STATE OF CALIFORNIA

ENVIRONMENTAL PROTECTION AGENCY

DEPARTMENT OF TOXIC SUBSTANCES CONTROL

Exide Technologies 13000 Deerfield Parkway, Suite 200 Milton, Georgia 30004	)	HWCA No. 2014-6489 STIPULATION AND ORDER
In the Matter of: Exide Technologies 2700 South Indiana Avenue Vernon, California 90058	)	Health and Safety Code Section 25187
CAD 097854541 Respondent	)	

Whereas, Exide Technologies ("Exide") is an owner and operator of a lead-acid battery recycling facility located at 2700 South Indiana Avenue, Vernon, California 90058 (the "Facility"), which operates under interim status authorization from the California Environmental Protection Agency, Department of Toxic Substances Control (the "Department").

Whereas, the Department regulates the Facility pursuant to a comprehensive statutory and regulatory framework for the generation, handling, treatment, transport and disposal of hazardous waste, set forth in the Hazardous Waste Control Law (the "HWCL"), Health & Safety Code section 25100 *et seq*., and its implementing regulations, California Code of Regulations, title 22 ("Title 22"), section 66260.1 *et seq*.

Whereas, in February 2002, the Department issued a Corrective Action Consent Order, Docket No. P 3-01-02-010 (the "2002 Corrective Action Consent Order") regarding the Facility to Exide requiring corrective action. Exide remains subject to the requirements of the 2002 Corrective Action Consent Order.

Whereas, on November 4, 2013, the Bankruptcy Court (defined below) granted Exide's motion to enter into Stipulation and Order Docket HWCA: P3-12/13-010 OAH No. 2013050540, with the Department, and such Stipulation and Order was "so ordered" by the Department (the "2013 Stipulation and Order"). Exide remains subject to the requirements of the 2013 Stipulation and Order that was effective on November 4, 2013.

Whereas, certain disputes between Exide and the Department have arisen under the 2013 Stipulation and Order and the 2002 Corrective Action Consent Order, including, but not limited to, the scope of, and standards applicable to, appropriate interim and final risk-based corrective action clean-up levels.

Whereas, Exide has submitted a Part B hazardous waste facility permit application for the Facility (the "Hazardous Waste Permit Application") to the Department, which is under review by the Department.

Whereas, as part of its Hazardous Waste Permit Application, Exide submitted a proposed closure/post closure plan and proposed closure/post closure cost estimate pursuant to the applicable provisions of the HWCL and Title 22.

Whereas, disputes exist between the Department and Exide regarding Exide's Hazardous Waste Permit Application, including disputes regarding the Closure/Post Closure Plan (defined below), the Closure/Post Closure Cost Estimate (defined below), financial assurances for closure/post closure, and financial assurances for corrective action.

Whereas, on October 1, 2014, Exide submitted an updated closure/post closure plan (the "Closure/Post Closure Plan") and an updated closure/post closure cost estimate (the "Closure/Post Closure Cost Estimate") for both the Hazardous Waste Permit Application and its interim status requirements under Title 22, section 66265.1 *et seq.* The Department is reviewing

the Closure/Post Closure Plan and Closure/Post Closure Cost Estimate as part of the Hazardous Waste Permit Application.

Whereas, the Department cannot deem Exide's Hazardous Waste Permit Application complete for processing until all requirements are met, including a legally sufficient Closure/Post Closure Plan and the posting of financial assurance corresponding to the Closure/Post Closure Plan and Closure/Post Closure Cost Estimate.

Whereas, the Department has issued Summaries of Violation (defined below) for alleged violations at the Facility that remain outstanding as of September 30, 2014.

Whereas, the Department and Exide (collectively "the Parties") agree to resolve certain issues between them on the terms set forth in this Stipulation and Order ("Stipulation and Order"), including certain alleged deficiencies with the Hazardous Waste Permit Application. Additionally, the Parties seek to fully and finally resolve the Summaries of Violation, on the terms set forth herein.

Whereas, on June 10, 2013 (the "Petition Date"), Exide filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), Case No. 13-11482 (the "Bankruptcy Case"). As such, Exide is a debtor and debtor-in-possession. As used herein, "Exide" includes the debtor, debtor-in-possession and, subsequent to the Plan Effective Date (defined below), the reorganized debtor.

Whereas, Exide requires Bankruptcy Court authorization to enter into this Stipulation and Order, and Exide will seek approval from the Bankruptcy Court prior to the Department and Exide signing this Stipulation and the Department issuing its Order thereon.

Therefore, without any findings of fact, conclusions of law or admissions of liability, the Department and Exide enter into and agree to be bound by this Stipulation and Order as follows:

1. Jurisdiction to enter into this Stipulation and Order exists pursuant to Health and Safety Code section 25187 and Title 22.

2. This Stipulation and Order shall constitute settlement of various disputes addressed herein, including the Summaries of Violation, all on the terms provided herein. This Stipulation and Order does not limit the Department from taking appropriate enforcement action concerning other matters, including, but not limited to, enforcement of this Stipulation and Order, the 2002 Corrective Action Consent Order, or the 2013 Stipulation and Order.

3. The Parties agree no provision of this Stipulation and Order shall be construed as an admission of any wrongdoing or as a violation of any rule, law, statute, ordinance or regulation by Exide.

4. Exide waives the right to a further hearing and appeal with respect to the Settled Matters and the Initial Residential Off-Site Corrective Action Obligations, each as defined below.

FINANCIAL ASSURANCE FOR CLOSURE/POST CLOSURE

5. Exide will submit to the Department documentation demonstrating financial assurance for the Closure/Post Closure Plan in accordance with the terms outlined herein, which shall occur on or before October 31, 2014.

6. The Parties have agreed that financial assurance relative to closure/post closure of the Facility ("Closure/Post Closure Financial Assurance") and pursuant to Title 22 shall be posted as part of Exide's Hazardous Waste Permit Application and for its Interim Status

Document ("ISD") in the approximate amount of $38,660,000. The Closure/Post Closure Financial Assurance shall be comprised of:

(a) The existing hazardous waste financial guarantee bond, which is in the penal amount of $11,158,854 (as of August 2014) (the "Surety Bond"), which consists of $7,995,909.50 for closure and $3,162,949.50 for post closure, shall be maintained or renewed to meet the closure/post closure cost estimate; plus

(b) A closure/post closure trust fund (the "Closure/Post Closure Financial Assurance Trust Fund") to be created in favor of the Department to be funded in an aggregate amount of $27,500,000 (the "Closure/Post Closure Trust Fund Amount"), which consists of $23,044,303.50 for closure and $4,455,696.50 for post closure, as provided in Paragraph 7 below.

7. In order to address the Hazardous Waste Permit Application requirements of the Closure/Post Closure Plan and Closure/Post Closure Cost Estimates (Title 22, §§ 66264.142, 66264.144 & 66270.14(b)(15)-(16)), Exide shall make payments to the Closure/Post Closure Financial Assurance Trust Fund on the dates and in the amounts as follows:

(a) The sum of $500,000 shall be deposited in the Closure/Post Closure Financial Assurance Trust Fund upon its creation, which shall occur no later than October 31, 2014.

(b) The sum of $2,250,000 shall be deposited in the Closure/Post Closure Financial Assurance Trust Fund on the later of November 1, 2014 or the Stipulation Effective Date (as defined in Paragraph 57 below).

(c) The sum of $2,750,000 shall be deposited in the Closure/Post Closure Financial Assurance Trust Fund upon occurrence of each of the following:

(1) The effective date of Exide's Plan of Reorganization (the "Plan Effective Date"); and

(2) November 1, 2015.

(d) Beginning on November 1, 2016 and on each one-year anniversary thereafter through and including November 1, 2024, the sum of $2,138,888 shall be deposited in the Closure/Post Closure Financial Assurance Trust Fund until an aggregate amount of $27,500,000 is held by the trustee for the Closure/Post Closure Financial Assurance Trust Fund (not including amounts added by Exide to address inflation consistent with applicable regulations).

(e) Consistent with Title 22, including but not limited to, sections 66264.112, 66264.118, 66264.142, 66264.143, 66264.144, 66264.145, 66265.112, 66265.118, 66265.142, 66265.143, 66265.144, and 66265.145, the Department retains the right to modify or require the modification of the Closure/Post Closure Plan, the Closure/Post Closure Cost Estimate and the Closure/Post Closure Financial Assurance for the Facility based on information not now known by the Department as of September 1, 2014. In that event, the Department and Exide agree to modify the terms for payment into the Closure/Post Closure Financial Assurance Trust Fund so that the difference between the revised amount and the original amount paid or to be paid to the Closure/Post Closure Financial Assurance Trust Fund is paid to the Closure/Post Closure Financial Assurance Trust Fund in equal contributions to be paid in a ratable amount beginning on November 1 of the year in which such determination is made and each November

1 thereafter through and including November 1, 2024, and calculated based upon the number of years remaining through November 1, 2024.

(f) At the time the Department selects a final remedy or remedies based upon the Corrective Measures Study for on-site work (the "On-Site Corrective Action Remedy"), Exide may request to revise the Closure/Post Closure Plan to eliminate duplication, if any, and provide consistency between the Closure/Post Closure Plan and the On-Site Corrective Action Remedy. The Department agrees to evaluate such a proposal in accordance with applicable statutes and regulations. If the Department approves a modification of the Closure/Post Closure Plan, then Exide shall modify the Closure/Post Closure Cost Estimate and the Closure/Post Closure Financial Assurance consistent with the modified Closure/Post Closure Plan and in compliance with the HWCL and Title 22.

OFF-SITE CORRECTIVE ACTION

8. Exide will perform off-site corrective action in residential areas ("Residential Off-Site Corrective Action Liability") and industrial areas ("Industrial Off-Site Corrective Action Liability") as described below.

Residential Off-Site Corrective Action Pursuant to the Interim Measures Workplan

9. Exide's expenditures for Residential Off-Site Corrective Action Liability, inclusive of amounts required to be paid pursuant to the Department-approved interim measures workplan ("IMWP"), shall be limited to $9,000,000 ("Initial Residential Off-Site Corrective Action Obligations") solely for a period of five years from the Stipulation Effective Date, subject to the provisions below. Any adjustment to the scope of residential off-site corrective action as approved by the Department pursuant to the Residential Corrective Measures Study (prepared

pursuant to the 2002 Corrective Action Consent Order) shall not require Exide's expenditures to exceed the amount of the Initial Residential Off-Site Corrective Action Obligations during such five-year period. The limitation of $9,000,000 for the period of five years from the Stipulation Effective Date: (a) applies solely with respect to off-site contamination existing as of September 1, 2014, and not to a new release or threatened release of hazardous waste, hazardous constituents, or hazardous substances by Exide, if any; and (b) does not apply if Exide fails to reorganize and proceeds to liquidation, in which case the provisions of Paragraph 62 shall apply.

10. Promptly after the Stipulation Effective Date, Exide shall create a separate trust fund ("Residential Off-Site Corrective Action Trust Fund") to satisfy the Residential Off-Site Corrective Action Liability. Such trust fund shall be funded by an initial payment of $3,000,000 upon the later of the Department's written approval of the IMWP, following public comment, the Stipulation Effective Date, or November 1, 2014; and a payment of $3,000,000 on the Plan Effective Date; and payments of $1,500,000 each on the first and second anniversaries of the Plan Effective Date. Disbursements from the Residential Off-Site Corrective Action Trust Fund shall be made as set forth in Paragraphs 20 and 21 below.

11. Exide shall perform its obligations for the Residential Off-Site Corrective Action Liability pursuant to work plan(s) approved by the Department that include(s) the IMWP as it is approved by the Department following the public comment period that commenced on September 16, 2014. The Department shall meet with Exide before materially revising the IMWP to reflect any public comments in the IMWP; provided, however, that the Department retains the right in its discretion to modify the IMWP based upon comments from the public and Exide retains the right to invoke dispute resolution under this Stipulation and Order as to any material changes to the IMWP that was issued for public comment.

12. With respect to specific residential off-site corrective action (and as included in or in addition to the provisions of the IMWP), the Parties agree that:

(a) Subject to obtaining proper access agreements, Exide shall remediate the 39 properties identified by that certain Off-Site Soil Sampling Report dated February 18, 2014 (the "Original Residential Sampling Properties") and any property within the Northern or Southern Assessment Areas (as defined in the IMWP) using the Department and Office of Environmental Health Hazard Assessment ("OEHHA") risk based approach to define a "Preliminary Clean-up Goal" for lead of 80 mg/kg (95% Upper Confidence Limit ("UCL")). Exide may propose to modify the Preliminary Clean-up Goal as provided in subparagraph (d) below. Such modification to the Preliminary Clean-up Goal must be consistent with the Department and OEHHA guidance. The Department will determine the "Final Clean-up Goal." Determination of the Final Clean-up Goal may require revisions to the IMWP and subsequent public notice and comment. Any administrative costs incurred by Exide associated with establishing a Final Clean-up Goal (e.g., sampling costs, professional fees and application costs) shall not be included when calculating whether the $9,000,000 limit described in Paragraph 9 of this Stipulation and Order has been reached within the applicable five-year period.

(b) Interior cleaning of every home where soil remediation of the home's yard is required will be performed as set forth in the Department-approved IMWP.

