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**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

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	:	
AVIVA PARTNERS LLC, Individually and On	:	
Behalf of All Others Similarly Situated,	:	Case No.
	:	
Plaintiff,	:	CLASS ACTION COMPLAINT FOR
	:	VIOLATIONS OF FEDERAL
vs.	:	SECURITIES LAWS
	:	
EXIDE TECHNOLOGIES, GORDON ULSH, J.	:	
TIMOTHY GARGARO, and CRAIG	:	
MULHAUSER,	:	<u>JURY TRIAL DEMANDED</u>
Defendants.	:	
	:	
_____	x	

Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of regulatory filings and reports, securities analyst reports and advisories about Exide Technologies ("Exide" or the "Company"), press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff

believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND SUMMARY OF ALLEGATIONS

1. This is a federal class action on behalf of all those who purchased or otherwise acquired the securities of Exide between November 16, 2004 and May 17, 2005, inclusive, (the “Class Period”) and who were damaged, thereby seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Exide is a Lawrenceville, New Jersey-based producer and recycler of lead-acid batteries. Exide emerged from Chapter 11 bankruptcy on May 5, 2004. During the Class Period, Exide was heavily dependent on financing to support its operations.

3. The Company had negotiated a \$365 million senior secured credit facility which required the Company to comply with several financial covenants, including: (1) that the Company maintain a specified ratio of debt to equity (the “Leverage Ratio Covenant”), and (2) that the Company maintain minimum consolidated earnings before income, taxes, depreciation, amortization (“EBITDA”) (the “EBITDA Covenant”) (collectively, with the Leverage Ratio Covenant, the “Covenants”). Throughout the Class Period, defendants represented that the Company was positioned such that it could maintain compliance with the Covenants. Specifically, they stated that they had reorganized Exide’s business, successfully implemented cost-savings measures and increased productivity. In addition, defendants stated that they had hedged against commodity price fluctuations, including the price of lead, which was the primary material used in the production of batteries.

4. On February 14, 2005, during an earnings conference call, defendants revealed that the Company was in violation of the Leverage Ratio Covenant. Defendants stated that weakness in the U.S. dollar had inflated the value of the Company's Euro-dominated debt. Defendants assured investors, however, that Exide's lenders would waive the Leverage Ratio Covenant. Moreover, defendants emphasized that the Company was in compliance with the EBITDA Covenant, and that it was not at risk of defaulting on the credit facility but, on the contrary, that "[s]ince our adjusted EBITDA [or, earnings before income, taxes, depreciation, amortization, and restructuring] have more than doubled from the second quarter, we believe that our suppliers continued cooperation and support will contribute to a strengthening of our balance sheet and our liquidity." In addition, Exide's Vice President and Treasurer, Nick Guyano, stated during the call that "[t]he Company has approximately 30 to 40 million of liquidity, as we speak. Traditionally, the quarter four tends to be the strongest quarter with respect to cash flow for the company."

5. The truth began to emerge on May 16, 2005. On that day, after the market closed, defendants issued a press release in which they stated that they expected Exide to violate the EBITDA and Leverage Ratio Covenants for the fiscal year-ended March 31, 2005. The Company stated that its inability to satisfy the Covenants was a result of the "impact of commodity costs; the loss of overhead absorption due to an inventory-reduction initiative; other fourth-quarter inventory valuation adjustments; and costs associated with Sarbanes-Oxley compliance efforts." In reaction to this announcement, the price of Exide stock, which had closed at \$11.15 per share on May 16, 2005, fell to an opening price of \$5.75 per share the following trading day, representing a one-day decline of \$5.40, or 48%, and closed out the day at

\$6.88 per share on extremely heavy volume of over nine million shares, 50 times the daily average volume.

