

C&D TECHNOLOGIES, INC.

Board of Directors

Corporate Governance Guidelines

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These Guidelines reflect practices that the Board of Directors (the “Board”) of C&D Technologies, Inc. (the “Company”) has developed to facilitate the management of the business and affairs of the Company under the Board’s direction. The Guidelines supplement the provisions of the Company’s Certificate of Incorporation and By-laws. These Guidelines, the Company’s Code of Business Conduct (the “Code of Conduct”) and other materials deemed appropriate will be made available to stockholders of the Company, including through the Company’s web site. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company or as required by applicable laws and regulations.

A. Composition of the Board

1. Management Directors

As a matter of policy, there should be a substantial majority of independent directors on the Board¹. While exceptions may occur from time to time, these Guidelines suggest that the only management member of the Board will be the Chief Executive Officer.

2. Board Size

To ensure that an adequate number of independent directors are available to serve on committees, while at the same time fostering close working relationships and avoiding excessive formality, a Board of seven to nine directors is desirable. However, the Board also recognizes that having more than nine directors may be desirable (such as, but not limited to, when new directors join the Board prior to the departure of retiring directors) and also, that fewer than seven directors may be necessary when a vacancy occurs and a suitable new candidate is not immediately available.

3. Selection of Independent Directors and Stockholder Nominations

The Nominating/Corporate Governance Committee shall have primary responsibility for screening and identifying individuals qualified to become Board members, with input from other members of the Board and in consultation with the Chief Executive Officer, and for selecting, or recommending that the Board select, the director nominees for C&D Technologies' next annual meeting of stockholders. Criteria for independent director consideration include senior management experience, appropriate skill sets, diversity, and overall business acumen. The Nominating/Corporate Governance Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates, including the authority to approve the search firm's

fees and other retention terms. The Nominating/Corporate Governance Committee shall also oversee the process by which stockholders may nominate directors at an annual meeting as set forth in Article II, Section 11 of the Company's By-laws. In addition, the Nominating/Corporate Governance Committee shall consider persons recommended by stockholders as director candidates as part of its responsibilities under this paragraph. It is the policy of the Board that the Nominating/Corporate Governance Committee evaluate candidates for director recommended by stockholders on the same basis that other individuals are evaluated under this paragraph. In reporting its selection of a director nominee to the Board, or its recommendation that the Board select an individual as a director nominee, the Nominating/Corporate Governance Committee shall report which one or more of the following categories of persons or entities recommended that nominee: stockholder, non-management director, chief executive officer, other executive officer, third party search firm, or other specified source.

4. Re-election of Directors

The Nominating/Corporate Governance Committee will review and recommend whether members of the Board should stand for re-election on an annual basis in accordance with the Nominating/Corporate Governance Committee's process for annual election of directors. In this regard, independent directors will be evaluated on their respective contributions toward advancing the Corporation and enhancing stockholder value. Following review, the Chair of the Nominating/Corporate Governance Committee will make recommendations to the Board.

In addition to the duties and responsibilities described above, the Nominating/Corporate Governance Committee shall:

- Review potential conflicts of prospective Board members;
- Maintain a list of persons who may be potential directors;
- Perform such other functions as may be assigned by the Board; and
- Establish programs for director orientation and suggestions and policies for continuing director education.

5. Chair of the Board Selection

Annually, the Nominating/Corporate Governance Committee will determine the appropriateness of the Chair of the Board continuing in the position for an additional year in accordance with the Nominating/Corporate Governance Committee's annual process for the selection of the Chair of the Board. This determination will be made in the same timeframe when all directors are considered for reelection.

6. Retirement Age

Directors shall normally be required to retire from the Board at the annual meeting following the year in which he/she reaches age 70.

7. Change in Director's Responsibilities

It is not the Board's intention that an independent director leave the Board in the event of retirement or other change in the position he/she held when joining the Board. However, if such an event occurs, the independent director would be expected to tender his or her resignation to the Chairman of the Board who, in consultation with the Nominating/Corporate Governance Committee, shall determine if the director's change in status appears consistent with the strategic requirements of the Board and overall corporate requirements.

8. Board Service by Retired Chief Executive Officer

The Board believes that continued service on the Board by a retired Chief Executive Officer must be decided on a case-by-case basis. Whether the individual remains a member of the Board is a matter for the full Board and the new Chief Executive Officer to discuss at the appropriate time.

Any former employee serving on the Board will be considered a management director for purposes of corporate governance (ineligible to serve on the Audit, Compensation or Nominating/Corporate Governance Committee) for a period of at least three years after termination of employment, but will be compensated as an independent director.