(c) The initial geographic boundary for additional soil investigation to determine the extent of lead contamination in residential areas is shown on Figures 2A and 2B on the Off-Site Sampling Work Plan Addendum, dated July 26, 2014.

(d) A background study for lead was conducted by Exide and has been approved by the Department. That study has been used to establish a background level for lead of less than 80 mg/kg and a Preliminary Clean-up Goal for the area surrounding the Facility. If additional information that is collected during implementation of the IMWP establishes that the current background level is not representative of Los Angeles County (including unincorporated areas contained therein), Exide may propose a revision to the current background number. Any background level for lead will be developed pursuant to methodologies described in the Department's document titled: "Appendix B Strategies for Establishing and Using Background Estimates of Metals in Soil of Proven Technologies and Remedies Guidance – Remediation of Metals in Soils." Once the additional background study is complete, the Final Clean-up Goal for lead shall be 80 mg/kg (95% UCL) or background, whichever value is higher.

(e) Clean-up by Exide at the Original Residential Sampling Properties and any properties in the Northern or Southern Assessment Areas requiring clean-up as approved by the Department will begin immediately after completion of public review and comment on the IMWP and receipt of written approval to proceed from the Department. Unless modified by the Department following public comment, Exide will prioritize clean-up of the properties in accordance with the guidance provided in the Department's July 2014 comment letter on the IMWP. Exide will complete the work as expeditiously as possible, but in no event at an average rate of fewer than 2.5 homes per week.

ADDITIONAL OFF-SITE RESIDENTIAL CORRECTIVE ACTION

13. No later than four (4) years and six (6) months after the Stipulation Effective Date, Exide shall submit a Residential Corrective Measures Study to address all properties impacted by Facility operations that were not investigated or remediated during the initial five-year period, and will not be addressed as part of continued Interim Measures activities. No later than thirty (30) days upon the later of approval of the Residential Corrective Measures Study by the Department or the fifth anniversary of the Stipulation Effective Date, Exide will deposit additional funds into the Residential Off-Site Corrective Action Trust Fund (from the date of such deposit, the "Augmented Residential Off-Site Corrective Action Trust Fund") as required to pay for additional items identified by the Residential Corrective Measures Study or agreed to be completed as a continuation of the Interim Measures activities, on a schedule to be approved by the Department consistent with applicable regulatory law. Following approval of the Residential Corrective Measures Study, the Department shall prepare a remedy selection document for public review and comment. The Department will prepare a remedy decision document after public review. If the remedy decision document requirements differ from the approved Residential Corrective Measures Study, Exide shall adjust the Augmented Residential Off-Site Corrective Action Trust Fund within sixty (60) days that the decision is rendered in amounts determined consistent with the formula set forth in the following sentence. Unless otherwise agreed to by the Department, Exide shall make the payments into the Augmented Residential Off-Site Corrective Action Trust Fund on an annual basis, and each payment shall equal the total estimated cost of the residential corrective action remedy selected by the Department less any amounts then remaining in the Residential Off-Site Corrective Action Trust Fund to the extent not needed to pay for previously identified remediation that

remains to be performed pursuant to the IMWP, divided by the estimated number of years (according to the schedule approved by the Department) to complete that selected remedy or ten (10) years, whichever is shorter.

INDUSTRIAL OFF-SITE CORRECTIVE ACTION LIABILITY

14. Exide shall continue with the emergency response interim measures as conditionally approved by the Department in that letter dated January 13, 2014 ("Emergency Response Interim Measures") that is attached hereto as Exhibit A.

15. In addition, Exide shall continue to investigate off-site industrial locations pursuant to all approved investigation workplans, including any approved modifications thereto, required as part of the 2002 Corrective Action Consent Order. Upon the later of the fifth anniversary of the Stipulation Effective Date or the completion of the Industrial Off-Site Corrective Measures Study (the "Industrial Off-Site Corrective Action Start Date"), Exide will implement the remedy selected by the Department (using the Department's risk based approach).

16. No later than the Industrial Off-Site Corrective Action Start Date, Exide shall create a separate trust fund in order to pay for the Industrial Off-Site Corrective Action Liability (the "Industrial Off-Site Corrective Action Trust Fund"). The remedy to address the Industrial Off-Site Corrective Action Liability (the "Industrial Off-Site Corrective Action Remedy") shall be selected by the Department based on a remedy decision document after public review and will identify the elements of the remedy (which shall include all remedial design, construction, remedial action, operation and maintenance, long-term stewardship (e.g. land use covenants) required to meet the remedial action goals, and certification of the remedial action), the estimated cost of implementing each element, and estimated time to complete that element. The Industrial Off-Site Corrective Action Trust Fund shall be funded by Exide

consistent with the requirements of Title 22, section 66264.143. The Industrial Off-Site Corrective Action Trust Fund shall be funded by annual payments made over ten (10) years. The amount of each annual payment into the fund will be based on the total estimated cost of all of the elements of the remedy selected by the Department; provided, however, those portions of the foregoing costs that are attributable to elements of the Industrial Off-Site Corrective Action Remedy shall be funded in equal amounts over the estimated number of years required to complete such work for each element or ten (10) years, whichever is less. The annual cost amount for each element shall be aggregated, and the sum will be the total annual payment. Because there will be different implementation periods for each element, the amount of the total annual payment may vary from year to year. The full amount of such funding shall be equal to the cost estimate for the Industrial Off-Site Corrective Action Remedy selected by the Department. For non-emergency interim measures industrial clean-up, any clean-up of off-site industrial locations shall (a) be conducted pursuant to the 2002 Corrective Action Consent Order and (b) be paid with funds that are in addition to the amounts identified for payment of Exide's Residential Off-Site Corrective Action Liability.

ON-SITE CORRECTIVE ACTION, INCLUDING GROUNDWATER CONTAMINATION

17. By December 31, 2016, or as extended by the Department, Exide shall submit to the Department an On-Site Corrective Measures Study. Remedy selection for on-site corrective action shall be in accordance with the 2002 Corrective Action Consent Order and based upon clean-up alternatives outlined in the On-Site Corrective Measures Study. Exide will prepare a detailed cost estimate for the remedy selected by the Department and for the operation and maintenance of the remedy for the Department's review and approval once the Department approves a remedy for corrective measures. Consistent with the 2002 Corrective Action Consent

Order, the Department shall prepare a remedy selection document for public review and comment following the approval of the On-Site Corrective Measures Study. The On-Site Corrective Action Remedy will be selected by the Department based upon a remedy decision document after public review and will identify the elements of the remedy (which shall include all remedial design, construction, remedial action, operation and maintenance, long-term stewardship (e.g. land use covenants) required to meet the remedial action goals, and certification of the remedial action), the estimated cost of implementing each element, and estimated time to complete that element. If the On-Site Corrective Action Remedy requirements differ from the approved On-Site Corrective Measures Study, Exide shall adjust funds to be deposited in the trust described in Paragraph 18 below within sixty (60) days of such decision; the amount and timing of such adjustment to be determined consistent with the provisions set forth in Paragraph 18 below.

18. Within thirty (30) days after preparation of the remedy selection document, Exide shall create a financial assurance trust fund (the "On-Site Corrective Action Trust Fund"). The On-Site Corrective Action Trust Fund shall be funded by Exide consistent with the requirements of Title 22, section 66264.143. The On-Site Corrective Action Trust Fund shall be funded by annual payments made over ten (10) years. The amount of each annual payment into the fund will be based on the total estimated cost of all of the elements of the On-Site Corrective Action Remedy selected by the Department; provided, however, those portions of the foregoing costs that are attributable to elements of the On-Site Corrective Action Remedy shall be funded in equal amounts over the estimated number of years required to complete such work for each element or ten (10) years, whichever is less. The annual cost amount for each element shall be aggregated, and the sum will be the total annual payment. Because there will be

different implementation periods for each element, the amount of the total annual payment may vary from year to year. The full amount of such funding shall be equal to the cost estimate for the on-site corrective action remedy selected by the Department, without duplication for elements of the corrective measures already included within the Closure Plan. This trust fund shall be updated with an annual payment to address inflation for the life of the trust.

REIMBURSEMENT/PAYMENTS FROM SPECIFIED TRUST FUNDS

19. The trust funds for off-site and on-site corrective action ("Corrective Action Trust Funds") may be maintained in separate trusts or a single trust provided that the funds to be deposited as required herein with respect to each specific trust are not commingled and separate accounting is maintained. Unless approved or directed by the Department, funds deposited in one Corrective Action Trust Fund may not be used for payment of amounts other than for those costs and expenses identified above that are specifically designated for payment from such Corrective Action Trust Fund. Exide agrees to preserve the Corrective Action Trust Funds as financial assurances consistent with the HWCL and Title 22.

20. Work performed by Exide, or at the direction of Exide, to address a corrective action approved by the Department shall be eligible for reimbursement or payment from an applicable Corrective Action Trust Fund ("Reimbursable Items") as specified in this Paragraph. With respect to the Residential Off-Site Corrective Action Trust Fund, payments shall be made to Exide from that fund to the extent Exide has paid a Reimbursable Item or to third parties to the extent a Reimbursable Item is incurred by Exide but not yet paid, pursuant to the procedures outlined in Paragraph 21 below. As to Corrective Action Trust Funds other than the Residential Off-Site Corrective Action Trust Fund, consistent with the requirements of Title 22, sections 66264.143(a)(7) and 66265.143(a)(7), Reimbursable Items may be paid from a

particular Corrective Action Trust Fund pursuant to the procedures outlined in Paragraphs 21 and 22 below if the total amount of such Corrective Action Trust Fund is greater than the total amount estimated to be required to pay for all of the remaining corrective actions to be funded from the applicable Corrective Action Trust Fund.

21. In the event that Reimbursable Items are permitted to be paid as specified in Paragraph 20 above, payments shall be made to Exide from the applicable Corrective Action Trust Fund to the extent Exide has paid a Reimbursable Item or to third parties to the extent a Reimbursable Item is incurred by Exide but not yet paid. Such disbursements shall be made from the applicable Corrective Action Trust Fund on a monthly basis through the submission by Exide of statements (each, a "Disbursement Request") to the Department and to the trustee(s) under the applicable trust fund (the "Trustee(s)"), including reasonable detail and back-up material, invoices, and/or other reasonable similar documentation. The Department shall have thirty (30) business days after receipt of a Disbursement Request to advise Exide and the applicable Trustee of any need for additional information or any objection to matters contained within or covered by such Disbursement Request (collectively, an "Objection"), failing which the Department will have consented to the disbursement by the applicable Trustee of amounts covered by such Disbursement Request and the applicable Trustee shall pay the amount shown on the Disbursement Request to Exide or to the third parties, as applicable, within five (5) business days after expiration of the deadline to either object or request additional information. If the Department timely notifies Exide and the applicable Trustee of an Objection to items contained in a Disbursement Request, the Trustee shall withhold the payment of amounts relating to such Objection, but shall otherwise pay to Exide or the third parties as applicable, all other amounts identified in the Disbursement Request. The Department and Exide agree to attempt to

resolve any Objection within fifteen (15) business days after notification thereof through good faith communications and the provision of additional documentation. In the event the Objection has not been resolved within such fifteen (15) business day period, the Parties shall submit such Objection for dispute resolution pursuant to the provisions set forth in Paragraph 51 below.

22. The Department will agree to termination of the applicable Corrective Action Trust Fund: (1) if Exide substitutes alternative financial assurance consistent with Title 22; or (2) upon completion of the work to be addressed by the applicable Corrective Action Trust Fund. If there is sufficient other financial assurance for all remaining on-site and off-site corrective action, the Department shall instruct the Trustee to pay any remaining funds in the applicable Corrective Action Trust Fund to Exide and terminate such Corrective Action Trust Fund. If other Corrective Action Trust Fund(s) do not have sufficient financial assurance to complete all required work, then the Department may direct the transfer of funds deposited from the Corrective Action Trust Fund for which work has been completed to a Corrective Action Trust Fund for which funding is insufficient to complete the required work and terminate such Corrective Action Trust Fund. In the event of a transfer between Corrective Action Trust Funds, the amount transferred may be a credit against Exide's required annual payment into the receiving Corrective Action Trust Fund.

23. With respect to any request from Exide to reduce the Closure/Post Closure Financial Assurance Trust Fund, the Department shall evaluate the request, including whether there is a duplication of elements of the Corrective Measures Study already included within the Closure/Post Closure Plan, and determine whether it is appropriate to instruct the Trustee to release funds to Exide. Any determination regarding the release of such funds shall be consistent with applicable regulatory law and this Stipulation and Order.

SETTLED MATTERS

24. No later than three (3) days after occurrence of the Stipulation Effective Date, Exide shall pay to the Department the sum of $1,286,373.80 (the "Settlement Payment") in full and complete settlement solely for any monetary claims, fines, penalties or other monetary liability with respect to: (a) the Summaries of Violations (defined below), the violations alleged herein, and any HWCL or Title 22 violations that the Department could have alleged against Exide based on facts known to the Department as of September 30, 2014 ($526,345.00 of the Settlement Payment); and (b) the unpaid costs incurred by the Department after the Petition Date through August 31, 2014, in connection with the 2002 Corrective Action Consent Order, the 2013 Stipulation and Order and work related to compliance with the California Environmental Quality Act (the remaining $760,028.80 of the Settlement Payment) (collectively with the allowed claims described in Paragraph 25 below, the "Settled Matters"). The Settlement Payment shall be paid by cashiers' check to the California Department of Toxic Substances Control and mailed to: DTSC Accounting Office, 1001 I Street, P.O. Box 806, Sacramento, CA 95812-0806, or by wire transfer pursuant to instruction provided by the Department upon Exide's request to pay by wire transfer.

