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)
Debtors.	)	(Jointly Administered)
	)	
	)	**Hearing Date: August 19, 2003 at 9:30 a.m.**
	)	**Objection Deadline: August 14, 2003 at 4:00 p.m.**

DEBTORS' MOTION TO APPROVE STIPULATION AND AGREED ORDER AUTHORIZING ENTRY INTO A BONDING FACILITY AGREEMENT

Exide Technologies and certain of its domestic subsidiaries, as debtors and debtors in possession (collectively, the "Debtors") in the above captioned cases, hereby move the Court for entry of a stipulation and agreed order pursuant to sections 364(c) and 363(e) of title 11 of the United States Code (the "Bankruptcy Code") and Fed. R. Bankr. P. 4001 authorizing their entry into a surety credit facility with 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"). In support of this Motion, the Debtors respectfully state as follows:

Introduction

1. On April 15, 2002, Exide Technologies, Exide Delaware, L.L.C., Exide Illinois, Inc. and RBD Liquidation, L.L.C. commenced these Chapter 11 cases by each filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the

"Bankruptcy Code"). On November 21, 2002, Dixie Metals Company and Refined Metals Corporation also filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and have continued in possession of their properties pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 cases.

2. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these proceedings and the Motion is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested herein are Sections 364(c) and 363(e) of the Bankruptcy Code and Fed. R. Bankr. P. 4001.

Background

3. The Debtors and their non-debtor subsidiaries and affiliates[2] are a leading global manufacturer and distributor of lead acid batteries and other related electrical energy storage products. The Debtors manufacture and distribute industrial and transportation batteries in the North America, Europe, Middle East, Africa and Asia Pacific regions.

4. In connection with their operations, the Debtors are required to maintain surety bonds that are necessary to comply with workers' compensation laws, environmental laws and other ongoing business requirements.

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

[2] Debtor Exide Technologies has European, Asian, Australian and New Zealand subsidiaries that are non-debtors and that conduct their operations throughout the world. None of Exide's direct or indirect foreign subsidiaries are debtors in the Chapter 11 Cases or in any related bankruptcy, reorganization, or liquidation proceeding.

The Bonds

5. Before the Petition Date, St. Paul had issued various necessary bonds on behalf of the Debtors. The face amount of the bonds exceeded $52 million, and they included financial assurance bonds exceeding $30 million to guarantee closure/postclosure obligations of the Debtors at various of their facilities across the United States, guarantee bonds exceeding $9 million issued in connection with Exide's workers' compensation program (as required by Zurich Insurance Company, Exide's workers' compensation insurer), and a bond of $15 million issued to guarantee obligations of Exide relating to construction of a facility in Uzbekistan (the "Uzbekistan Bond"). For purposes of this Motion, the term "Bonds" shall include all of the bonds identified on Exhibit A to the attached Stipulation and Agreed Order, plus all renewals of such bonds and any other bonds furnished by St. Paul to any of the Debtors, but excluding the Uzbekistan Bond.

6. In connection with its bonding relationship with St. Paul, Exide executed a General Indemnity Agreement in favor of St. Paul dated January 11, 2000 (the "GIA"). Exide also provided St. Paul with a letter of credit in the amount of $12,568,379.50 (the "Letter of Credit"), to secure its obligations under the GIA.

7. The Letter of Credit was issued by Fleet National Bank, one of Exide's prepetition lenders, and it had an expiration date of September 27, 2002. Prior to the expiration date, St. Paul was notified that Fleet National Bank did not intend to renew the Letter of Credit. The Debtors advised St. Paul that the Letter of Credit would not be replaced, and St. Paul drew down the Letter of Credit on September 26, 2002 and retained the proceeds (the "LOC Proceeds").

8. St. Paul has advised the Debtors that it has suffered losses and incurred expenses on account of Bond No. 376033 (the Uzbekistan Bond), and that it has applied $5,061,491.72 of the LOC Proceeds to losses and expenses and is holding in a segregated St. Paul account the remaining $7,506,887.78. St. Paul also advised the Debtors that there are no other obligations of St. Paul remaining under Bond No. 376033.