6. On May 17, 2005, after the market closed, defendants conducted a conference call during which defendant Gargaro made the following additional shocking revelations: (1) the Company expected to report adjusted EBITDA of \$100 million to \$107 million for the full-year 2005, and therefore, failed to satisfy the minimum EBITDA Covenant which required minimum EBITDA of \$130 million; (2) several “unanticipated and unusual items,” including write-offs of obsolete and discontinued products, had resulted in a reduction of earnings of between \$15 million and \$20 million; (3) the Company lacked the ability to properly forecast its inventory requirements; and (4) the Company had violated the terms of a contract with a large customer and, consequently, was required to record an adjustment of \$1.5 to \$2 million. In reaction to this news, the price of Exide shares fell another \$1.55, or 22 %, from their closing price of \$6.88 on May 17, 2005, to close at \$5.33 on May 18, 2005.

7. Defendants were motivated to commit the fraud alleged herein so that Exide could complete a \$350 million private placement of senior notes and floating rate convertible senior subordinated notes.

JURISDICTION AND VENUE

8. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j (b) and 78t (a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. § 240.10b-5].

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act.

10. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). Many of the acts charged herein, occurred in substantial part in this District and Exide conducts business in this District. In addition, during the Class Period, Exide was headquartered in this District, in Lawrenceville, New Jersey.

11. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

12. Plaintiff, Aviva Partners LLC, as set forth in the accompanying certification, incorporated by reference herein, purchased Exide common stock at artificially inflated prices during the Class Period and was damaged.

13. Defendant Exide is a Delaware corporation headquartered at Crossroads Corporate Center, 3150 Brunswick Pike, Suite 230, Lawrenceville, NJ 08648.

14. Defendant Gordon A. Ulsh was President, Chief Executive Officer, and a Director of Exide beginning in April 2005.

15. Defendant Craig Muhlhauser was President and Chief Executive officer of Exide from the beginning of the Class Period until his resignation in April 2005.

16. Defendant J. Timothy Gargaro was, at all relevant times, Chief Financial Officer and Executive Vice President of Exide.

17. Defendants Ulsh, Muhlhauser, and Gargaro are referred to herein as the “Individual Defendants.”

18. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of Exide, were privy to confidential and proprietary information concerning Exide, its operations, finances, financial condition, present and future business prospects. The Individual Defendants also had access to material adverse non-public information concerning Exide, as discussed in detail below. Because of their positions with Exide, the Individual Defendants had access to non-public information about its business, finances, products, markets and present and future business prospects *via* access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and board of directors meetings and committees thereof and *via* reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

19. The Individual Defendants are liable as direct participants in, and as co-conspirators, with respect to the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were “controlling persons” within the meaning of Section 20 of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Exide’s business.

20. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and through them, to the investing public. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

21. As senior executive officers and/or directors and as controlling persons of a publicly-traded company whose securities were, and are, registered with the Securities and Exchange Commission ("SEC") pursuant to the Exchange Act, and was traded on the Nasdaq National Market ("Nasdaq") and governed by the federal securities laws, the Individual Defendants had a duty to disseminate promptly accurate and truthful information with respect to Exide's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, to correct any previously issued statements that had become materially misleading or untrue, so that the market price of Exide's securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

22. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Exide securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme (i) deceived the investing public regarding Exide's business, operations and

management and the intrinsic value of Exide securities and (ii) caused plaintiff and members of the Class to purchase Exide securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

23. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased the securities of Exide between November 16, 2004 and May 17, 2005, inclusive, and who suffered damages. Excluded from the Class are defendants, the officers and/or directors of the Company, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

24. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Exide had more than 22.4 million shares outstanding that were actively traded on the Nasdaq. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Exide or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

25. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

26. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

27. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business and operations of Exide; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

28. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements Issued During the Class Period

29. On November 15, 2004, after the market closed, Exide issued a press release on *Business Wire* announcing its results for the second quarter and first six months of 2005. In the release, Exide reported, in relevant part, as follows:

Consolidated net sales for the second quarter of fiscal 2005 rose 8.5% to \$637.6 million from \$587.4 million in the second quarter of fiscal 2004. Quarterly net sales results benefited from favorable currency exchange rates compared to the prior year and the effect of the Company's lead-related pricing actions.