25. In addition to the Settlement Payment, the Department shall have an allowed unsecured claim for the Department's pre-petition oversight costs in the amount of $79,542.09, and an allowed unsecured claim for pre-petition penalties in the amount of $632,760.00.

26. Other than the violations and costs covered under the Settled Matters, the Department represents that it does not know of other violations of the HWCL or Title 22 through September 30, 2014, that it will assert against the Exide Parties (defined below) or of other costs

actually incurred by the Department through August 31, 2014, for which it will seek recovery from Exide.

27. Notwithstanding anything contained in this Stipulation and Order, nothing is a Settled Matter except as provided in Paragraphs 24 and 25 above, and Settled Matters do not include, without limitation: (x) the Department's costs attributable to work performed, or costs incurred, by the Department after August 31, 2014; (y) the injunctive liabilities of Exide pursuant to the 2002 Corrective Action Consent Order, the 2013 Stipulation and Order, this Stipulation and Order, or any other injunctive orders the Department may issue or obtain from a court of competent jurisdiction in connection with the Facility; (z) penalties based on violations by Exide of the HWCL or Title 22 related to facts and circumstances not known by the Department on or before September 30, 2014; (aa) response costs, including oversight costs, in connection with Exide's ownership or operation of the Facility which the Department may incur after August 31, 2014; and (bb) the Department's protective claim for response costs under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601 *et seq.*, and the Carpenter-Presley-Tanner Hazardous Substances Account Act ("HSAA"), Health & Safety Code § 25300 et seq., set forth in the Department's December 6, 2013 proof of claim number 3301 in the Bankruptcy Case (the "Proof of Claim"), a copy of which is attached as Exhibit B (collectively, "Excluded Matters").

28. Release of Settled Matters. Upon payment of the Settlement Payment, and except as provided herein, the Department shall be deemed to release Exide, its predecessors, successors, assigns, and affiliated subsidiaries, and all of their officers, directors, agents, employees, consultants, and insurers (collectively, the "Exide Parties") from monetary claims, fines, penalties, or other monetary liabilities solely for the Settled Matters; provided,

however, that this release shall be null and void if the Department is required by Final Order to disgorge the Settlement Payment, or any part thereof; provided, further that the Department will be under no obligation to raise a defense or otherwise challenge the disgorgement action. For the avoidance of doubt, the provisions of this Paragraph are only intended to address monetary claims, fines, penalties and other monetary liability included in the Settled Matters. The settlement of monetary claims, fines, penalties and other monetary liabilities included in Paragraphs 24 and 25 is not intended to, nor shall it be construed, to release, waive or otherwise modify the Excluded Matters including, without limitation, the Department's right to take enforcement action against Exide to ensure compliance with the requirements of environmental laws and regulations within the Department's jurisdiction, or to otherwise affect Exide's injunctive obligations pursuant to any applicable order or consent decree including, without limitation, the 2002 Corrective Action Consent Order, the 2013 Stipulation and Order, this Stipulation and Order, or such injunctive orders that the Department or a court of competent jurisdiction may issue to Exide in connection with the Facility. Except for the Settled Matters, nothing in this Stipulation and Order is intended to, or shall be construed to, relieve Exide of any liability that Exide may have for releases or threatened releases of hazardous substances or the discharge of hazardous wastes or hazardous waste constituents at or from the Facility as the owner or operator of the Facility.

SUMMARIES OF VIOLATIONS AND COMPLIANCE ACTIONS TO RESOLVE SPECIFIC SUMMARIES OF VIOLATIONS

29. "Summaries of Violations" are defined to include the following: (1) The Summary of Violations issued by the Department to Exide on October 23, 2013, alleging certain violations of the following regulatory provisions: Title 22, sections 66265.31, 66265.171, and 66265.173(a); (2) the two Summaries of Violations issued by the Department to Exide on August 12, 2014 alleging certain violations of the following regulatory provisions: Title 22, sections 66265.1101(c)(1) and 66265.1101(c)(4); and (3) violations alleged in letters and reports from the Department to Exide for violations known by the Department prior to September 30, 2014.

30. The Department alleges the following violations by Exide and orders the respective compliance actions set forth below. Without admitting liability as to the Department's allegations contained in this Paragraph 30, Exide has taken compliance actions to address the alleged violations and Exide shall take further compliance actions as follows:

VIOLATIONS ALLEGED BY THE DEPARTMENT IN 2013

(1) Storing waste in open containers: Exide violated Title 22, section 66265.173(a), in that on or about September 20 and 27, 2013, Exide stored containers holding hazardous waste in open containers when hazardous waste was not being added or removed from the containers, to wit: several trailers containing hazardous waste in the staging area were stored open when hazardous waste was not being added or removed from the trailers.

Effective immediately, Exide shall keep closed all containers holding hazardous waste during transfer and storage, except when it is necessary to add or remove waste from the container.

(2) Failure to minimize the possibility of release – leaking trailers onsite: Exide violated Title 22, section 66265.31, in that on or about August 13, September 20 and 27, and October 4, 2013, Exide failed to minimize the possibility of an unplanned sudden or non-sudden release of hazardous waste or hazardous waste constituents to air, soil or surface water which could threaten human health or the environment, to wit: on the above dates, Exide stored hazardous waste plastic chips in trailers in the staging area that were leaking.

Effective immediately, Exide shall maintain and operate the Facility to minimize the possibility of a fire, explosion, or any unplanned sudden or non-sudden release of hazardous waste or hazardous waste constituents to air, soil, or surface water which could threaten human health or the environment. Exide shall ensure that all containers used to accumulate and store hazardous waste are sound and do not leak.

(3) Failure to transfer waste from leaking container to sound container: Exide violated Title 22, section 66265.171, in that on or about August 13, September 20 and 27, and October 4, 2013, Exide failed to transfer hazardous waste from a container that was not in good condition and leaking into a container that was in good condition or to manage the hazardous waste in some other way that complies with applicable requirements.

Effective immediately, Exide shall store hazardous waste in containers that are in good condition and manage them in a way to prevent them from leaking. If any container of hazardous waste is found that is not in good condition and/or leaking, Exide shall immediately transfer the waste

into a container that is in good condition or manage the waste in some other way that complies with applicable requirements.

(4) Failure to inspect waste handling areas: Exide violated Title 22, sections 66265.15 and 66265.174, in that Exide failed to inspect all areas used for container storage or transfer, at least weekly, looking for leaking containers and for deterioration of containers and the containment system caused by corrosion or other factors, to wit: Exide failed to inspect trailers holding hazardous waste in the staging area for leaks and deterioration.

Effective immediately, Exide shall inspect all areas used for hazardous waste container storage or transfer, at least weekly, looking for leaking containers and for deterioration of containers and the containment system caused by corrosion or other factors. Such weekly inspection shall be documented by Exide to include the date and time of the inspection, the name of the inspector, a notation of the observations made, and the date and nature of any repairs or other remedial actions, and such documentation shall be made available to the Department promptly upon request.

VIOLATIONS ALLEGED BY THE DEPARTMENT IN 2014

(5) Lack of leak detection system for Containment Building: Exide violated Title 22, section 66265.1101(b)(3), in that on or about August 5, 2014, and for a period of time prior thereto, Exide failed to maintain a functioning secondary containment system including a leak detection system that is capable of detecting failure of the primary barrier.

Exide shall not manage hazardous waste with Free Liquids (including the hazardous waste referred to by Exide as “Feed Material” with Free Liquids for the Reverb Furnace, or liquid

hazardous waste) on the floor of the Upper and Lower Feed Rooms and the corridor connecting to the Blast Furnace Feed Room in the Containment Building (collectively referred to herein as "the Secondary Containment Areas"), unless there is a functioning secondary containment system with a leak detection and removal system approved by the Department. The term Free Liquids shall have the same meaning as in Title 22, section 66260.10. The terms Feed Material for the Reverb Furnace, Upper and Lower Feed Rooms, Blast Furnace Feed Room, and Containment Building shall have the same meaning as in Exide's hazardous waste facility permit application dated August 4, 2014.

Exide shall immediately implement the sampling activities provided for in the revised October 16, 2014 Sampling Work Plan, Containment Building Leak Detection System, prepared by Advanced GeoServices, as approved by the Department on October 22, 2014. No later than November 24, 2014, Exide shall complete the required sampling and analysis and submit to the Department a technical memorandum that includes a preliminary data summary of the sampling results. No later than December 15, 2014, Exide shall submit a draft Final Sampling Plan Report to the Department for review and comment. Exide shall address all Department comments and shall submit the Final Sampling Plan Report to the Department by January 2, 2015.

No later than October 31, 2014, Exide shall provide the Department with planning, schedule and design documents to remove all hazardous waste with Free Liquids from the Secondary Containment Areas. Once the Department approves the scheduling and design documents and the SCAQMD approves a material handling mitigation plan, Exide shall immediately commence removal of hazardous waste with Free Liquids from the Secondary Containment Areas as approved by the Department. No hazardous waste with Free Liquids shall

be placed in the Secondary Containment Areas until specifically authorized by the Department in writing.

If Exide performs the necessary testing required by Title 22, section 66265.1101(b) to determine that a portion of the hazardous waste "Feed Material" within the Upper and Lower Feed Rooms, the corridor, and the Blast Furnace Feed Room does not contain Free Liquids, then Exide shall place a liner material approved by the Department under that portion of the hazardous waste. The liner material shall be designed to ensure that any liquids which may potentially be released are contained. Exide shall conduct daily monitoring and inspection for the release of liquids from the hazardous waste placed on the liner material. If the hazardous waste placed on the liner material releases any liquids, then Exide shall remove the portion of the hazardous waste releasing the liquids and manage it in accordance with the approved Final Sampling Plan with respect to the removal of hazardous waste from the Secondary Containment Areas.

If the hazardous waste from the Secondary Containment Areas is removed from the Exide Facility, it must be transported as a hazardous waste and managed at a properly authorized facility in accordance with all applicable laws and regulations. If the hazardous waste from the Secondary Containment Areas is stored at the Exide Facility, it must be stored in accordance with Department requirements and with all applicable laws and regulations. All hazardous waste stored on site at the Facility shall be monitored and inspected daily. The Department will authorize placement of hazardous waste with Free Liquids on the floor of the Secondary Containment Areas only after Exide has demonstrated to the Department that the Secondary Containment Areas are in compliance with all applicable Title 22 requirements. These requirements include, but are not limited to, having the final leak detection and removal system

installed and fully operational after a Class 2 permit modification is approved by the Department, if operation is sought by Exide during interim status.

No later than November 7, 2014, Exide shall submit a proposed leak detection and removal system design meeting the requirements of Title 22, section 65265.1101(b)(3) for the Department's review. Exide shall address all Department comments and submit a final design and work plan for repair of the existing leak detection and removal system or installation of a new leak detection and removal system that meets Department requirements. The final design and work plan shall be delivered to the Department for approval prior to the start of construction. The final design and work plan will also be used in support of Exide's Class 2 permit modification request, if any, required to bring the Secondary Containment Areas into compliance with regulatory requirements in section 66270.1101 of Title 22.

No later than December 15, 2014, Exide must demonstrate to the Department that a release of hazardous waste has not occurred at or from the Secondary Containment Areas.

All activities implemented in the Containment Building and at all other locations at the Facility shall be implemented in accordance with Department, California and federal worker health and safety requirements.

(6) Cracks and gaps of the protective coating in the Containment Building:

Exide violated Title 22, section 66265.1101(c)(1)(A), in that on or about August 5, 2014, Exide failed to maintain the primary barrier of the containment building free of significant cracks, gaps, corrosion, or deterioration that could cause hazardous waste to be released from the primary barrier, to wit: two areas in the floor in the East Corridor near the

Blast Feed Room contained erosion of coating approximately two to five feet in diameter and an inch to an inch and a half deep.

Prior to placing hazardous waste in the Containment Building, Exide shall repair the two areas of erosion of the concrete floor in the East end of the corridor in the Containment Building near the Blast Feed Room, in accordance with Title 22, section 66265.1101(c)(3).

(7) Failure to inspect the leak detection system in the containment building: Exide violated Title 22, section 66265.1101(c)(4), in that on or about August 11, 2014, and for a period of time prior thereto, Exide failed to inspect the Containment Building and the area surrounding the Containment Building at least once every seven days to detect signs of releases of hazardous waste.

Effective immediately, Exide shall inspect the Containment Building, and the area surrounding the Containment Building, and document those inspections in the Facility's Operating Record as required pursuant to Title 22, section 66265.73.

(8) Mismanagement, failure to minimize a release: Exide violated Title 22, section 66265.31, in that on or about August 25, 2014, Exide failed to maintain and operate the Facility to minimize the possibility of any unplanned sudden or non-sudden release of hazardous waste or hazardous waste constituents to air, soil or surface water which could threaten human health or the environment.

Effective immediately, Exide shall maintain and operate the Facility in a manner to minimize the release of hazardous waste or hazardous waste constituents.

