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**FAQS**  
**EXIDE TECHNOLOGIES, LLC BANKRUPTCY PROCEEDINGS**

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October 20, 2020

**1) What does it mean that Exide declared bankruptcy?**

In May 2020, Exide Technologies (Exide) filed for Chapter 11 bankruptcy, for the third time in two decades. Unlike its two prior bankruptcies, in this proceeding Exide sought to liquidate all its assets and cease all operations.

**2) What did the bankruptcy court decide?**

On October 16, a federal bankruptcy court allowed Exide to evade its obligations to care for and clean up lead and other toxic contamination at Exide's closed lead-acid battery recycling facility in Vernon, California, and released Exide and certain of its investors and creditors from financial liability for that contamination. DTSC strongly objected to Exide's plan to walk away from its cleanup obligations with no financial liability.

The court order requires Exide to continue to maintain the temporary protective structures and systems installed at the site to prevent release of contaminated water and dust containing lead and other metals until October 30. By that time, unless the court's order is stayed, responsibility for cleanup will transition an environmental trust or DTSC will step in to secure the property and oversee future cleanup.

On October 18, DTSC formally appealed the court's order and filed a motion in the United States District Court seeking to stay (i.e., suspend) the bankruptcy court's October 16 order while a formal appeal of that order can be heard.

**3) What does that mean for Exide?**

Unless the bankruptcy court's order is stayed, Exide no longer will have any physical or financial responsibility for the site, including its safety and contamination cleanup, as of October 30. Exide also will cease to exist as a functioning business entity and at some point, may petition a court to formally dissolve.

**4) What is an environmental response trust?**

An environmental trust is a caretaker entity that can assume responsibility for ownership, cleanup, and facilitation of property redevelopment. Creation and use of an environmental trust is not uncommon in situations involving orphaning of contaminated properties, particularly out of bankruptcy. The trust in this situation, if created, would be called the Vernon Environmental Response Trust (Vernon ERT).

The Vernon ERT would be created for the purposes of: 1) becoming the owner of Exide's property in Vernon; 2) cleaning up that property to the extent it can with available funds; 3) coordinating with DTSC and USEPA on the cleanup work and related budgets; 4) carrying out administrative and property management functions, such as paying utilities and property taxes; and 5) potentially selling or leasing the property.

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Under the Vernon ERT, DTSC would continue to oversee the Trustee's closure work and all investigation and cleanup work at the Vernon Property, including ensuring the Trustee maintains the Vernon Property. In addition, other regulatory agencies, such as the South Coast Air Quality Management District, will continue to regulate and oversee the Trustee's ongoing work at the Vernon Property that falls within the scope of their respective jurisdictions.

DTSC and the Trustee would be able to communicate with each other as needed. There would be no restriction on how or how often DTSC would directly communicate with the Trustee. In addition, DTSC would be able to request that the Trustee conduct monthly or periodic meetings.

The Trustee would also be required to submit several regular reports to DTSC. It would be required to submit annual reports, which would be required to include financial information and information regarding actions to be taken by the Trustee. It would also be required to submit reports to DTSC when an important adverse event or change occurs that affects the rights of the Vernon ERT or DTSC.

#### **5) What will DTSC's role be?**

DTSC's top priority is the health and safety of Californians and the environment. DTSC is appealing the court's order barring DTSC from seeking financial recovery from Exide and its creditors and will pursue other parties responsible for contamination at the Vernon facility during its operations.

If an Environmental Response Trust is created, the Trustee under DTSC's oversight would be responsible for the ongoing management of the Vernon Property, including ensuring containment measures and systems to keep contaminants from migrating offsite are maintained and ensuring resumption of contamination cleanup of the Vernon Property.

If Exide abandons the property on October 30, DTSC would use all its available authority to ensure that containment measures and systems to keep contaminants from migrating offsite are in place and functioning.