9. Bonds with face amounts totaling approximately $32.7 million are due for renewal in August and September, and additional Bonds totaling approximately $11 million are due for renewal thereafter, for a total bonding credit of approximately $43.6 million. The Bonds are necessary for the Debtors' continued business operations. Further, renewal of the Bonds is critical to the Debtors' reorganization and for emergence from Chapter 11. If the Bonds are not renewed, the Debtors will be required to obtain new bonds or other financial security, and, because of their financial condition, to the extent an alternate surety could be identified, the Debtors would likely be required to fully collateralize such new bonds or security. The Debtors do not have the right to require St. Paul to renew the Bonds, issue new Bonds or increase the penal sums of existing Bonds.

10. St. Paul and the Debtors have engaged in good faith, arms-length negotiations concerning the proposed bonding facility, which the Debtors believe would provide them with necessary bonding availability during the remainder of the Debtors' bankruptcy proceedings and for a substantial period following emergence from bankruptcy. Subject to further documentation, St. Paul and the Debtors have agreed on terms for a three-year facility as set forth in the term sheet attached to the Stipulation and Agreed Order as Exhibit B (the "Term Sheet").

11. Since the Petition Date, the Debtors have continued to make payments and shall continue to timely pay all of the obligations in the ordinary course of their business that are covered by the Bonds, with the exception of the Uzbekistan Bond.

12. The Bonds are financial accommodations under section 365(c) of the Bankruptcy Code, and they cannot be assumed by the Debtors. Postpetition use and renewal of the Bonds by the Debtors are extensions of credit pursuant to section 364 of the Bankruptcy Code. Pursuant to section 363(e) of the Bankruptcy Code, to the extent that postpetition use of the Bonds by the Debtors may be use of property, such use shall be conditioned upon providing adequate protection.

13. St. Paul has agreed that the existing Bonds may be renewed and has agreed to maintain the existing Bonds for a three-year period of time, subject to certain terms and conditions, as set forth in this Motion, the Term Sheet and the proposed Stipulation and Agreed Order (the "Surety Credit Commitment").

Request for Relief

14. The Debtors request that this Court enter the attached Stipulation and Agreed Order and approve the terms of the attached Term Sheet which provides, the following:[3]

1) St. Paul agrees that it shall not give notice of nonrenewal or cancellation of any bonds prior to August 31, 2003, to allow for court approval of this agreement. Exide shall continue as authorized by the Bankruptcy Court to pay all obligations that are secured by surety bonds issued by St. Paul.

2) In consideration of the collateral provided and the treatment of all claims under the bonds as administrative expense claims as set forth below, after entry of an order approving these terms and provided there is no event of

[3] In the event of any inconsistency between the terms of this Motion and the terms of the Term Sheet, the terms of the Term Sheet shall govern.

default, pursuant to the terms and conditions set forth in this agreement and the various bonds entitling St. Paul to cancel the bonds, as of April 1, 2003 St. Paul agrees to renew or to keep in effect the existing bonds for a period of one year following the present renewal date of each bond (the "First Renewal Period"). By way of example, Bond No. 32375601, which has a renewal date of April 1, 2003, would be renewed and kept in effect through April 1, 2004 during the First Renewal Period. Subject to the terms of this agreement, St. Paul also agrees to renew each existing bond for two additional one year periods following the First Renewal Period (the "Second Renewal Period" and "Third Renewal Period"). Again, by way of example, Bond No. 32375601 referenced above would be renewed on April 1, 2004 and kept in effect through April 1, 2005 during the Second Renewal Period and would be renewed on April 1, 2005 and kept in effect through April 1, 2006 during the Third Renewal Period.

3) Exide shall post additional collateral in the form of cash deposits or one or more irrevocable letters of credit (collectively, the "Collateral") as follows: (i) $7,500,000.00 within fifteen (15) days of Exide closing its exit financing agreements with yet unspecified financial lenders and Bankruptcy Court approval of this agreement; (ii) on January 31, 2004, the lesser of an additional $2,379,045.22 or an amount which, when combined with existing Collateral, would provide forty (40) percent collateralization of the aggregate face amount of then existing surety bonds; (iii) on August 1, 2004, Exide shall tender to St. Paul additional Collateral in the amount of $13,141,000.00 or an amount which, when combined with existing Collateral held by St. Paul, would provide seventy (70) percent collateralization of the aggregate face amount of then existing surety bonds, whichever is less; and (iv) on August 1, 2005, Exide shall tender to St. Paul further Collateral such that the aggregate Collateral held by St. Paul shall equal the face amount of then existing bonds. Once St. Paul holds Collateral in the amount of the aggregate amount of all remaining bonds issued by St. Paul, Exide shall maintain the level of Collateral necessary to keep St. Paul fully secured for all of Exide's obligations under such remaining bonds and any indemnity agreements. The Collateral shall secure Exide's indemnity obligations for any and all claims against the bonds, whether such obligations are pre-petition, post-petition or post-confirmation. Further, the $7,506,887.78 held by St. Paul following the draw of Fleet National Bank letter of credit no. 1S1232356 shall be deemed a part of St. Paul's Collateral, and the application of those letter of credit proceeds to losses under Bond No. 376033 is confirmed.