Consolidated net loss for the second quarter of fiscal 2005, including restructuring costs of \$4.8 million, reorganization costs of \$1.7 million and gain on revaluation of warrants liability of \$12.1 million, was \$17.1 million, or \$0.68 per share, compared to a net loss of \$15.7 million, or \$0.57 per share, in the second quarter of fiscal 2004, including restructuring costs of \$4.8 million and reorganization costs of \$15.7 million. Net loss as adjusted for these items was \$22.7 million for the second quarter of fiscal 2005, compared to net income as adjusted of \$4.8 million for the second quarter of fiscal 2004.

* * *

Consolidated net sales for the first half of fiscal 2005 rose 6.7% to \$1.25 billion from \$1.17 billion in the first half of fiscal 2004.

Consolidated net income for the first half, including Fresh Start accounting adjustments, restructuring costs, reorganization items, gain on revaluation of warrants liability, gain on the discharge of liabilities subject to compromise and cumulative effect of change in accounting principle was \$1.77 billion compared to a net loss of \$54.3 million in the first half of 2004.

Net loss as adjusted for these items was \$48.1 million in the first half of fiscal 2005 compared to a net loss of \$7.1 million in the first half of fiscal 2004.

In the release, defendant Muhlhauser stated that, due to the Company's inability to hedge for fluctuations in the price of lead prior to its emergence from bankruptcy protection, and despite the hedges implemented during the quarter, Exide was only able to offset 30-40% of the adverse impact from rising lead costs. Muhlhauser stated, however, that "In the second half, we believe the Company will realize additional benefits from the lead hedging, pricing actions, restructuring and cost reductions implemented in the first half of fiscal year 2005 to mitigate the impact of higher lead prices."

30. On the same day, November 15, 2004, Exide filed with the SEC its second quarter 2005 report on a Form 10-Q. In the Form 10-Q, the Company reiterated its results in the press release issued on the same day, and stated, as follows, with respect to its credit facilities:

The Credit Agreement requires the Company to comply with financial covenants with respect to certain ratios and tests, as defined in the Credit Agreement,

including interest coverage, leverage, EBITDAR [earnings before income, taxes, depreciation, amortization, and restructuring], asset coverage and capital expenditures. Principally as a result of the dramatic increase in lead costs year on year and the resultant adverse impact upon the Company's results, in November 2004 the Company was required to obtain amendments to certain financial covenants with respect to EBITDAR and leverage contained in the Credit Agreement. In addition, the Credit Agreement has been amended with respect to the treatment of proceeds from insurance recoveries. Although there can be no assurances, ***the Company believes, taking into account the November 2004 Credit Agreement amendments and based upon its updated financial forecasts and plans, that it will comply with these covenants for the foreseeable future.*** [Emphasis added.]

The Form 10-Q contained certifications signed by defendants Muhlhauser and Gargaro, respectively, as required by Section 302 of the Sarbanes Oxley Act of 2002 ("Sarbanes Oxley"), representing that the quarterly report was free from material misrepresentations:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

31. On November 16, 2004, defendants hosted an earnings conference call to discuss the Company's results in its second quarter and first six months of 2005. During the call, defendant Gargaro reiterated the Company's optimism that it would remain in compliance with the Covenants under the credit agreement, stating, "***Although there can be no assurances, we believe that taking into account these amendments and based on our updated financial forecasts and plans, we will comply with these covenants for the foreseeable future.***"

(emphasis added) In addition, Exide's Vice President and Controller, Ian Harvie responded to the following question regarding the Company's amended credit agreement as follows:

Q.: Ed Brio [ph]>: . . . The second question would just deal with the amended credit agreement, which you disclosed in the –as part of the 10-Q calculation. It looks as if the annualized amendment to the EBITDA, total numbers is off by only about 10 million a quarter. And, if I’m doing my calculation right, you have generated about 47 million in the first half EBITDA. I think that’s why you just announced.

A.: That’s correct.

Q.: Ed Brio [ph]>: And your goal or the banks credit demands are a 155 million beginning next March, so I guess would it be fair to say that your expectation for the business is about a 100 million or more in EBITDA in the second half?