No later than November 9, 2014, Exide shall submit to the Department a plan to minimize the escape of fugitive dust from the doors and any other openings at the Containment Building at the Facility, and to enhance the current cleaning procedures of removing dust and debris containing hazardous waste levels of lead and other constituents in areas outside of the Containment Building, including but not limited to, removal of finely divided debris found in the corners and at the base of the Containment Building and other buildings, parking lots, and unpaved areas of the Facility. The Department may direct Exide to make modifications to this plan.

ADDITIONAL VIOLATIONS ALLEGED BY THE DEPARTMENT

(9) Installation and use of a rotary dryer, an unauthorized hazardous waste treatment unit: Exide violated Title 22, section 66270.42 in that, since August 8, 2014, and for a period of time prior thereto, Exide operated a rotary dryer to treat hazardous waste plastic chips in its recycling process without prior authorization from the Department.

Effective immediately, Exide shall not use the rotary dryer without first obtaining authorization from the Department, either through approval of a modification of its interim status authorization to use the rotary dryer during interim status or through a hazardous waste facility permit to use the rotary dryer in the Facility's treatment process. The Department will take appropriate actions to process an Exide application for modification of its interim status authorization to use the rotary dryer during interim status. If Exide does not seek a modification of its interim status authorization from the Department to operate this dryer, then Exide shall, no later than November 9, 2014, submit a closure plan and implementation schedule to the Department for closure of this rotary dryer. Exide shall implement the closure plan and schedule with respect to the rotary dryer as approved or modified by the Department. If Exide applies for, but does not

receive, authorization from the Department to add the rotary dryer to its process during interim status, Exide shall complete closure of the rotary dryer in accordance with a plan approved by the Department no later than 60 days after the Department's final determination on Exide's permit modification.

(10) Mismanagement, failure to minimize a release: Exide violated Title 22, section 66265.31, in that on or about August 25, 2014, Exide failed to maintain and operate the Facility to minimize the possibility of any unplanned sudden or non-sudden release of hazardous waste or hazardous waste constituents to air, soil, or surface water which could threaten human health or the environment. Dust/debris exceeding hazardous waste regulatory limits for lead and cadmium were found outside of the south exit door of the Containment Building, the employee parking lot, the rail spur, the areas around the Storm Water Retention Pond, the portions of Indiana Street adjacent to the Facility, the fence line area of the West Yard, and the unpaved area(s) adjacent to the Cooling Tower.

Effective immediately, Exide shall maintain and operate the Facility in a manner to minimize the release of hazardous waste or hazardous waste constituents.

No later than November 9, 2014, Exide shall submit to the Department a plan to minimize the escape of fugitive dust from the doors and any other openings of the Containment Building at the Facility, and to enhance the current cleaning procedures of removing dust and debris containing hazardous waste levels of lead and other constituents in areas outside of the Containment Building, including but not limited to, removal of finely divided debris found in the corners and

at the base of the Containment Building and other buildings, parking lots, and unpaved areas of the Facility. The Department may direct Exide to make modifications to this plan.

31. Submittals: All submittals from Exide pursuant to this Stipulation and Order shall be sent to:

Stewart W. Black
Deputy Director
Department of Toxic Substances Control
1001 I Street; P.O. Box 806
Sacramento, California 95812

Paul Kewin
Division Chief, Hazardous Waste Management Program
Department of Toxic Substances Control
1001 I Street, P.O. Box 806
Sacramento, California 95812

Rizgar A. Ghazi, P.E.
Branch Chief, Office of Permitting
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, CA 95826

Edward Nieto
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826

Bill Veile
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826

Peter Ruttan
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826

Nancy Bothwell
Office of Legal Affairs
Department of Toxic Substances Control
1001 I Street; P.O. Box 806
Sacramento, California 95812

All correspondence to Exide pursuant to this Stipulation and Order shall be sent to:

Chuck Giesige
VP – Recycling Operations – Americas
Building 200
13000 Deerfield Parkway
Milton, GA 30004

Tom Strang
VP – Environmental, Health & Safety
Building 200
13000 Deerfield Parkway
Milton, GA 30004

Fred Ganster
Environmental Health & Safety
3000 Montrose Avenue
Reading, PA 19605

John Hogarth, Plant Manager
Vernon Recycling Center
2700 S. Indiana Street
Vernon, California 90058

Christine Graessle
Assistant General Counsel
Building 200
13000 Deerfield Parkway
Milton, GA 30004

32. Communications: All approvals and decisions of the Department made regarding such submittals and notifications shall be communicated to Exide in writing by the Department's Deputy Director, Brownfields and Environmental Restoration Program, or his/her designee on permitting and corrective measures issues until appointment of a Deputy Director of

Permitting and, thereafter, by either the Deputy Director or his/her designee depending on whether the notice pertains to corrective measures or permitting. No informal advice, guidance, suggestions, or comments by the Department regarding reports, plans, specifications, schedules, or any other writings by Exide shall be construed to relieve Exide of its obligation to obtain such formal approvals as may be required.

33. Quality Assurance: All sampling and analyses performed by Exide under this Stipulation and Order shall follow applicable Department and U.S. Environmental Protection Agency guidance for sampling and analyses. Workplans shall contain quality assurance/quality control and chain of custody procedures for all sampling, monitoring, and analytical activities. Any deviations from the approved workplans must be approved by the Department prior to implementation, must be documented, including reasons for the deviations, and must be reported in the applicable report.

The names, addresses, and telephone numbers of the California State-certified analytical laboratories Exide proposes to use must be specified in the applicable workplans.

All workplans required under this Stipulation and Order shall include data quality objectives for each data collection activity to ensure that data of known and appropriate quality are obtained and that data are sufficient to support their intended uses.

34. Department Review and Approval: If the Department determines that any report, plan, schedule, or other document submitted for approval pursuant to this Stipulation and Order fails to materially comply with this Stipulation and Order or fails to protect public health, safety or the environment, the Department may:

(a) Modify the document as deemed necessary and approve the document as modified.

(b) Return the document to Exide with recommended changes and a date by which Exide must submit to the Department a revised document incorporating the recommended changes.

(c) Revise the document if Exide does not adequately address the Department's recommended changes to the submittal.

(d) Conditionally approve Exide's initial or revised document.

(e) Exide reserves the right to invoke dispute resolution as to any determination by the Department including matters relating to the foregoing.

35. Compliance with Applicable Laws: Exide shall carry out the obligations under this Stipulation and Order in compliance with all local, State, and federal requirements, including but not limited to requirements to obtain permits and to assure worker safety. Except as otherwise set forth herein, nothing in this Stipulation and Order shall excuse Exide from meeting any more stringent requirement that may be imposed by any applicable law or by any change in applicable law. Except as otherwise set forth herein, nothing in this Stipulation and Order is intended nor shall it be construed to preclude any other State or local agency, department, board, or entity from taking appropriate enforcement actions or otherwise exercising its authority under any law, statute or regulation.

36. Endangerment during Implementation: In the event that the Department determines that any circumstances or activities (whether or not occurring or conducted in compliance with this Stipulation and Order) are creating an imminent or substantial danger to the health or welfare of people on the Facility or in the surrounding area or to the environment, the Department may order Exide to stop further implementation for such period of time as needed to abate the endangerment (a "Stop Work Order"). Any deadline in this Stipulation and Order

directly affected by a Stop Work Order under this section shall be extended for the term of such Stop Work Order, and no stipulated penalties will be assessed if such circumstance or activity constitutes an event of force majeure under Paragraph 45 below. If the Department determines an activity, or data or information becomes known to the Department, demonstrating that an activity undertaken pursuant to this Stipulation and Order is creating an imminent or substantial danger to the public, the Department shall apply the procedures set forth in Section 5.4 of the 2002 Corrective Action Consent Order, provided, that if Exide disputes any decision rendered pursuant to those procedures, Exide may seek direct and immediate judicial review in an appropriate California forum.

37. Stipulated Penalties for Noncompliance: Exide shall be liable to the Department for stipulated penalties in the amount of five thousand dollars ($5,000) per day for the first three (3) days and ten thousand dollars ($10,000) per day thereafter per violation for failure to return to compliance as set forth in Paragraph 30. Exide shall be liable for stipulated penalties in the amount of twenty thousand dollars ($20,000) per day for each day a payment required to be made to any of the trust funds as provided in Paragraphs 7, 10, 13, 16, and 18, or pursuant to Paragraph 24 herein is late; provided, however, subsequent to a decision by Exide to withdraw its Hazardous Waste Permit Application or a decision by the Department denying such permit application, Exide shall not be liable to the Department for stipulated penalties for any failure to comply with any Closure/Post Closure Financial Assurance or corrective action financial assurance requirement by the Department that differs from the provisions hereof. No stipulated penalties shall be paid from the financial assurance trust fund or any of the corrective action trust funds referenced in Paragraphs 6, 7, 9, 10, 13, 16, 18, and 19 herein. Once a violation and period of violation is established as final pursuant to the dispute resolution

procedures in this Stipulation and Order, the specific monetary amount of the daily stipulated penalty shall not be subject to the dispute resolution provisions of this Stipulation and Order. Subject to Exide's right to challenge or appeal the violations or period of violation that support the stipulated penalties imposed by the Department pursuant to this Stipulation and Order, in an appropriate California forum, in the event that stipulated penalties are assessed against Exide by the Department during the pendency of the Bankruptcy Case, such post-petition stipulated penalties will be afforded administrative expense priority in the Bankruptcy Case and be deemed an allowed administrative expense. Such post-petition penalties are to be paid by Exide upon demand by the Department without the need to seek further Bankruptcy Court approval; provided, however, Exide shall retain the right to challenge the assessment of such stipulated penalties on any ground (except for the daily amount of the stipulated penalty set forth herein), other than the need to seek Bankruptcy Court approval for the Department to assess and collect such penalties, in an appropriate California forum within thirty (30) calendar days of the date of the demand for payment of stipulated penalties by the Department. In the event that Exide submits such a challenge to the Department's assessment of stipulated penalties, upon final determination, Exide shall pay the stipulated penalties, if any, upon demand from the Department without the need for further Bankruptcy Court approval. As used in this Paragraph, a final determination means an order that is not subject to further appeal.

All penalties shall begin to accrue on the day after the complete performance or payment to a trust fund is due, or on the day a violation occurs, and shall continue to accrue through the final day of the correction of the noncompliance or completion of the activity. Nothing herein shall prevent the simultaneous accrual of separate penalties for violations of this Stipulation and Order as provided in the HWCL, including but not limited to the provisions of

Health and Safety Code sections 25188, 25189 and 25189.2. However, the Department will not assess duplicate penalties if delay of one obligation has a causal effect upon a subsequent and related obligation.

This provision for stipulated penalties shall not preclude the Department from seeking, nor Exide from challenging in an appropriate California forum, additional sanctions as provided for by law or regulation, including, but not limited to, civil penalties, injunctive relief, or other civil or administrative liability if Exide's failure to comply with the terms of this Stipulation and Order also is a violation of any law, regulation or obligation over which the Department has jurisdiction.

This provision for stipulated penalties also shall not preclude the Department from taking, nor Exide from challenging in an appropriate California forum, further enforcement actions against Exide seeking penalties for violations of interim status requirements, the HWCL, Title 22 or equitable relief for matters not specifically addressed under the terms of this Stipulation and Order.

38. Liability: Nothing in this Stipulation and Order shall constitute or be construed as a satisfaction or release of Exide or any of the other Exide Parties from liability for any conditions or liabilities, under applicable environmental laws or otherwise, arising as a result of past, current, or future ownership or operations of the Facility, except as specifically provided in this Stipulation and Order. Notwithstanding compliance with the terms of this Stipulation and Order, Exide may be required to take further actions pursuant to law or applicable regulations to protect public health or welfare or the environment. Further, nothing in this Stipulation and Order shall constitute or be construed as an admission of liability by or on behalf of Exide or any of the other Exide Parties for any conditions or claims arising as a result of past, current, or

future operations, acts or omissions of Exide and/or the other Exide Parties. The Exide Parties specifically deny all liability and reserve all legal rights and defenses.

39. Government Liabilities: The State of California shall not be liable for injuries or damages to persons or property resulting from acts of omissions by Exide or related parties specified in Paragraph 46 (Parties Bound) in carrying out activities pursuant to this Stipulation and Order, nor shall the State of California be held as a party to any contract entered into by Exide or its agents in carrying out activities pursuant to this Stipulation and Order.

40. Reservation of Rights: By entering into this Stipulation and Order, and except as otherwise specifically provided herein, the Department does not waive the right to take further enforcement actions against Exide and the other Exide Parties, including, but not limited to, enforcement of the 2002 Corrective Action Consent Order and the 2013 Stipulation and Order. Exide does not waive the right to challenge any such actions in an appropriate California forum. Further, except as otherwise provided herein, nothing in this Stipulation and Order shall be construed to preclude or prejudice the Department from taking further action under the law against Exide or the other Exide Parties with regard to any response action as a result of the release, or threatened release, of hazardous wastes, constituents of hazardous waste or hazardous substances, at or from the Facility, and the Department expressly reserves all such rights. Exide reserves all rights to challenge any such action in an appropriate California forum. Exide shall provide in its Plan of Reorganization, assuming occurrence of the Plan Effective Date, that such liabilities and/or obligations to the Department will not be discharged, impaired or affected through the Bankruptcy Case or by confirmation of Exide's Plan of Reorganization, including, but not limited to, liabilities and/or obligations to address the release, or threatened release, of

hazardous wastes, constituents of hazardous waste or hazardous substances, at, or that have migrated or emitted, from the Facility.