9. Service on Other Boards of Directors

It is imperative that each current and prospective member of the Board has adequate time to devote to C&D Board service. Accordingly, the Nominating/Corporate Governance Committee will consider the number of public and private board seats held by current board members as well as prospective board candidates as part of the annual nomination process and in the context of recommendation of new board members, respectively. Generally, unless the facts and circumstances dictate a different conclusion, Board members shall not simultaneously serve on the boards of directors of more than three other public and/or private companies.

B. Operation of the Board

1. Selection for Chairman of the Board and Chief Executive Officer

The Board will determine whether the roles of the Chairman of the Board and Chief Executive Officer should be separate or held by one individual, based on the circumstances at hand. If the roles are to be held by two individuals, the Board will determine whether the Chairman of the Board should be a management or an independent director.

2. Board Committees

The Company will have three committees: Audit, Compensation and Nominating/Corporate Governance, and such subcommittees as the Committees may, from time to time, designate. Each of these committees is responsible for the development of a Charter to be approved by the full Board. Each committee should revisit its respective Charter on an annual basis, and shall seek approval of the Board of any material modification of its Charter. Committees are otherwise authorized to interpret, modify, suspend effectiveness of any part of, make rules under, and otherwise interpret and administer their Charters in their reasonable discretion. To the extent possible, committee meetings will be scheduled on the same day as Board meetings.

3. Assignment and Rotation of Committee Members

The Nominating/Corporate Governance Committee, in consultation with the Chairman of the Board (if he is not then a member of the Nominating/Corporate Governance Committee) and Chief Executive Officer, is responsible for committee assignments, subject to Board approval. Chairpersons of committees will be chosen in the same manner, and will always be independent directors. The Board committee assignments should be changed from time to time, but no fixed schedule has been established.

4. Committee Meetings

Committee chairpersons, in consultation with the appropriate members of senior management, will determine the frequency and length of meetings, as well as agendas for each meeting. Each committee will issue in advance of each meeting a schedule of agenda subjects to be discussed. Copies of all committee-meeting minutes will be shared with the full Board.

5. Attendance at Board and Committee Meetings and Annual Meeting of Stockholders

Board and committee members are expected to attend all meetings of the Board and each Board committee upon which the director serves. Under the rules of the Securities and Exchange Commission, the Company is required to report in its proxy statement for its annual meeting the name of each incumbent director who during the preceding fiscal year (or such shorter period the individual served as a Board or committee member) attended fewer than 75% of the aggregate of the meetings of the Board and the meetings of all Board committees on which the director served. Attendance at Board and committee meetings shall be a factor for consideration by the Nominating/Corporate Governance Committee under Section A, Paragraph 4 of these guidelines. It is the policy of the Board that Board members are expected to attend the Annual Meeting of Stockholders of the Company.

6. Agendas for the Full Board

The Chairman of the Board and Chief Executive Officer will establish the agenda for each Board meeting, with each Board member encouraged to submit items for consideration.

7. Board Materials in Advance of Meetings

It is the Board's desire that important material be provided, in writing, in advance of meetings. For the months between Board meetings, when appropriate, materials should likewise be forwarded to Board members.

8. Executive Session

The independent directors will meet in Executive Session, without management participation, at least once each year, and time will be made available at each regularly scheduled Board meeting to provide an opportunity for the independent directors to meet in Executive Session. The Chair of the Nominating/Corporate Governance Committee or the Chairman of the Board will schedule the meeting and the Chair of the Nominating/Corporate Governance Committee will preside with the following objectives in mind:

- Evaluate the Chief Executive Officer's performance and make recommendations to the Compensation Committee regarding compensation and employment contract issues;
- Provide input for the following year regarding corporate goals as part of the Chief Executive Officer's performance objectives; and
- Review such matters as may be brought to the attention of independent directors by persons who have communicated their concerns to the independent directors, the Chair of the Nominating/Corporate Governance Committee or the Chairman of the Board.

Such meetings should follow regular Board meetings whenever possible.

9. Board Compensation and Stock Ownership

- Compensation

Board Member Annual Retainer: Pay the non-executive Chairman of the Board a retainer of \$65,000 per year. Pay all other independent directors a retainer of \$25,000 per year. All Directors have the option to receive the payment in all cash, all stock options, or any combination thereof.