A.: Ed, let me answer that. I think you know, we are ---it’s not our objective to provide guidance, given the volatility of lead, which today is still trading upwards of 747 Euro per metric ton. ***However, we feel comfortable with the bank arrangement and the amendments that’s been put in place.*** And the relaxing that was done in the EBITDA calculation was basically to provide us headroom for the volatility of lead, world commodity that isn’t controllable by Management of the Company, except for our hedging strategies and pricing actions which are under our day-to-day control. You can derive what you want from the covenant, but that’s our feeling. [Emphasis added.]

Similarly, defendant Muhlhauser stated that the Company is “now well positioned to reap the financial benefits of these pricing initiatives and we expect the impact to be more significant in our second half.”

32. On February 9, 2005, Exide issued a press release on *Business Wire* announcing a proposed private placement of \$350 million in senior notes and convertible securities. In the release, the Company stated that the proceeds from the offering would be used to pay down a portion of the Company’s credit facilities, for general corporate purposes, and to provide the Company with greater liquidity.

33. On February 14, 2005, the Exide issued a press release on *Business Wire* announcing its third quarter 2005 results. In the release, the Company revealed that it had failed

to satisfy the Leverage Ratio Covenant; defendants, however, assured investors that the Company had “requested and expects to receive a waiver of the leverage ratio covenant from its lenders, as well as amendments relating to the Company’s proposed senior note offering.” In addition, Exide reported the following results, as follows, in relevant part:

Consolidated net sales for the third quarter of fiscal 2005 rose 11.5% to \$727.9 million from \$653.0 million in the third quarter of fiscal 2004. Quarterly net sales results benefited from higher average selling prices as a result of lead-related pricing actions across the business, as well as strong Motive Power demand worldwide. Favorable currency exchange rates also benefited net sales Company-wide.

Consolidated net loss for the third quarter of fiscal 2005 was \$439.0 million, or \$17.56 per share, compared to a net loss of \$9.3 million, or \$0.34 per share, in the third quarter of fiscal 2004. The third quarter of fiscal 2005 results include a non-cash goodwill impairment charge of \$399.4 million, restructuring costs and reorganization items of approximately \$8.0 million and a non-cash income tax charge of \$34.5 million to adjust valuation allowances against previously recognized deferred tax assets. The results were favorably offset by a gain on revaluation of Warrants of \$5.8 million.

Muhlhauser commented on the Company’s results as follows:

“This quarter, we successfully recovered 65-70% of the increased lead costs in the quarter due to pricing actions, lead price escalators, lead hedging and improved spent battery collection rates,” Mr. Muhlhauser said. “This is a significant improvement over the second quarter, when we were only able to offset 30-40% of the adverse impact from lead price increases.

“The Company will continue its efforts to implement plans and make investments to accelerate cost reductions and increase cash flow from operations,” Mr. Muhlhauser said. “We remain committed to making our customers successful and creating long-term value for our shareholders.”

34. On the same day, February 14, 2005, defendants hosted an earnings conference call during which Muhlhauser commented on the Company’s third quarter 2005 results in relevant part, as follows:

. . . Those of you on this call must have noticed by now that lead is a recurring theme and for a good reason. But for the dramatic increase in lead prices over the

last year, the company would have been ahead of prior year results. Yet despite the difficult commodity price environment we face, the company has continued to make significant progress in the five key operational initiatives outline during our first quarter conference call. First our European restructuring program has been successfully implemented with the closure of manufacturing plants in Afica [sic] Spain, Weiden Germany and Castelnuovo Italy and related transfers of production to other Exide facilities in Europe.

In addition, our cost reduction programs for the first half are on schedule with continued progress on headcount reductions, lean manufacturing initiatives and control of overhead spending generating approximately \$20 million in cost savings year-on-year. We are also continuing to develop plans for further cost reductions and productivity improvements in manufacturing logistics and purchasing in both North America and Europe. The second major initiative involved actions to minimize the impact of lead price increases and volatility on our operating earnings and cash flow. As previously indicated, the company work to offset the impact of lead through base price increases in automatic lead escalators. Because of the timing of these pricing actions and lags associated with cost recoveries to escalators and surcharges, the benefits in the second quarter were lower than we anticipated. ***However, we are well positioned to reap the financial benefits of these pricing initiatives and we expect the impact to be more significant in our second half.*** [Emphasis added.]