Except as otherwise provided herein, this Stipulation and Order is without prejudice to the Department to exercise its authority to impose any conditions, requirements, standards or actions pursuant to any interim status authorization or hazardous waste permit, nor is this Stipulation and Order intended or shall it be construed to mean that the Department will approve or deny the pending Hazardous Waste Permit Application for the Facility and Exide reserves all rights to challenge any such actions in an appropriate California forum. This Stipulation and Order shall not be construed as a release, waiver, or limitation on any rights, remedies, powers, or authorities, that the Department or Exide has under any statutory regulatory, or common law authority, except as otherwise expressly provided in this Stipulation and Order.

41. Incorporation of Plans and Reports: All plans, schedules, and reports that require Department approval and are submitted by Exide pursuant to this Stipulation and Order are incorporated in this Stipulation and Order upon approval by the Department.

42. Extension Requests: If Exide is unable to perform any activity or submit any document within the time required under this Stipulation and Order, Exide may, prior to expiration of the time, request an extension of time in writing. The extension request shall include a justification for the delay. All requests shall be in advance of the date on which the activity or document is due.

43. Extension Approvals: If the Department determines that good cause exists for an extension, it will grant the request and specify in writing a new compliance schedule.

Exide shall comply with the new schedule specified by the Department, which shall be incorporated by reference into this Stipulation and Order.

44. Additional Enforcement Actions: Except to the extent expressly provided in this Stipulation and Order, the Department does not waive the right to take further enforcement actions. Exide does not waive the right to challenge or appeal any Department enforcement order in an appropriate California forum. Furthermore, nothing in the Stipulation and Order affects the right of any other government agency to take enforcement action against Exide.

45. Force Majeure: Exide shall cause all work to be performed within the time limits set forth in this Stipulation and Order unless an extension is approved or performance is delayed by events that constitute an event of force majeure. For purposes of this Stipulation and Order, an event of force majeure is an event arising from circumstances beyond the control of Exide that delays performance of any obligation under this Stipulation and Order, provided Exide has undertaken all reasonably appropriate planning and preventative measures to avoid any foreseeable circumstances. Increases in cost of performing the work specified in this Stipulation and Order shall not be considered circumstances beyond the control of Exide. For purposes of this Stipulation and Order, events which constitute a force majeure shall include, without limitation, events such as acts of God, war, civil commotion, unusually severe weather, labor difficulties, shortages of labor, materials or equipment, equipment breakdown or failure not resulting from operational error, neglect or improper operation or maintenance procedures, government moratorium, delays in obtaining necessary permits or approvals due to action or inaction by third parties, earthquake, fire, flood, or other casualty. Exide shall notify the Department in writing immediately after the occurrence of the force majeure event. Such

notification shall describe the anticipated length of the delay, the cause or causes of the delay, the measures taken and to be taken by Exide to minimize the delay and the timetable by which these measures shall be implemented. If the Department does not agree that the delay is attributable to a force majeure event, then the matter may be subject to the dispute resolution procedures set forth herein.

46. Parties Bound: This Stipulation and Order shall apply to and be binding upon Exide and its successors and assigns, and upon the Department and its successors and assigns, including any successor agency that may have responsibility for and jurisdiction over the subject matter of this Stipulation and Order and its successors and assigns. Exide shall disclose the terms and conditions of this Stipulation and Order to all employees, consultants or independent contractors who are assigned or engaged to assist Exide comply with its obligations and duties hereunder.

47. Permit: Nothing in this Stipulation and Order is intended as nor should it be construed as a commitment by the Department to grant Exide a permit for the Facility or excuse Exide from complying with the HWCL, Title 22 or other applicable environmental laws.

48. Integration: This Stipulation and Order constitutes the entire agreement between the Parties as to the settlement of the subject disputes and may not be amended, supplemented, or modified, except by written agreement duly executed by the Parties.

49. Time Periods: Unless otherwise specified, time periods begin from the Stipulation Effective Date and "days" means calendar days unless otherwise stated. The provisions of the California Rules of Court shall apply in computing any period of time under this Stipulation and Order.

50. Authority to Enter Into This Stipulation and Order: Each signatory to this Stipulation and Order certifies that he or she is fully authorized by the Party he or she represents to enter into this Stipulation and Order, to execute it on behalf of the party represented, and to legally bind that party.

51. Dispute Resolution: Any dispute arising between Exide and the Department in connection with this Stipulation and Order shall be subject to the dispute resolution procedures set forth in Section 19.0 of the 2002 Corrective Action Consent Order, modified and supplemented as follows:

(a) In addition to any rights and dispute resolution provisions contained in the 2002 Corrective Action Consent Order, Exide and the Department will utilize (at Exide's sole expense) a mutually acceptable third party consultant (the "Independent Contractor") to facilitate resolution of technical differences of various matters, including without limitation, additional Residential or Industrial Off-Site Clean-up and the appropriate remedy based on the Residential Corrective Measures Study. Nothing, however, obligates either the Department or Exide to accept or adopt any recommendation made by the Independent Contractor. The Independent Contractor will review the facts, meet with the Parties and assist the Parties in resolving the dispute. The Independent Contractor will submit a report of his/her findings and recommendations for resolving the dispute (the "Report"). The Report shall be advisory to the Parties but will not be binding.

(b) Exide shall first seek resolution with the Department's Deputy Director, Brownfields and Environmental Restoration Program whether seeking formal or informal resolution. If the issue is not resolved, Exide shall seek final formal

resolution with, and final decision from the Department Director in consultation with the Cal-EPA Secretary.

(c) Any final decision by the Department Director in consultation with the Cal-EPA Secretary shall include consideration of, and response to, the Independent Contractor's findings and recommendations in the Report.

(d) If Exide disputes any decision rendered pursuant to these procedures, Exide thereafter may seek direct and immediate judicial review of the dispute in an appropriate California forum.

52. Choice of Forum: The Parties agree California law applies to this Stipulation and Order and that any disputes are subject to review in a California court of competent jurisdiction; provided, however, the Bankruptcy Court shall have concurrent jurisdiction to determine issues relating to the Settlement Payment and the Settled Matters.

53. Covenants not to Sue: Except as otherwise provided in this Stipulation and Order, (a) the Department covenants not to sue or pursue the Exide Parties, provided that the Department receives and retains the Settlement Payment in full, and (b) Exide for itself and its predecessors, successors and assigns covenants not to pursue any civil or administrative claims against the Department, or any agency of the State of California, or against their officers, employees, representatives or agents – in each instance, solely for the Settled Matters, and alleged deficiencies in Exide's Hazardous Waste Permit Application as specified in the Department's letter dated June 17, 2014 ("Permit Application Deficiencies"). The applicability of the provisions of this Covenant Not to Sue as to entities covered within the definition of Exide Parties (other than Exide and its predecessors, successors and assigns) who are not signatories to this Stipulation and Order is dependent on their execution of a covenant not to sue in favor of the

Department (either now or at any point after the Stipulation Effective Date) consistent with the terms herein. The Department specifically reserves its right to consider any and all underlying facts for purposes of evaluating Exide's compliance history and for purposes of making any permit determinations and such evaluation or determination is not a claim, demand, cause of action or liability. Exide reserves its right to dispute the underlying facts of any such conduct considered by the Department and contest any permit determination made by the Department.

54. Contribution Protection for Response Costs incurred by Exide: The Parties agree that, by entering this Stipulation and Order, this settlement constitutes an approved settlement for purposes of section 113(f)(2) of CERCLA, 42 U.S.C., § 9613(f)(2). Upon completion of the corrective actions pursuant to work plans approved by the Department, Exide is entitled to protection from contribution actions or contribution claims as provided by CERCLA or the HSAA, solely in connection with the properties and sub-surface media which are the subject of the response actions taken by Exide, as approved by the Department, pursuant to, or in connection with, the 2002 Corrective Action Consent Order, the 2013 Stipulation and Order and/or the provisions of this Stipulation and Order, and solely with respect to currently existing contamination. Nothing in this Stipulation and Order diminishes the right of the Department under CERCLA or the HSAA to pursue Exide, the other Exide Parties, or other "person" (as that term is defined in CERCLA section 101(21), 42 U.S.C. § 9601(21) for response costs incurred by the Department in connection with the release or threatened release of hazardous substances at or from the Facility, or to obtain any other remedy available by law.

55. Rule 9019 Motion and Plan of Reorganization: Exide promptly, and no later than November 6, 2014, will seek an order from the Bankruptcy Court to enter into this Stipulation and Order. Nothing in Exide's plan of reorganization ("Plan of Reorganization")

shall be contrary to or inconsistent with any material provision set forth herein and Exide's confirmed Plan of Reorganization and any order confirming the Plan of Reorganization (the "Confirmation Order") shall expressly acknowledge the obligations and liabilities under this Stipulation and Order, the 2013 Stipulation and Order and the 2002 Corrective Action Consent Order. In the event of any dispute between the terms of the Plan of Reorganization and/or Confirmation Order and this Stipulation and Order, the terms of the Stipulation and Order shall govern.

56. Severability: If any provision of this Stipulation and Order is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Stipulation and Order, and the remaining portions of this Stipulation and Order shall continue in full force and effect, unless enforcement of this Stipulation and Order as so modified by and in response to such invalidation would be grossly inequitable under all of the circumstances, or would frustrate the fundamental purposes of this Stipulation and Order.

57. Stipulation Effective Date: The Stipulation Effective Date shall be the date on which the Stipulation and Order is signed by the Department, except that the Stipulation and Order will not become effective until any order entered by the Bankruptcy Court approving Exide entering into and executing the Stipulation and Order has become a Final Order. If for any reason the Bankruptcy Court does not approve Exide entering into the Stipulation and Order, this Stipulation and Order shall be null and void. As used herein, a "Final Order" means an order of the Bankruptcy Court (a) as to which the time of appeal shall have expired and as to which no appeal shall then be pending; provided, however, the Parties reserve the right to waive any appeal period or (b) if a timely appeal shall have been filed or sought, the order which is the

basis of the appeal shall have been affirmed by the highest appellate court to which such appeal could have been presented and/or the time for taking further appeals has expired.

58. Participation in Good Faith: The Department will participate in good faith with any effort by Exide to obtain a resolution of matters relating to the Facility with other federal, state and local entities.

59. Compliance with Closure and Post Closure Requirements: Exide shall comply with all legal requirements related to updating Closure/Post Closure Plans, and corrective action plans for the Facility, and to providing updated financial assurance documentation in accordance with this Stipulation and Order and consistent with applicable law.

60. Compliance with Orders: Exide shall comply with the Stipulation and Order as well as the 2002 Corrective Action Consent Order, the 2013 Stipulation and Order, the HWCL and Title 22 in connection with the ownership or operation of the Facility. Further, nothing in the Stipulation and Order modifies the Department's statutory and regulatory authority with respect to permit transfers.

61. Costs: Exide is liable for all costs associated with the matters covered by this Stipulation and Order, including, but not limited to, all costs incurred by the Department in reviewing workplans and overseeing the work required by this Stipulation and Order, and for all costs recoverable by the Department from Exide pursuant to the California Environmental Quality Act ("CEQA") concerning the Facility. The Department shall retain all cost records associated with the work performed under this Stipulation and Order as required by State law. The Department shall make all documents that support the Department's cost determination available for inspection upon request, as provided by the Public Records Act. Approval and allowance for the payment of the Department's post-petition costs, including oversight costs

incurred in connection with this Stipulation and Order and the 2002 Corrective Action Consent Order and costs recoverable by the Department from Exide pursuant to CEQA, shall be subject to approval by the Bankruptcy Court, which may be granted in the Bankruptcy Court's order approving this Stipulation and Order. If approved by the Bankruptcy Court, the Department may present to Exide invoices for such costs and Exide shall pay the Department such costs (subject to Exide's rights set forth herein to dispute such costs) within thirty (30) days of presentment without the need of either Party to seek further Bankruptcy approval to present the invoice or to make the payment. Exide also remains subject to the cost provisions in Paragraph 18.0 of the 2013 Stipulation and Order.

62. Bankruptcy: Unless the Parties otherwise agree, in the event Exide does not reorganize and emerge from Chapter 11 as a going concern through a confirmed Plan of Reorganization prior to October 31, 2015, this Stipulation and Order shall be null and void as to any terms not yet performed including any future payments provided for herein, but not yet paid to the Department. However, to the extent that Exide has made payments under the provisions of this Stipulation and Order, such payments will not be affected. Exide shall remain liable for compliance with financial assurance liabilities under the HWCL and Title 22 and the Department retains the right to take such enforcement actions as it deems appropriate, including, but not limited to, enforcing the financial assurance and injunctive obligations of Exide in connection with the Facility. Exide acknowledges that the Closure/Post Closure Financial Assurance, comprised of the Surety Bond and the Closure/Post Closure Financial Assurance Trust Fund, are regulatory obligations of Exide and these funds are not "property of the estate," except to the extent of any residual interest therein. Exide further acknowledges that the deposit of funds into the Residential Off-Site Corrective Action Trust Fund is a financial assurance regulatory

obligation and the funds in such trust are not "property of the estate," except to the extent of any residual interest therein. In the event Exide liquidates through a Chapter 11 bankruptcy or converts the Bankruptcy Case to a Chapter 7 bankruptcy proceeding, the Department retains the right to enforce the 2002 Corrective Action Consent Order. The Department further retains the right to amend its Proof of Claim except as to Settled Matters.