Committee Chairperson Annual Retainer: Pay the Chair of the Audit Committee \$10,000 per year; the Chair of the Compensation

Committee \$6,000 per year; and the Chair of the Nominating/Corporate Governance Committee \$5,000 per year. The effective date for accrual of the referenced payment to the committee chairpersons shall be the date of the Company's annual meeting of stockholders.

Board Meeting Annual Retainer: Pay \$11,000 per year to all independent directors (including the Chairman of the Board).

Committee Meeting Annual Retainer: Pay \$9,500 to each Audit Committee member (including the committee chairperson); \$7,000 to each Compensation Committee member (including the committee chairperson); and \$4,000 to each Nominating/Corporate Governance Committee member (including the committee chairperson).

Timing and Method of Retainer Payments: The Board Member Annual Retainers for each year shall be paid on or about the 1st day of the month following the date of Company's annual meeting. The Committee Chairperson, Board Meeting and Committee Meeting Annual Retainers for each year shall be paid in cash in four equal quarterly payments on or about the 1st day of the month immediately following the end of the fiscal quarter. To the extent practicable, such payments will be made electronically, via direct deposit to such account as may be designated by each director (unless alternative arrangements are made by a director with the Corporation).

Stock Equity Grants: Annual equity grant valued at \$45,000 to each independent director.

Compensation Review: The Board believes that compensation for independent Directors should be competitive and that equity-based compensation should be a key component of compensation for independent Directors. The Nominating/Corporate Governance Committee periodically conducts reviews of Board compensation and recommends changes to the Board, as warranted.

- Stock Ownership

All independent directors have a fiduciary responsibility to the Corporation and a commitment to enhancing stockholder value. In this regard, a strong equity position by each Board member is essential. As a guideline, independent directors should own a minimum of \$100,000 in C&D Technologies' stock, excluding stock options. An independent director may take a maximum of five (5) years to obtain this equity position, calculated from the date that he/she initially joined the Board.

C. ***Board Interaction with Management***

1. Evaluation of Chief Executive Officer

Annually, the Chief Executive Officer will prepare a set of measurable objectives for determining his/her performance for the following fiscal year. After obtaining the Chairman of the Board's input and agreement with those objectives, the final draft of the CEO's "Performance Objectives" will be presented by the Chairman to the Nominating/Corporate Governance Committee for further discussion and approval.

Before fiscal year-end, the Chairman will lead a discussion of the CEO's performance with the Nominating/Corporate Governance Committee. Further, the Chairman will solicit feedback on the CEO's performance and will prepare a report reflecting the input of all independent directors. This report, along with the Performance Objectives, will be discussed in a formal meeting between the Chairman of the Board, the Chairman of the Nominating/Corporate Governance Committee and the CEO.

The Compensation Committee, based upon the CEO's performance and other relevant benchmark data, will formally determine the CEO's compensation package on an annual basis. The Compensation Committee will then discuss its recommendation(s) with, and will obtain formal approval from, the independent directors in Executive Session. The approved CEO compensation package will be subsequently presented to the CEO by the Chairman.

2. Succession Planning and Management Development

An annual report will be prepared by the Chief Executive Officer on the subjects of succession planning and management development, and this information will be communicated in Executive Session with independent directors. The Nominating/Corporate Governance Committee shall establish policies regarding succession of the Chief Executive Officer in the event of an emergency or the retirement of the Chief Executive Officer.

3. Access to Senior Management

Board members shall have full access to senior management, and the Chief Executive Officer shall be advised of significant contacts between Board members and senior management.

4. Access to Advisors Independent of Management

From time to time, it may be appropriate for the Board and Board committees to seek advice from outside advisors independent of management with respect to matters within their responsibility.

D. Performance Evaluation of the Board and Each Board Committee

At least annually, the Board shall conduct a self-evaluation of its performance and a performance evaluation of the Audit Committee, the Compensation Committee and the Nominating/Corporate Governance Committee. The purpose of the evaluations shall be to determine whether the Board and such committees

are functioning effectively. Also, each committee shall review its own performance at least annually.

E. *Training for the Board*

The Nominating/Corporate Governance Committee will consider training and education opportunities and make materials and/or programs available to enhance the abilities of the members of the Board to perform their responsibilities.

F. *Stockholder Communications with the Board of Directors*

Stockholders of the Company may contact any of the Company's directors by writing to them c/o C&D Technologies, Inc., 1400 Union Meeting Road, Blue Bell, Pennsylvania 19422, Attention: Corporate Secretary.

¹ No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. In addition a director is not independent if:

(a) The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company.

(b) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in director compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

(c) (A) The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.

(d) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on the compensation committee of that other company.

(e) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.