35. On the same call, defendant Gargaro stated that he expected the Company's lenders to waive the Leverage Ratio Covenant. In addition, Gargaro stated that the Company's adjusted EBITDA had more than doubled from the second quarter 2005:

We also mentioned last quarter we had obtained amendments to ceratin [sic] financial covenants with respect to adjusted EBITDA and leverage contained in our credit agreement. Based on our adjusted EBITDA performance this quarter, we are in compliance with that covenant. However, partially because a large percentage of our debt is Euro denominated, the continued fall of the dollar against the Euro had inflated the value of our debt. So, we did not satisfy our leverage ratio covenant as of December 31, 2004 under our senior secured credit facility. We have requested and expect to receive a waiver of the leveraged ratio covenant from our [lenders], as well as amendments relating to the company's proposed senior note offering.

* * *

Since our adjusted EBITDA have more than doubled from the second quarter, we believe that our suppliers continued cooperation and support will contribute to a strengthening of our balance sheet and our liquidity.

36. In addition, on February 14, 2005, Exide filed its third quarter 2005 report with the SEC on a Form 10-Q, reiterating the results announced in the press release issued on the same day. The Form 10-Q also contained the same certifications as set forth in paragraph 30 herein, signed by defendants Muhlauser and Gargaro, respectively, as required by the Sarbanes Oxley Act, representing that the quarterly report did not contain any material misrepresentations.

37. On March 18, 2005, Exide issued a press release announcing the completion of its previously announced private placement of \$350 million in senior notes and floating rate convertible senior subordinated notes.

38. The statements referenced above in ¶¶ 29-31 and 33-36 were materially false and misleading and known or recklessly disregarded as such by defendants because they failed to disclose the following facts, among others:

(a) The Company's restructuring had not reduced costs;

(b) The Company had not adequately hedged against the sharp increase in the price of lead and other commodities, and falsely comforted investors that the Company would benefit from its hedging strategies and pricing initiatives in the second half of 2005;

(c) The Company's business had deteriorated so sharply over the Class Period that the Company was in serious danger of breaching the EBITDA Covenant, thereby seriously jeopardizing its liquidity and viability;

(d) The Company was unable to properly forecast its inventory requirements;

(e) The Company had failed to timely write-down the value of obsolescent inventory and discontinued product lines, thereby overstating net income; and

(f) The Company had violated the terms of a contract with a large customer.

THE TRUTH BEGINS TO EMERGE

39. On May 16, 2005, after the market had closed, Exide issued a press release revealing that it expected to violate the EBITDA and Leverage Ratio Covenants for the fiscal year-ended March 31, 2005, stating, in relevant part, as follows:

Exide Technologies (NASDAQ: XIDE, www.exide.com), one of the world's largest producers and recyclers of lead-acid batteries, today announced that it expects it will be in violation of its minimum consolidated EBITDA and leverage ratio financial covenants in its \$365 million senior credit facility as of and for the fiscal year ended March 31, 2005. The Company is working with the administrative agent for its senior credit facility to secure amendments to such covenants.

The Company estimates that its adjusted EBITDA for the fiscal year ended March 31, 2005 will be in the range of \$100-107 million. The expected covenant issues primarily relate to the impact of commodity costs; the loss of overhead absorption due to an inventory-reduction initiative; other fourth-quarter inventory valuation adjustments; and costs associated with Sarbanes-Oxley compliance efforts. Exide executives will discuss these items on a conference call with the investment community at 4 p.m. Eastern Daylight Saving Time on Tuesday, May 17.

Revenue for the fourth quarter of fiscal 2005 was approximately \$712.0 million compared with \$676.0 million during the same quarter the previous year, with the increase primarily due to currency and lead-related pricing actions.

In reaction to this announcement, the price of Exide stock, which had closed at \$11.15 per share on May 16, 2005, opened at \$5.75 per share the following trading day, representing a one-day decline of \$5.40, or 48%, and closed out the day at \$6.88 per share on extremely heavy volume of over 9 million shares, 50 times the daily average volume.

