

1400 Union Meeting Road  
P.O. Box 3053  
Blue Bell, PA 19422-0858

May 8, 2009

Dear Fellow Stockholders:

Fiscal 2009 marked the return of C&D to its historic core business of Standby Power. Having made the strategic decision in late fiscal 2007 to divest our non-core businesses, the following year was dedicated to execution of the sale of these businesses, restructuring of our balance sheet and the repositioning of our 100-year old core business for a return to profitability and growth. With these actions successfully executed as we exited fiscal 2008, the foundation was laid for C&D's return to profitability and growth in fiscal 2009.

Beginning in the first quarter of the new fiscal year, C&D swung to its first profit in over two years, as skyrocketing lead costs were dealt with through new pricing practices combined with aggressive sourcing initiatives. Gross margin performance moved from single digits in the prior year to the mid-teens in the first quarter, propelled by continued volume growth and pricing improvements. Importantly, the investments we had been making in new product development were beginning to bear fruit, with the introduction of a major new product family, the msEndur<sup>®</sup> II, a new sealed battery system designed specifically for wireless telecommunications and an emerging niche market in the uninterrupted power supply (UPS) sector. This new battery family was followed by two more major product announcements through the year, a new "flooded" battery system for very large UPS applications, and a market leading "True Front Access" battery family for telecommunications. These products will complete their move into mass production in early fiscal 2010 and promise to open new market sectors for C&D, which had not been accessible until this time.

While not always a smooth climb, the first three quarters of the new fiscal year showed improving momentum of earnings and cash flow, which in turn supported our aggressive capital investment program to modernize manufacturing equipment and introduce our expanding new products into production. We set our near-term gross margin objectives at 20% and a longer term target at 25% gross margin, a target we continue to believe is attainable in a normalized economic environment.

While we were pleased with this progress, and the future potential of our new product pipeline, the fourth quarter of fiscal 2009 saw the full impact of the economic slowdown on our business. With our largest customers subjected to the brunt of the credit market squeeze and declining revenues from their customers in the face of severe economic uncertainty, C&D felt the impact through rapidly declining volumes and increasing pricing pressure in the market. In addition, the crash in commodity prices (lead and plastics) brought instability to our supply chain and led to an unusual situation in which recycled lead, that had become a staple for our business by the beginning of the year, was for a period of time more costly than virgin lead. We reacted with strong cost reduction measures to offset the softening market and new sourcing actions; however, the fourth quarter was severely impacted in the interim. While we were disappointed to end the year with an unprofitable quarter, the actions taken to deal with the economic downturn will bear fruit with a return to profitability now anticipated in the second half of the new fiscal year. We further anticipate a return to an expansion in gross margins and to once again be on a path toward our objectives in sustained business profitability. With our balance sheet strengthened well before the crisis emerged in the economy, we believe that we have sufficient liquidity to weather the current storm and look forward to emerging on the other side with a strong foundation for growth.

Looking to the future, we are excited about several opportunities that lie ahead. With the new battery designs now completed across all major product families at C&D, we are well positioned to grow our share of market in North America as the economy begins to recover in the later half of 2009. In fact, we have continued to build upon our market-leading shares in all major end markets in North America, even during the recent downturn, to remain the largest provider of standby power to the telecommunications, UPS and utility sectors. With economic recovery, we would anticipate an immediate strengthening in telecom, followed by the UPS sector. The utility sector, which we now refer to more broadly as “energy and infrastructure”, has continued to grow even in the current recession, fueled by investments in a refresh of the electrical transmission system in the U.S., and expansion of power generation with the increasing use of renewable sources, such as wind and solar power. C&D is well positioned to capitalize on this growing demand in the energy sector, having been a key supplier to the leading companies in this industry for decades. To capture this growth, we are investing more heavily in the products and services that we believe this emerging market will require in the years ahead.

While C&D’s historic revenues have been largely derived from North America, through a focused effort in recent years to expand our sales channels internationally, we have grown our international revenues to roughly 20% of the total. With our leading technology products and an excellent brand world-wide, we are now investing increasingly to accelerate this growth. Our new state-of-the-art manufacturing plant near Shanghai, China was a tremendous step toward acceleration of our growth in Asia last year. This new plant, the most modern in the world for industrial battery manufacturing, will allow us to transfer designs from the U.S. into our Asian operations rapidly over the next two years, creating an expansive low-cost manufacturing base to support growth in sales to our Asian customers. With the continuation of GDP growth in China and in India this year, even in the midst of a world-wide economic slowdown, combined with the stimulus investments that are now being made by these governments in their country’s infrastructure, C&D is well positioned to participate in the resulting expansion of wireless telecommunications networks, the growing demand for UPS systems to support data center expansion efforts, and the rapid growth of the energy generation and transmission infrastructure across Asia. With the hiring of a veteran industry leader for our Asian business as the year ended, we are extremely pleased with the growth prospects of our Asian business unit as we look ahead over the next few years. This is a relatively untapped \$1 billion-plus market for our products which, when combined with our new product designs, a low-cost manufacturing position and a world-recognized brand, offers an exciting vision for growth looking forward.

While the economic head-winds continue to impact our business as we enter the new fiscal year, we expect significant earnings improvement and accelerating growth as the year progresses. Our vision to be a leader in energy storage world-wide is not only realistic, but attainable in the years to come, as we focus on our core markets around the world and drive to be the recognized leader in providing the best technology and most reliable energy storage products to our global customers. In a world that is increasingly dependent upon reliable power and data, 24 hours a day, 365 days per year, we believe that C&D Technologies is ideally positioned to meet these objectives for our stockholders, our employees and our customers.

We thank you for your continued support and confidence in C&D Technologies.

Respectfully,



Kevin P. Dowd  
Chairman



Jeffrey Graves  
President and Chief Executive Officer