63. Date for Compliance: If a date for compliance of an obligation by Exide falls on weekend or holiday, the obligation shall be due on the next business day.

64. Attorney's Fees: With respect to this Stipulation and Order, each Party shall bear its own attorney's fees. Nothing herein shall be construed to preclude the Department from recovering its attorney's fees as part of response costs.

65. Coordinating Committee: The Parties agree to create a coordinating committee or designate a task force comprised of senior members of each party (including the Cal EPA Secretary or his/her successor, the Department Director or his/her successor and Exide's CEO and his/her successor) for the purpose of enabling the expedited implementation of this Stipulation and Order. The coordinating committee or task force shall convene regularly scheduled meetings and take other such reasonable and good faith actions necessary to accomplish the expeditious and successful implementation of this Stipulation and Order.

66. Nothing in this Stipulation and Order is intended to modify any agreement between Exide and any other entities regarding cost sharing, or to waive or limit any rights Exide may have to seek indemnification or contribution from any other entities.

IT IS SO STIPULATED:

Dated: 11/20/14

Original signed

Robert M. Caruso
President and Chief Executive Officer,
Exide Technologies

Approved as to form:

Dated: 11/20/14

Original signed

Randolph C. Visser
Sheppard, Mullin, Richter & Hampton
Counsel for Exide Technologies

IT IS SO STIPULATED AND ORDERED:

Dated: 11/21/14

Original signed

Miriam Barcellona Ingenito
Acting Director,
Department of Toxic Substances Control

Approved as to form:

Dated: 11/20/14

Original signed

Margarita Padilla
Supervising Deputy Attorney General
Office of the California Attorney General
Counsel for the Department of Toxic Substances Control

Exhibit A

Department of Toxic Substances Control

Matthew Rodriquez
Secretary for
Environmental Protection

Deborah O. Raphael, Director
8800 Cal Center Drive
Sacramento, California 95826-3200

Edmund G. Brown Jr.
Governor

January 13, 2014

Mr. Fredrick Ganster
Exide Technologies
3000 Montrose Avenue
Reading, Pennsylvania 19605

DTSC REVIEW OF EMERGENCY RESPONSE INTERIM MEASURES/COMPLIANCE ORDER, EXIDE TECHNOLOGIES, VERNON, CA (CORRECTIVE ACTION CONSENT ORDER, DOCKET NUMBER P3-01 /02-010)

Dear Mr. Ganster:

The Department of Toxic Substances Control (DTSC) has reviewed the *"Emergency Response Interim Measures/Compliance Order" work plan* (ERIMWP), which was prepared by Advanced GeoServices (AGS) on behalf of Exide Technologies (Exide). The ERIMWP is dated December 30, 2013. The ERIMWP was prepared to address DTSCs "*Order to Perform Emergency Response Interim Measures to Clean-Up Off-site Contaminated Soil, Dust and Sediment*", dated December 17, 2013, and the City of Vernon's "*Compliance Order*", dated December 18, 2013.

The City of Vernon's Health & Environmental Control Department (City) also has reviewed the ERIMWP, and on January 9, 2014 provided Exide with an approval letter for their portion of the response activities as they relate to the City's Compliance Order. A copy of the January 9, 2014, City approval letter is attached. The City's approval was conditional on Exide responding accordingly to the eleven (11) comments and recommendations presented in their approval letter. DTSC concurs with the comments and recommendations presented in the City's approval letter.

Because DTSC considers the need to implement the response activities expeditiously is necessary, recent discussions between Exide and DTSC included authorization to begin clean-up of the storm drain inlets nearest the facility. We understand this initial effort was completed January 11, 2014. DTSC appreciates Exide's cooperation and shared opinion on the need for a quick response to the situation.

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DTSC believes the ERIMWP is adequate to begin all of the described mitigation activities immediately. The ERIMWP is approved with the following DTSC comments and recommendations to be addressed.

1) Exide states that the "ultimate goal of any Interim Measure should be elimination of potential source materials by erosion by wind and water, and prevent complete exposure pathways to human and ecological receptors". DTSC concurs with this statement; however, we find it to be somewhat at odds with an earlier statement (bottom of Page 2) that "Exide addressed immediate concerns regarding mobilization and transport by runoff or wind and mitigated complete exposure pathways for persons utilizing the roads and sidewalks". This statement cannot be corroborated by any follow-up data analysis. Exide must include a separate proposal that deals with effectively removing entrained lead and other Site-related contamination occurring in the hardscape and other semi-porous surfaces surrounding the Facility.

2) Exide states that use of an X-ray fluorescence (XRF) instrument to quantify residual lead was "ineffective". DTSC assumes Exide is referring to past cleanup efforts where, despite repeated attempts at using a nondestructive cleanup method, their XRF reported lead within a surface material (e.g., concrete sidewalks, rooftops etc.) greater than the lead Total Threshold Limit Concentration (TTLC). There is no evidence that use of the XRF was ineffective. Indeed, (assuming that the instrument had been properly calibrated and was being used correctly) one could also conclude the cleanup was itself ineffective. Exide is free to propose another method of quantifying lead concentrations instead of a XRF. DTSC has already accepted Exide's previous XRF data; Exide must provide a detailed rationale why their XRF data from previous cleanups is not representative. Exide must provide data supporting the use of an alternate sampling method, if one is proposed.

3) The cleanup should include removal of contaminated soil at sample location 4500 SE7 (Lead concentration = 1,100 milligrams per kilogram [mg/kg]). Exide failed to provide an explanation why they believe that lead detected at this location was not from Exide (also see City approval letter, bullet #4). Until the extent of lead and other contaminants associated with Exide's operations has been properly characterized, and Exide is able to distinctly separate their contamination from other sources, any areas located within reasonable proximity to Exide with lead and arsenic above their respective TTLCs should be included in the emergency response.

4) Remediation of contaminated dust should occur at the adjacent Honeywell-Bandini property (also see City approval letter; bullet # 5). Lead was detected at one location (FH-PLOT) in Honeywell's parking lot at a concentration of 42,000 mg/kg. In addition, a roof dust sample yielded lead at 1,100 mg/kg. Until the extent of lead and other contaminants associated with Exide's operations has been properly characterized, and Exide is able to separate their contamination from other sources, any areas located within reasonable proximity to Exide with lead and arsenic above their respective TTLCs should be included in the emergency response.

5) The ERIMWP does not propose to collect confirmation soil samples at the 5 tree well surface soil locations with lead above the TTLC (please note that this includes location 4500SE-7). DTSC understands that the intent of the emergency response is to remove the exposure potential. However, Exide will eventually need to show the full extent of soil contamination by collecting step-out/step-down samples. This work could be included now, in the emergency response, or as part of future off-site assessment activities.

6) DTSC recommends including a table that lists all the stormwater inlets that Exide proposes to inspect and clean in the ERIMWP. The two stormwater inlets with hazardous (or close to hazardous) levels of lead should also be clearly identified by Exide either on a table or figure. DTSC will defer to the City of Vernon as to the locations and Exide's procedures for cleaning out the inlets and associated piping of any accumulated sediment.

7) Exide must include confirmation sampling as an additional criterion for determining if a surface has been adequately cleaned when evaluating if the emergency response interim measure is complete. Exide will need to show that confirmation sampling demonstrates that cleanup is complete and that any residual contamination is below TTLCs. Any locations that are below the TTLCs may still be above risk-based values and should be identified in the report as part of the overall data set for risk assessment.

8) The ERIMWP is proposing to cleanup dust and soils to 1000 mg/kg of lead, and 50 mg/kg of arsenic. DTSC agrees with using these concentrations for emergency interim measures, but does not consider these risk-based values and therefore these areas will have to be included in any future risk assessments.

9) The ERIMWP proposes post-cleaning confirmation surface sampling using 0.5 grams per square-foot (g/sf) as a target. Exide must provide a reference for this value.

10) A number of storm drain inlets, manholes, and/or stormwater piping may not be subject to the City's jurisdiction. Exide should contact Los Angeles County Flood Control Department or Public Works Department regarding any specific permitting and access agreement issues.

Should you have any questions regarding this letter, please contact me at 916-255-3630 or Peter.Ruttan@dtsc.ca.gov.

Sincerely,

signed by:

Peter Ruttan
Project Manager
Engineering and Special Projects Office

Attachment

cc:(via e-mail)

Mr. Ed Mopas, Exide
Mr. John Hogarth, Exide
Mr. Paul Stratman, Advanced GeoServices
Mr. Russel Kemp, Environ
Ms. Margarita Padilla, DOJ
Mr. Jerrick Torres, City of Vernon
Mr. Ed Pupka, SCAQMD
Mr. Wendy Liu, LA-RWQCB
Dr. Cyrus Rangan; LACPHD
Ms. Nancy Bothwell; DTSC
Mr. Rizgar Ghazi, DTSC
Mr. Edward Nieto, DTSC
Mr. Bill Veile, DTSC
Dr. Shukla Roy-Semmen, DTSC
Mr. Todd Wallbom, P.G., DTSC

City of Vernon

HEALTH & ENVIRONMENTAL CONTROL DEPARTMENT
Leonard Grossberg, Director / Health Officer
4305 Santa Fe Avenue, Vernon, California 90058
Telephone (323) 583-8811
January 9, 2014

Exide Technologies, Inc.
2717 Indiana Street
Vernon, California 90058
Attn: John Hogarth, Plant Manager

Advanced GeoServices Corp.
1055 Andrew Drive, Suite A
West Chester, PA 9380-4293
Attn: Paul G. Stratman, P.E.

Subject: Emergency Response Interim Measures Work Plan Comments and Notice to Implement Environmental Monitoring Plan

Dear Mr. Hogarth and Mr. Stratman,

Our office has received and reviewed the document dated December 30, 2013 which addresses the recent Order to Perform Emergency Response Interim Measures issued by the Department of Toxic Substances Control Department (DTSC) and the Administrative Enforcement Compliance Order issued by the City of Vernon Health & Environmental Control Department.

Based on discussions with our office, DTSC, and Exide Technologies, we have agreed to coordinate the timing of all work requested to follow the timeline formula outlined in the DTSC order.

We concur with the proposed workplan and approve our portion and responsibility based on the City of Vernon Compliance Order issued with the following comments:

- Obtain proper encroachment permits from the Vernon Community Services & Water Department for all proposed activities on City of Vernon sidewalks, storm drain systems, and streets.
- Any evidence of elevated lead sediment residual found within City of Vernon storm drain catch basins will require proper jetting of the downstream storm drain piping (to the next downstream stormwater manhole access cover) or proper sediment sampling and analysis to ensure the piping is free of elevated lead sediment levels. Under no circumstances are materials other than clean stormwater allowed to flow down a storm drain system or otherwise be discharged to the Los Angeles River.
- Contractors performing work must have a proper health and safety plan and all employees must have proper training.
- Page 3 of the Emergency Response Interim Measures Work Plan (ERIMWP) claims that soil sample location 4500 SE7 has not been proposed for interim measures because the observed results are not the result of Exide operations; however, no factual data was provided to support this claim. Please

provide factual data supporting the claim that the observed results of sample location 4500 SE7 are not from Exide operations.

- Page 4 of the ERIMWP claims that the former Honeywell property is not included in this plan because the former Honeywell operation is known to have utilized lead in its own manufacturing process; however, no factual data was provided to support this claim. Provide factual data supporting the claim that the former Honeywell operation utilized lead in its own manufacturing process.
- Page 4 of the ERIMWP indicates that vacuuming will extend from the outside edge of the right-of-way to a distance of three feet into the cart-way as measured from the curb face; however, no factual data has been provided to limit the vacuuming area to three feet into the cart-way. Include all area between curb faces for proposed interim measures or provide a minimum of one dust sample analysis (using proposed confirmatory sampling method) supporting vacuuming limit of three feet from the face of the curb.
- Page 4 of the ERIMWP indicates that vacuuming will extend from the outside edge of the right-of-way to a distance three feet into the cart-way as measured from the curb face; however, the north side of East 26th Street does not have a traditional concrete sidewalk. Please detail how interim measures will be completed for the north side of East 26th Street.
- Page 5 of the ERIMWP indicates that "if cleanup levels are not achieved after the second attempt, but the surface is visibly absent of loose dust and dirt, the interim measure will be deemed complete". Please amend this statement to indicate the interim measure will be deemed complete only with concurrence from DTSC and/or City of Vernon Health & Environmental Control Department (HECD) representatives.
- Page 5 of the ERIMWP further indicates "if the surface is not visibly clean (i.e. loose dust and dirt is still visible), Exide and DTSC will review conditions and discuss the next appropriate action; however, the City of Vernon is not included in the proposed discussion. Amend the ERIMWP to include the City of Vernon to discuss the next appropriate action if the post vacuum surface is not visibly clean.
- Page 7 of the ERIMWP indicates that only two stormwater inlet structures along South Indiana Street between East 26th Street and Bandini Boulevard will be assessed to inspect for accumulated sediment; however, there are a total of four stormwater inlet structures in close proximity to each other along South Indiana Street between East 26th Street and Bandini Boulevard. Amend the ERIMWP to include the remaining two stormwater inlet structures along South Indiana Street for inspection and potential interim measures or provide factual data supporting determination not to inspect these two stormwater inlet structures.
- Amend ERIMPWP to provide the City of Vernon HECD a minimum of 72-hour notice prior to any confirmatory sampling operation to allow an opportunity to take split samples.