40. On May 17, 2005, defendants conducted a conference call during which defendant Gargaro made the following remarks:

. . . Under our credit agreement our minimum EBITDA requirement for the quarter is \$130 million which includes a test period benefit of approximately \$8 million indicating that we need to be in a range of \$122 million. As we announced we

expect adjusted EBITDA to be in the range of \$100-107 million. In terms of our leverage test, the expected covenant issue was a result of this lower EBITDA level, not because of the amount of debt that the company had on its balance sheet. The company is working with the administrative agent for its senior credit facility to secure amendments to these covenants. The company expects to conduct meetings with the administrative agent and member institutions over the next three weeks. ***Well of course we cannot provide assurances that we will obtain these amendments, we are hopeful that we will secure them in the next few weeks.*** As indicated in our release yesterday, our approximate revenue for the quarter of \$712 million exceeded our prior year of \$676 million. About half of the increase over the prior year is due to benefits from currency, the remaining half of the increase is largely due to pricing actions related to our efforts to recover lead cost. In terms of the fourth quarter we experienced a mild January in Europe in regards to weather. This had a negative impact on results in our European transportation business, however, demand met our expectations in both February and March.

Several unanticipated or unusual items impacted our preliminary results during the quarter in the range of 15-20 million. Those items include inventory write-offs of approximately 4.5 million related to obsolescence adjustments and physical inventories which were a result of the year end process. Of this amount, 2 million was the result of non-cash obsolescence charges in Europe resulting from ongoing sku reduction efforts and discontinued product lines. We have initiated more clearly defined procedures to ensure that we better manage these issues going forward to minimize the financial impact of these ongoing efforts. We also continue to refine our inventory cycle counting processes and other control enhancements as a means of earlier identification of its inventory issues. The company had forecast inventory reductions in the fourth quarter, but clearly not to the levels we ultimately achieved. In March alone we reduced consolidated inventories by over 30 million. Compared with the same quarter last year the reduction was even more pronounced, the result being a \$6 million loss of absorbed overhead costs. ***That said, we are not satisfied and we are improving our forecasting capabilities and forward visibility. We are implementing a more structured forecasting methodology that better connects sales and production planning cycles and we expect to have these more robust processes in place within the next 30-45 days. Our goal from these efforts is to drive even greater management accountability.***

As many companies have found, we incurred substantially higher Sarbanes Oxley costs than anticipated. The increase relates in large part to additional testing and remediation work principally in our European operations. The variance to the prior year quarter is approximately 5.5 million.

Finally, we have recorded adjustments of approximately \$1.5-2 million to reconcile pricing and commercial items in accordance with contractual provisions applying to a large customer in North America. While we are

disappointed in the weakness in the checks and balances in this instance we believe the controls we have in place are appropriate. We also believe we have made appropriate personnel changes to assure that our controls function as intended going forward.

With respect to conditions surrounding our operating performance in the quarter, we experienced unfavorable volume and mix from lower demand in certain markets with an impact of approximately \$4 million. Our un-recovered lead costs met expectations as approximately \$8 million versus about \$10 million in the third quarter. Our lead recovery was slightly above 70% companywide. Other purchase price variances related to [inaudible] soda, Coke, petroleum, plastic resin and steel hit us during the quarter as the general price increases that we tried to institute were met with resistance. The combined effect of these purchase price variances in the quarter on year was \$5 million. Additionally, distribution, freight and logistics costs of approximately \$3 million negatively impacted our results. The results we have discussed on this call and in our press release are preliminary and subject to resolution of matters for the year end. However, based on the status of the closing in the audit, we estimated our adjusted EBITDA for the fiscal year ended March 31, 2005 will be \$100 million and \$107 million.