4) Exide may request new bonds which do not replace the existing bonds or increases on the penal limits of existing bonds, which St. Paul may issue in accordance with standard underwriting practices, provided, however, that each such new bond or increase shall be matched dollar for dollar by

an increase in Collateral. This new Collateral shall be cross-collateralized to pay all surety bond claims, exclusive of claims under Bond No. 376033, whether such claims are pre-petition, post-petition or post-confirmation. All Collateral held, including additional Collateral, shall be held by St. Paul until such time as each of the bonds are cancelled, released and discharged, at which time all Collateral for each such bond shall be returned to Exide, conditioned upon the remaining bonds being fully collateralized.

5) For so long as St. Paul maintains or continues bonds for the benefit of Exide, Exide shall continue administering and paying all claims and other obligations with respect thereto and to pay and perform all obligations secured by all bonds St. Paul keeps in effect for Exide's operations, as they become due in the ordinary course of business. Exide shall timely pay all premiums when due, as they become due, for all bonds, and all such premiums shall be fully earned upon payment by Exide and shall not be refundable upon early cancellation or replacement. St. Paul may accelerate the requirements to tender Collateral set forth in Paragraph 3 above and/or cancel any and all bonds placed in effect for Exide's operations, without further notice or order of the Court, upon the following events of default: (a) failure to pay or otherwise satisfy any obligation under the New GAI (as hereinafter defined) or any obligation related to any one or more of the bonds; (b) any premium owed with respect to any one or more of the bonds is not paid as it becomes due, subject to any applicable grace periods not to exceed 30 days; (c) Exide shall have ceased operations generally; (d) Exide shall have sold substantially all of its assets through a sale, reorganization plan or otherwise; (e) Exide shall have become unable to pay its administrative expense claims; (f) the conversion by the Bankruptcy Court of Exide's pending Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code; (g) the appointment of a trustee for Exide by the Bankruptcy Court; (h) the dismissal of Exide's bankruptcy case, other than as a result of confirmation of a plan of reorganization pursuant to the current Chapter 11 filing; (i) the occurrence and continuance beyond any applicable grace period of an event of default by Exide that is material under any of St. Paul's or Exide's DIP lenders' or Exide's exit lenders' documents; or (j) Exide fails to close on any exit financing arrangement before September 1, 2004. St. Paul may cancel bond(s) in the event that Exide ceases, or gives notice to St. Paul that it intends to cease, the operation or activity covered by such bond(s).

6) The Debtors shall execute a new general agreement of indemnity (the "New GAI"), which shall be effective upon the entry of an order by the Bankruptcy Court approving this agreement. The New GAI shall conform substantially to the provisions of the General Indemnity Agreement executed by Exide in favor of St. Paul on January 11, 2000 as well as the

terms herein. All Post-Petition Surety Priority Claims (defined below) shall be afforded administrative expense priority status, subject to any super-priority claim of any lender and any professional fee carve out existing as of the entry of the Stipulation and Agreed Order. For purposes of this Agreement, all Surety claims, losses and expenses on account of any and all bonds other than Bond No. 376033, whether such bonds are pre-petition, post-petition or post-confirmation, shall be referred to as "Post-Petition Surety Priority Claims." As to Bond No. 376033, Exide shall have no further obligation to St. Paul, or to any entity to which St. Paul has assigned, sold, or otherwise granted any rights thereunder to the extent of any obligation owing to St. Paul with respect to Bond No. 376033.

7) To the extent any such Post-Petition Surety Priority Claim held by St. Paul is not satisfied from the Collateral, the Surety shall be deemed to hold an allowed Administrative Claim.