Please note- proposed abatement activities on or within Los Angeles County property (i.e. catch basins and storm drain system) may require separate permits from Los Angeles County Flood Control District. Contact the Los Angeles County Flood Control District to determine if separate permits will be required.

Furthermore, on December 19, 2013, our agency performed stormwater sampling activities in the storm drain system adjacent to the subject Exide facility (see attachment for sample location and analysis results). **Based on the stormwater sample analysis results, we have determined that the elevated lead dust and soil levels identified in the November 2013 Environ Step-out Dust and Soil Sampling Report is adversely affecting stormwater quality. Therefore, Exide Technologies is hereby directed to implement the November 2013 Revised (or any subsequent revision thereof) Environmental Monitoring Plan (EMP) which was prepared by Advanced Geoservices (attached). The EMP should be implemented as soon as possible but shall not exceed 30 days from the date of this letter.**

Vernon City Code Section 21.6.2 states that if the health officer has a reasonable basis to believe that any company's discharge may adversely affect stormwater quality, the health officer may order said person to take representative samples of the stormwater runoff and have these samples tested as directed by the health officer.

A separate approval will need to be obtained from DTSC for their portion and responsibility on orders they have issued.

If you have any questions, feel free to contact us.

Sincerely,

Original signed
Leonard Grossberg, MPA, REHS
Director/Health Officer

Attachments: 2

cc:
Mark Whitworth, Vernon City Administrator
Scott Porter, Vernon City Attorney
Kevin Wilson, Vernon Community Services and Water Dept. Director
Mike Wilson, Vernon Fire Chief
Dan Calleros, Vernon Police Chief
Paul Kiehl, Interim Risk Manager
Peter Ruttan, Department of Toxic Substances Control, 8800 Cal Center Drive, Sacramento, CA 95826
Joe Baiocco, Los Angeles County Flood Control District, Environmental Programs Division

9cLG:MyDocs/Z/HazMat/Closure/Exide/workplan review 1-8-14.doc

Exhibit B

COPY

B10 (Official Form 10) (04/13)

UNITED STATES BANKRUPTCY COURT District of Delaware		PROOF OF CLAIM
Name of Debtor: Exide Technologies	Case Number: 13-11482 (KJC)	THE GARDEN CITY GROUP, INC. DEC - 5 2013
NOTE: *Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.*		
Name of Creditor (the person or other entity to whom the debtor owes money or property): California Department of Toxic Substances Control		COURT USE ONLY
Name and address where notices should be sent: California Department of Toxic Substances Control c/o SDAG Margarita Padilla, CA Department of Justice 1515 Clay Street, 20th Floor, P. O. Box 70550, Oakland, CA 94612-0550 Telephone number: (510) 622-2135 email: margarita.padilla@doj.ca.gov		☐ Check this box if this claim amends a previously filed claim. Court Claim Number:_____ (*If known*) Filed on:_____
Name and address where payment should be sent (if different from above): California Department of Toxic Substances Control c/o Nancy Bothwell, OLC P. O. Box 806, Sacramento, CA 95812-0806 Telephone number: (916) 324-3154 email: nancy.bothwell@dtsc.ca.gov		☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

1. Amount of Claim as of Date Case Filed: $ See attached Supplemental Statement in support of DTSC Proof of Claim.

If all or part of the claim is secured, complete item 4.

If all or part of the claim is entitled to priority, complete item 5.

☐ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Environmental under California and Federal laws.
(See instruction #2) See attached Supplemental Statement.

3. Last four digits of any number by which creditor identifies debtor:	3a. Debtor may have scheduled account as: (See instruction #3a)	3b. Uniform Claim Identifier (optional): (See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____

Annual Interest Rate _____% ☐ Fixed or ☐ Variable
(when case was filed)

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____

Basis for perfection: _____

Amount of Secured Claim: $_____

Amount Unsecured: $_____

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	☐ Wages, salaries, or commissions (up to $12,475*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	☐ Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).	**Amount entitled to priority:**
☐ Up to $2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).	☐ Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	☑ Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(2).	$ See attached Supplemental Statement.

**Amounts are subject to adjustment on 4/01/16 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

7. **Documents:** Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, security agreements, or, in the case of a claim based on an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. If the claim is secured by the debtor's principal residence, the Mortgage Proof of Claim Attachment is being filed with this claim. *(See instruction #7, and the definition of "redacted".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain: Documents are too numerous and voluminous. See attached Supplemental Statement.

8. **Signature:** (See instruction #8)

Check the appropriate box.

☐ I am the creditor. ☑ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Brian Johnson
Title: Deputy Director
Company: CA Dept. of Toxic Substances Control
Address and telephone number (if different from notice address above):
P. O. Box 806
Sacramento, CA 95812-0806

Original signed
(Signature)

12/4/13
(Date)

Telephone number: (916) 323-3847 email: brian.johnson@dtsc.ca.gov

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:
Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:
Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:
If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:
Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).
If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest and documents required by FRBP 3001(c) for claims based on an open-end or revolving consumer credit agreement or secured by a security interest in the debtor's principal residence. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re: **EXIDE TECHNOLOGIES,** **Debtor**	Chapter 11 **Case No. 13-11482 (KJC)**

SUPPLEMENTAL STATEMENT OF THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL IN SUPPORT OF ITS PROOF OF CLAIM

I. INTRODUCTION

The California Department of Toxic Substances Control ("DTSC"), an agency of the State of California, submits this supplemental statement in support of DTSC's Proof of Claim in the bankruptcy proceeding of Debtor, Exide Technologies ("Exide" or "Debtor"). DTSC makes this claim for itself and no other agency, unit or entity of the State of California. This Proof of Claim is based on information presently known to DTSC, with the express reservation of rights to amend this Proof of Claim.

DTSC files this Proof of Claim to protect its rights against the Debtor, including, but not limited to, recovery of environmental response costs and penalties, in connection with Exide's ownership and operation of its secondary lead battery recycling facility, a hazardous waste treatment and storage facility, in Vernon, California (the "Vernon Facility"). Exide owns the Vernon Facility and currently operates the hazardous waste facility under interim status

authorization from DTSC. Exide's operations at the Vernon Facility have resulted in, *inter alia*, soil and surface and ground water contamination at, and off-site of, the Vernon Facility. Environmental investigations of, and implementation of environmental measures at, the Vernon Facility and in connection with off-site impacts stemming from operations at the Vernon Facility are ongoing pursuant to injunctive orders issued by DTSC to Exide and under DTSC's oversight.

During the bankruptcy proceedings, Exide, as a debtor-in-possession, is required to manage and operate the property in its possession in compliance with all valid state and federal environmental laws. 28 U.S.C. § 959(b). By filing this Proof of Claim, DTSC does not waive its rights to take enforcement action against Exide to ensure compliance with the requirements of environmental laws and regulations within DTSC's jurisdiction.

Exide's obligations pursuant injunctive orders issued to it by DTSC, and such injunctive orders which DTSC may issue to Exide, are not claims subject to discharge in bankruptcy. *See e.g.*, *Ohio v. Kovacs*, 469 U.S. 274 (1985), *United States v. Apex Oil Co.*, 579 F.3d 734 (7th Cir. 2009), *cert denied*, 131 S.Ct. 67 (2010); *In re Torwico*, 8 F.3d 146 (3d. Cir. 1993); *In re Chateaugay*, 944 F. 2d 997 (2d Cir. 1991)

DTSC further asserts that oversight and/or response costs it incurs post-petition in connection with the injunctive orders issued to Exide and/or environmental cleanup in connection with Exide's operations at the Vernon Facility, as well as post-petition penalties assessed against Exide, are entitled to administrative expense priority under 11 U.S.C. §§ 503 (b) and 507(a)(2). DTSC reserves the right to make such administrative expense priority claims and to amend this Proof of Claim if such priority is not allowed.

Further, DTSC asserts that if Exide continues to own and/or operate the Vernon Facility post-confirmation, Exide's liability for environmental cleanup in connection with Debtor's ownership and/or operation of the Vernon Facility would "spring anew" post-confirmation.

DTSC submits this initial Proof of Claim in the estimated amount of at least $ 61,852.77, with the express reservation of rights to amend this Proof of Claim and amount.

Nothing in this Proof of Claim constitutes a waiver of any rights of DTSC or an election of remedies. Further, by filing this claim, DTSC does not waive its sovereign immunity, except as otherwise provided by law. Any waiver of sovereign immunity under the law resulting from the filing of this Proof of Claim is solely by DTSC, and no other agency, unit or entity of the State of California, and is strictly limited to this Proof of Claim. Further, the filing of this Proof of Claim shall not be deemed or construed as a waiver of any objections or defenses that DTSC or any other agency, unit or entity of the State of California may have to this Court's jurisdiction over DTSC or such other agency, unit or entity based upon the Eleventh Amendment or related principles of sovereign immunity or otherwise, all of which are hereby preserved.

II. BACKGROUND

A. The California Department of Toxic Substances Control ("DTSC")

DTSC is a California state government agency. Cal. Health & Safety Code §58000. DTSC regulates all aspects of hazardous waste management in California and enforces laws related to the cleanup of hazardous substances releases or threatened releases in the state.

1. The California Hazardous Waste Control Law

The California Hazards Waste Control Law ("HWCL") is a comprehensive statutory and regulatory framework designed to regulate the generation, handling, treatment, transport, and disposal of hazardous wastes from cradle to grave. *See*, Cal. Health & Safety Code § 25100 *et seq.* and Cal. Code of Regulations, Title 22, Div. 4.5 ("Title 22"). To protect the public health and the environment, the HWCL, along with its implementing regulations, mandate a system that regulates hazardous waste from "cradle to grave" – from the time the waste is generated, through storage, transportation, and ultimately to its treatment and disposal. [1] DTSC is the state agency with authority to implement and enforce the HWCL.

Encompassed within this HWCL authority is the permitting of hazardous waste facilities. *See*, Cal. Health & Safety Code §§ 25000-25205 and Cal. Code of Regulations, Title 22, Division 4.5, Chapter 20. To obtain a hazardous waste facility permit from DTSC, the owner or operator of the facility must, *inter alia*, establish and maintain the financial assurance required under Article 12 of the HWCL, Health and Safety Code sections 25245 *et seq.*

Exide owns the Vernon Facility and currently operates it pursuant to interim status authorization from DTSC. Exide has submitted a hazardous waste facility permit

[1] The HWCL is the California analogue of the federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. ("RCRA"). Pursuant to state and federal law, DTSC administers the HWCL *in lieu* of federal administration of RCRA in California. *See*, Cal. Health & Safety Code, § 25101, subd. (d); California: Final Authorization of Revisions to State Hazardous Waste Management Program, 57 FR 32726 (July 22, 1992).) Federal law prohibits California from imposing "any requirements less stringent than those authorized under [RCRA]." 42 U.S.C. § 6929.

application to DTSC for the Vernon Facility. The permit application is being processed by DTSC.

The HWCL also authorized DTSC to suspend interim status authorization under Cal. Health & Safety Code §§ 25186.1 and 25186.2. Exide was subject to an administrative "Order for Temporary Suspension" and an "Accusation for Suspension of Interim Status," issued by DTSC to Exide on April 24, 2013. These administrative enforcement matters, together with related state court litigation initiated by Exide, have been resolved through Stipulation and Order, docket number HWCA P3-12/13-010, OAH No. 2013050540, ("Stipulation and Order") entered into by Exide with DTSC on November 4, 2013.[2]

Under the HWCL, DTSC is also authorized to issue corrective action orders and impose penalties for noncompliance with such orders. *See*, Cal. Health & Safety Code §§ 25187, 25187.1 and 25188. If such an injunctive order is issued to a respondent to take corrective action, that respondent is required to pay DTSC's oversight costs. *See*, Cal. Health & Safety Code §25187.2 DTSC may also seek penalties for failure to comply with a corrective action order. *See*, Cal. Health & Safety Code § 25188

In February 2002, DTSC issued Corrective Action Consent Order No. P3-01/02-010 to Exide ("Corrective Action Order") in connection with the Vernon Facility. Exide has ongoing obligations under the Corrective Action Order.

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[2] On November 4, 2013, the Bankruptcy Court issued its "Order Approving Debtor's Motion For An Order Under Bankruptcy Code Sections 105 and 363 And Bankruptcy Rule 9019 Authorizing and Approving the Stipulation with the California Department of Toxic Substances Control" ("Rule 9019 Order"). [Docket No. 1021]

The HWCL also authorizes DTSC to seek penalties for violations of the HWCL and Title 22. Violations of the HWCL, and/or its implementing regulations, are subject to penalties of up to $25,000 per day per violation, for strict liability, negligent and/or intentional violations. *See e.g.*, Cal. Health and Safety Code §§ 25188, 25189 and 25189.2.

