that the alleged responsible parties at the site are jointly and severally liable for this site so the amount of liability to which the DTSC alleges that Exide is likely to be exposed is currently unknown. DTSC contends that this remediation obligation is not a "claim" but is an ongoing environmental obligation of the Company that is not subject to discharge. The Debtors reserve the right to dispute all such alleged liability.

3. Other

In February 2002, the Company's principal French subsidiary was notified by local competition authorities that in connection with certain sales of batteries by several French manufacturers in 1996 and 1997, the subsidiary is alleged to have violated local competition laws. The civil investigative agency in the case has recommended a fine be imposed on the Company for 5.9 million Euros, but the Company does not believe that the subsidiary acted improperly and intends to defend this matter vigorously. A judicial decision with respect to this matter is expected within the next 90 days.

From 1957 to 1982, the Company's French subsidiary, CEAC, operated a plant using crocidolite asbestos fibers in the formation of battery cases, which, once formed, encapsulated the fibers. Approximately 1,500 employees worked in the plant over the period. Since 1982, the French governmental agency responsible for worker illness claims has received 34 employee claims alleging asbestos-related illnesses, and no such claims have been filed since August 2001. For some of those claims, CEAC is obligated to and has indemnified the agency in accordance with French law for approximately $132 thousand, $169 thousand and $260 thousand in calendar years 2001, 2002 and 2003, respectively. In addition, CEAC has been adjudged liable to indemnify the agency for approximately $45 thousand, $78 thousand, and $200 thousand during the same periods to date for the dependents of four such claimants. Although the Company cannot predict the number or size of any future claims, after consultation with legal counsel the Company does not believe resolution of the current or any future claims, individually or in the aggregate, will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

The Company is involved in various other claims and litigation incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not believe that any such claims or litigation to which the Company is a party, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

B. PENSION PLANS

Exide Technologies has established and maintained the following pension plans for certain of its employees: The Exide Technologies Retirement Plan; The Exide Corporation (GBC) Pension Plan; The Exide Hourly Employees Pension Plan; The Exide Hourly Employees Pension Plan (UAW); The Exide Indiana Employees Pension Plan; The Exide Hamburg Pennsylvania Employees Pension Plan; The Exide Retirement Plan for the Benefit of Employees of Schuylkill Metals, Corp.; The Exide Hourly Employees Retirement Income Security Plan; and The Exide IBT-Salina Employees Pension Plan (collectively, the "Pension Plans"). The Pension Plans are covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (29 U.S.C. Section 1301 et seq).

The Debtors and all members of their controlled group, within the meaning of 29 U.S.C. § 1301(a)(14), are obligated to contribute to the Pension Plans at lease the amounts necessary to satisfy ERISA's minimum funding standards, found in ERISA Section 302 and Internal Revenue Code Section 412. The Debtors have made all of their required contributions to the Pension Plans to date. In the event of a termination of the Pension Plans, the Debtors may be jointly and severally liable for the unfunded benefit liabilities of the Pension Plans. See ERISA Section 4062, 29 U.S.C. § 1362. The Pension Plans may be terminated only if the statutory requirements of either ERISA Section 4041 or 4042 are met.

Exide Technologies has no present intention to terminate any of its Pension Plans.

Unless the Pension Plans have been terminated prior to the Effective Date, the liability of the Debtors and their controlled group under ERISA to the Pension Plans, or to The Pension Benefit Guaranty Corporation ("PBGC"), a United States Government corporation which guarantees the payment of certain pension benefits upon termination of a pension plan, shall not be affected in any way by this reorganization proceeding, including discharge or release.

C. SUCCESSORS AND ASSIGNS

The rights, benefits and obligations of any Person or Entity named or referred to in the Joint Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

D. RESERVATION OF RIGHTS

Except as expressly set forth in the Joint Plan, the Joint Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Joint Plan, any statement or provision contained herein, or the taking of any action by Debtors with respect to the Joint Plan shall be or shall be deemed to be an admission or waiver of any rights of Debtors with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

E. SERVICE OF DOCUMENTS

Except as otherwise provided by order of the Bankruptcy Court, any pleading, notice or other document required by the Joint Plan to be served on or delivered to Reorganized Debtors shall be sent by first class U.S. mail, postage prepaid to:

Exide Technologies
13000 Deerfield Parkway Building 200
Alpharetta, GA 30004
Attn: Stuart H. Kupinsky, Executive Vice President, General Counsel and Secretary

And

Exide Technologies
Attn: Plan Service, Suite 230
Crossroads Corporate Center
3150 Brunswick Pike
Lawrenceville, NJ 08648

with copies to:

Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
Attn: Matthew N. Kleiman

And

Pachulski, Stang, Ziehl, Young, Jones & Weintraub
919 North Market Street
P.O. Box 8705
Wilmington, Delaware 19899-8705
Attn: Laura Davis Jones
James E. O'Neill

VIII.
RECOMMENDATION

In the opinion of the Creditors Committee and the Debtors, the Joint Plan is preferable to the alternatives described herein because it provides for a larger distribution to the Holders than would otherwise result in a liquidation under Chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Joint Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to the Holders of Claims. ***Accordingly, the Creditors Committee and the Debtors recommend that Holders of Claims entitled to vote on the Joint Plan support confirmation of the Joint Plan and vote to accept the Joint Plan.***

Prepared by:

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COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Dated: March 11, 2004

Respectfully Submitted,

EXIDE TECHNOLOGIES

By: Stuart H. Kupinsky

EXIDE DELAWARE, L.L.C.

By: Stuart H. Kupinsky

EXIDE ILLINOIS, INC.

By: Stuart H. Kupinsky

RBD LIQUIDATION, L.L.C.

By: Stuart H. Kupinsky

DIXIE METALS COMPANY

By: Stuart H. Kupinsky

REFINED METALS CORPORATION

By: Stuart H. Kupinsky

and

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: Jeffrey B. Dobbs
Its: Chairman

Dated: March 11, 2004

Respectfully Submitted,

EXIDE TECHNOLOGIES

By: Stuart H. Kupinsky

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By: Stuart H. Kupinsky

and

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: Jeffrey B. Dobbs
Its: Chairman