Now I would like to turn to liquidity. We finished the quarter and year end at March 31st with cash balances on hand of 76.7 million, and total debt of 653.8 million. The company's \$100 million revolving bank credit facility was undrawn with the exception of \$31 million in letters of credit. Today our cash on hand is approximately \$42 million with the exception of \$31 million in letters of credit, our revolving bank credit facility remains undrawn in the amount of \$69 million which will be available upon approval of our covenant amendments. We are also pursuing other liquidity opportunities including a new European factoring program that will add an incremental factory and capacity of approximately €10 million to the company, or \$13 million. Finally, in terms of liquidity over the next two quarters we are pursuing approximately \$10 million in incremental asset sales. With that I will now turn the call back over to Gordon. [Emphasis added.] In reaction to this news, the price of Exide shares fell another \$1.55, or 22 %, from their closing price of \$6.88 on May 17, 2005, to close at \$5.33 on May 18, 2005.

**Applicability Of Presumption Of Reliance:
Fraud-On-The-Market Doctrine**

41. At all relevant times, the market for Exide's securities was an efficient market for the following reasons, among others:

- (a) Exide's stock met the requirements for listing, and were listed and actively traded on the Nasdaq, a highly efficient and automated market;

(b) As a regulated issuer, Exide filed periodic public reports with the SEC and the Nasdaq;

(c) Exide regularly communicated with public investors *via* established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Exide was followed by several securities analysts employed by major brokerage firms who wrote reports, which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

42. As a result of the foregoing, the market for Exide's securities promptly digested current information regarding Exide from all publicly available sources and reflected such information in Exide's stock price. Under these circumstances, all purchasers of Exide's securities during the Class Period suffered similar injury through their purchase of Exide's securities at artificially inflated prices and a presumption of reliance applies.

LOSS CAUSATION

43. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the damages suffered by plaintiff and the Class.

44. During the Class Period, plaintiff and the Class purchased securities of Exide at artificially inflated prices and were damaged thereby. The price of Exide common stock declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

ADDITIONAL SCIENTER ALLEGATIONS

45. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Exide, their control over, and/or receipt and/or modification of Exide's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Exide, participated in the fraudulent scheme alleged herein.

46. In addition, defendants were further motivated to conceal the Company's noncompliance with regulations because the Company was planning a private offering of senior notes and convertible securities that would have been negatively impacted if the truth about the Company's business was known publicly. In the offering, consummated in March 2005, the Company sold \$290 million in 10½% senior notes and \$60 million in floating rate convertible senior subordinated notes, with an initial rate of 1.53% and with a \$9 million green shoe, and convertible into stock of the Company at a \$17.37 conversion price.

NO SAFE HARBOR

47. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-

looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Exide who knew that those statements were false when made.

FIRST CLAIM

Violation Of Section 10(b) Of The Exchange Act And Rule 10b-5 Promulgated Thereunder Against All Defendants

48. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

49. During the Class Period, Exide and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (a) deceive the investing public, including plaintiff and other Class members, as alleged herein; (b) artificially inflate and maintain the market price of Exide's securities; and (c) cause plaintiff and other members of the Class to purchase Exide's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

50. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Exide's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

51. In addition to the duties of full disclosure imposed on defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, defendants had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. Sections 210.01 *et seq.*) and Regulation S-K (17 C.F.R. Sections 229.10 *et seq.*) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and earnings so that the market price of the Company's securities would be based on truthful, complete and accurate information.

52. Exide and the Individual Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Exide as specified herein.

53. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a

course of conduct as alleged herein in an effort to assure investors of Exide's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Exide and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Exide's securities during the Class Period.

54. The Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (a) the Individual Defendants were high-level executives and directors at the Company during the Class Period; (b) the Individual Defendants were privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; and (c) the Individual Defendants were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

55. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Exide's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's business,

operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

56. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Exide's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Exide's publicly-traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Exide securities during the Class Period at artificially high prices and were damaged.

57. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known of the true financial condition and business prospects of Exide, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Exide securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

58. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

59. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation Of Section 20(a) Of The Exchange Act Against the Individual Defendants

60. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

61. The Individual Defendants acted as a controlling person of Exide within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

62. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have

had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

63. As set forth above, Exide and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions each as a controlling person, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Exide's and the Individual Defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- A. Determining that this action is a proper class action, designating plaintiff as lead plaintiff and certifying plaintiff as class representatives under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as lead counsel;
- B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- D. Such other and further relief as the Court may deem just and proper.

DATED: June 15, 2005

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