8) Each such allowed Administrative Claim shall not be subject to objection by Exide, any committee in Exide's bankruptcy case, its creditors or any other party in interest, or any subsequently appointed trustee, for any reason whatsoever other than to verify the actual amount and payment obligation thereof by the Surety. The Surety's claims against Exide shall be allowed and paid without the necessity of the Surety filing any proof of claim or application for payment of administrative claims, except as otherwise ordered by the Bankruptcy Court.

9) Exide shall execute and deliver to St. Paul a New GAI, which New GAI shall be consistent with the provisions of the General Indemnity Agreement executed by Exide in favor of St. Paul on January 11, 2000 and consistent with the terms of this agreement and which New GAI shall be effective as of entry of an order approving this Agreement. The New GAI shall be in addition to and not in lieu of any prior indemnity agreements. Exide agrees to perform all acts and to make, execute and deliver all instruments and documents which may be reasonably requested by St. Paul to effectuate the terms hereof or required under the terms hereof, subject to the non-disclosure agreement noted below; provided, however, that St. Paul's request or Exide's performance or delivery of same shall not be, nor construed as, a waiver of any rights or terms of the Stipulation and Agreed Order approving this agreement. Exide agrees and acknowledges: (a) that the January 11, 2000 General Indemnity Agreement is a valid and binding agreement and obligation of Exide, and that the January 11, 2000 General Indemnity Agreement and all of Exide's liabilities and obligations arising thereunder and under the New GAI to be executed upon entry of the Stipulation and Agreed Order approving this agreement (collectively the "Exide Indemnity Obligations"), are hereby reaffirmed, confirmed and ratified by Exide; and (b) that Exide does not

have any claim, counterclaim, setoff or defense of any kind or nature which would in any way affect the validity, enforceability and non-avoidability of the Exide Indemnity Obligations.

10) This agreement shall be approved by order of the Bankruptcy Court on or before August 31, 2003 and shall be binding on successors and assigns, including but not limited to any Chapter 7 or 11 trustee(s) or reorganized or successor entity. This agreement shall not be modified or affected by operation of confirmation of any Chapter 11 plan in Exide's bankruptcy cases, nor shall confirmation or any confirmation order impair St. Paul's rights as a provider of surety credit to Exide, including but not limited to any claims for indemnity, equitable subrogation, equitable liens or any other rights under law or equity. To the extent there are any payments by St. Paul under the bonds, Exide expressly acknowledges St. Paul's rights of subrogation to the rights of those persons or entities that it may be requested to make payments to under any and all such bonds.

11) Upon request, Exide shall make available to St. Paul certain documents necessary to provide St. Paul with sufficient information to evaluate and confirm Exide's continued performance under such bonds. Such information shall include, but not be limited to, loss runs for applicable Zurich Insurance Company Workers Compensation and Automobile Insurance policies which are the subject of Bond Nos. 323756 and 376003, and environmental reports, including federal, state and other governmental authority correspondence regarding the physical properties which are the subject of the St. Paul closure/post closure bonds. To the extent such information is not publicly available, St. Paul agrees to execute a mutually agreeable non-disclosure agreement prior to accessing such documents.

15. The Debtors believe in their business judgment that entering into a bonding facility with St. Paul as set forth on the Term Sheet is in the best interest of its estates and creditors. The Debtors believe that the Term Sheet represents the best terms on which the Debtors can ensure the continued availability of surety bonds necessary for their operations.

Notice

16. Notice of this Motion has been given to (a) the Office of the United States Trustee, (b) counsel to the agent for the prepetition secured lenders, (c)

counsel to the postpetition secured lenders, (d) counsel to the official committee of unsecured creditors, (e) counsel to the official committee of equity security holders and (f) parties who have requested notice pursuant to Fed. R. Bankr. P. 2002. The Debtors respectfully submit that such notice is sufficient in light of the nature of the relief requested.

WHEREFORE, for all of the foregoing reasons, the Debtors respectfully request that this Court enter the attached Stipulation and Agreed Order (i) approving the Term Sheet and authorizing the Debtors to enter into a bonding facility agreement consistent therewith and (ii) granting such other and further relief as the Court deems just and proper under the circumstances.

Wilmington, Delaware

Dated: August 4, 2003

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