2. **The HSAA and CERCLA**

The environmental laws enforced by DTSC also include California's Hazardous Substances Account Act ("HSAA"). Cal. Health & Safety Code §§ 25300 *et seq.* The HSAA establishes a comprehensive program for the cleanup of hazardous substances that have been released, or are threatened to be released, into the environment in California. Under the HSAA, DTSC may, *inter alia*, seek recovery of response costs it incurs in connection with such environmental cleanup activities, including, but not limited to, oversight costs. Cal. Health & Safety Code § 25360. DTSC may also bring a cost recovery action against liable parties directly under the federal superfund law, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601-9675.

Under California Health and Safety Code section 25323.5, liable parties are those parties described in section 107 of CERCLA, 42 U.S.C. § 9607. CERCLA section 107(a), 42 U.S.C. § 9607(a), makes the following persons liable for all costs of removal or remedial action incurred by DTSC:

(1) the owner and operator of a vessel or a facility;

(2) any person who at the time of disposal of any hazardous substances owned or operated any facility at which such hazardous substances were disposed of;

(3) any person who by contract, agreement, or otherwise arranged for disposal or treatment, or arranged with a transporter for transport for disposal or treatment, of hazardous substances owned or possessed by such person, by any other party or entity, at any facility or incineration vessel owned or operated by another party or entity and containing such hazardous substances; and

(4) any person who accepts or accepted any hazardous substances for transport to disposal or treatment facilities, incineration vessels or sites selected by such person, from which there is a release, or a threatened release which causes the incurrence of response costs, of a hazardous substance.

Thus, DTSC may recover from liable parties all response costs, including but not limited to, oversight costs and interests, incurred by DTSC in investigating and cleaning up sites in California with releases or threatened releases of hazardous substances.

Currently contamination at and from the Vernon Facility, including soil, sediment, surface water and ground water contamination, is being addressed through the provisions of the HWCL and Title 22. However, DTSC makes a protective claim under the HSAA and CERCLA in connection with the Vernon Facility. Under the provisions of HSAA and CERCLA, California Health and Safety Code § 25323.5 and 42 U.S.C. § 9607(a), respectively, Exide falls within the category of liable parties as the current owner and operator of the Vernon Facility and as the owner and operator of a facility at the time of releases, or threatened releases, of hazardous substances at and from the Vernon Facility.

III. EXIDE'S VERNON FACILITY

A. General Description

Exide's Vernon Facility is located at 2700 South Indiana Street, Vernon, California, and occupies at least 15 acres. The Vernon Facility consists of: 1) the Main Office Area, a portion of the Facility containing the administrative offices and employee parking area; 2) the North Yard area, containing the current battery recycling operations from battery breaking through lead refining; 3) the South Yard, an area that includes a lined storm water retention pond, container storage areas for batteries destined for recycling, wastewater treatment plant, and warehouse and office buildings; and 4) the West Yard which includes the primary truck entrance, scale and truck tire wash, and maintenance and storage facilities. Operations at the Vernon Facility include recycling lead-bearing scrap materials obtained from spent lead-acid batteries and lead bearing scrap primarily associated with battery manufacturing related operations. The Vernon Facility receives spent lead-acid batteries and other lead-bearing materials and recycles them to recover lead and polypropylene.

B. Exide's Permitting Status

Prior owner/operators of the Vernon Facility applied for and were granted a RCRA interim status authorization for hazardous waste storage and treatment activities. Exide acquired GNB, Inc., and the Vernon Facility in 2000. Exide requested a transfer of the interim status authorization and, on January 5, 2001, DTSC approved a Class 1 Interim Status modification for a change of ownership and control of the Vernon Facility from GNB, Inc., to Exide Corporation. On November 16, 2001, DTSC approved a Class 1 Interim Status Modification for a name

change from Exide Corporation to Exide Technologies. DTSC's authority over the Vernon Facility while under interim status authorization requires Exide to comply with the technical standards for the operations set forth in California Code of Regulations, Title 22, Division 4.5, Chapter 15.

Exide has applied for a hazardous waste facility permit from DTSC. The permitting process is ongoing pursuant to the provisions of California Health & Safety Code §25000 *et seq.* and Title 22.[3]

C. DTSC's Corrective Action Order to Exide

In 1990, DTSC's predecessor agency completed a RCRA Facility Assessment ("RFA") of the Vernon Facility. The RFA identified 38 Solid Waste Management Units (SWMUs) and two (2) Areas of Concern (AOCs) and determined that a number of units at the Vernon Facility had evidence, or a high likelihood, of a release of hazardous substances while in operation. DTSC also determined that hazardous waste or constituents had migrated, or threatened to migrate, from the Vernon Facility into the environment through soil, surface water, ground water and air pathways. Further investigations resulted in the identification of additional SWMUs and AOCs by DTSC in 1997.

In February 2002, DTSC issued its Corrective Action Order to Exide in connection with the Vernon Facility.[4] The Corrective Action Order identified the hazardous waste and

[3] Exide's current financial assurance for closure and post-closure of the Vernon Facility is based on the interim status authorization. If the hazardous waste facility permit is authorized by DTSC, the closure and post-closure amounts will be recalculated and Exide will be required to have the required financial assurance in place in the recalculated amount. Cal. Health & Safety Code § 25245 Additionally, DTSC has the authority to require updates of the closure and post-closure amounts. Cal. Health & Safety Code § 25246(b)

constituents of concern for the Vernon Facility as lead, cadmium, aluminum, arsenic, sodium, antimony, iron, manganese, zinc, acids (pH), such as sulfuric acid, semi-volatile organic compounds, and aromatic and halogenated volatile organic compounds, such as benzene, ethylbenzene and trichloroethylene. A summary of the work undertaken pursuant to the Corrective Action Order can be found on DTSC's website at: http://www.dtsc.ca.gov/HazardousWaste/Projects/ExideCorrectiveAction.cfm.

Environmental work, both on and off-site, in connection with the Corrective Action Order is continuing under DTSC's oversight. Exide is obligated to pay DTSC's oversight cost pursuant to the HWCL and the terms of the Corrective Action Order.

In 2008, samples of surficial soil, dust and sediment were collected from locations in the vicinity of the Vernon Facility. Based on the sample test results DTSC requested that Exide prepare and submit an Interim Measures Work Plan to remediate areas containing dust and dirt at concentrations of lead greater than 800 mg/kg in proximity to the Facility. Evaluation of the off-site impacts associated with emissions and fugitive dust from the Vernon Facility is continuing.

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[4] A copy of the Corrective Action Order is posted at DTSC's website, at the Envirostor link: http://www.envirostor.dtsc.ca.gov/public/final_documents2.asp?global_id=80001733&enforcement_id=6014323

Investigations were also undertaken to evaluate the impact of hazardous substances releases from the Vernon Facility to the Los Angeles River. During 2011, Exide completed sediment and sediment pore water sampling in the Los Angeles River to determine if slag and sediment observed in a concrete-lined drainage channel impacted sediment in the LA River. DTSC believes further investigation and characterization efforts are warranted and has informed Exide.

In addition, Exide may be subject to penalties for failure to comply with the Corrective Action Order. Cal. Health & Safety Code § 25188 DTSC asserts that in the event any such penalties, or other penalties under the HWCL, are assessed against Exide during the pendency of this Bankruptcy Proceeding, DTSC may recover such penalties as administrative expense priority obligations of the Debtor. DTSC reserves the right to submit an application for administrative expense payment of penalties for post-petition violations by Exide of the Corrective Action Order. DTSC also reserves the right to amend this Proof of Claim to include as a general unsecured claim penalties assessed against Exide in connection with the Corrective Action Order, or other violations of the HWCL, should penalties for post-petition violations by Exide not be accorded administrative expense priority.

D. Stipulation and Order re Order for Temporary Suspension and Accusation for Suspension of Interim Status

On April 24, 2013 DTSC issued an Order for Temporary Suspension and Accusation for Suspension of Interim Status to Exide, HWCA P3-12/13-010, pursuant to Health & Safety Code section 25186.1 and 25186.2. On November 4, 2013, DTSC and Exide resolved these

enforcement matters, and related state court litigation, through a Stipulation and Order, HWCA P3-12/13-010, OAH No. 2013050540. Pursuant to the terms of the Stipulation and Order, Exide is obligated to, *inter alia*, install additional emission control devices at the Vernon Facility and to replace its storm water conveyance system at the Vernon Facility based on the Schedule for Compliance set forth in the Stipulation and Order. In addition, Exide must also institute an off-site soil sampling[5] and blood lead testing program for residents in the vicinity of the Vernon Facility as specified in the Stipulation and Order. Exide is also liable for costs associated with the matters covered by the Stipulation and Order, including but not limited to, all costs incurred by DTSC in reviewing work plans and overseeing the work required by the Stipulation and Order. Pursuant to the terms of the Stipulation and Order, costs pre-dating June 10, 2013, may be regarded as general unsecured claims in this Bankruptcy Proceeding. [6]

In addition, pursuant to the terms of the Stipulation and Order and applicable provisions of the HWCL, Exide may be subject to penalties for failure to comply with the Stipulation and Order. DTSC asserts that in the event any such penalties, or other post-petition penalties under the HWCL, are assessed against Exide during the pendency of this Bankruptcy Proceeding, DTSC may recover such penalties as administrative expense priority obligations of the Debtor.

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[5] The off-site soil sampling is for arsenic, lead, antimony, cadmium, chromium (and potentially hexavalent chromium), polynuclear aromatic hydrocarbons, polychlorinated biphenyls, on residential properties, schools and daycare facilities. In addition, the sampling plan requires analysis for dioxins and furans on five (5) representative properties agreed to by DTSC and Debtor.

[6] Pursuant to the Bankruptcy Court's November 4, 2013 Rule 9019 Order, DTSC may invoice Exide for post-petition oversight costs incurred by DTSC and Exide is authorized to pay such invoices, as provided in the Stipulation and Order. DTSC reserves all rights in the event Exide fails to make the payments to DTSC required under the Stipulation and Order, including, but not limited to, amending DTSC's Proof of Claim.

DTSC reserves the right to submit an application for administrative expense payment of penalties for post-petition violations by the Debtor. In addition, DTSC reserves the right to amend this Proof of Claim to include as a general unsecured claim penalties assessed against Exide in connection with the Stipulation and Order, or other violations of the HWCL, should penalties for post-petition violations by Exide not be accorded administrative expense priority.

IV. UNPAID PRE-PETITION COSTS

A. Stipulation and Order Oversight Costs

DTSC makes a claim for pre-petition costs in connection with the work required pursuant to the Stipulation and Order in the amount of in the amount of, at least, $59,710.10.

B. Corrective Action Oversight Costs

DTSC makes a claim for pre-petition costs in connection with the work required pursuant to the Corrective Action Order in the amount of in the amount of, at least, $2,142.67.

V. DTSC'S RESPONSE COSTS FOR ENVIRONMENTAL CLEAN-UP OF RELEASES OR THREATENED RELEASES OF HAZARDOUS SUBSTANCES AT AND FROM THE VERNON FACILITY

DTSC asserts that Exide's injunction obligations pursuant to the Corrective Action Order and the Stipulation and Order are not "claims" as defined under the Bankruptcy Code and Exide's injunctive obligations under these orders are not discharged through the Bankruptcy Proceeding. However, as a protective measure, DTSC makes a claim for response costs under CERCLA and the HSAA for cleanup of releases and threatened releases of hazardous substances at and from the Vernon Facility. DTSC further asserts that Exide's liability under CERCLA is

joint and several for environmental cleanup of contamination at, and from, the Vernon Facility. *See e.g., In re National Gypsum*, 139 B.R. 397 (N.D. Tex 1992).

As noted above, the Vernon Facility continues to undergo investigation and the full extent of contamination at and from the Vernon Facility has not yet been determined. Thus, DTSC makes this protective claim under the HSAA and CERCLA as a contingent unliquidated claim for such response costs, including, but not limited to, oversight costs and interest. DTSC reserves the right to amend this Proof of Claim. DTSC also reserves the right to seek payment of any post-petition response costs under CERCLA and the HSAA as administrative expenses priority.

VI. CONTINENT, UNCERTAIN OR UNKNOWN CLAIMS

This Proof of Claim reflects certain known liabilities of Exide to DTSC. DTSC reserves the right to amend its Proof of Claim to assert additional environmental claims against the Debtor in the event that DTSC discovers additional information giving rise to such claims.

VII. DOCUMENTS SUPPORTING DTSC'S PROOF OF CLAIM

The documents that support this Proof of Claim are numerous and voluminous. Information and documents regarding the Vernon Facility may also be found at the DTSC website: www.dtsc.ca.gov at the Exide and the EnviroStor links. Information and documents regarding the Corrective Action Order can be found at:

http://www.envirostor.dtsc.ca.gov/public/profile_report.asp?global_id=80001733

and information and documents regarding the permitting application of Exide for the Vernon Facility can be found at:

http://www.envirostor.dtsc.ca.gov/public/hwmp_profile_report.asp?global_id=CAD097854541&starttab.

DTSC summarizes its supporting documents below:

1. DTSC's Exide Vernon Facility Site files located at DTSC's Cal Center office at 8800 Cal Center Drive, Sacramento, CA;
2. DTSC's Chatsworth office at 9211 Oakdale Avenue, Chatsworth, CA;
3. DTSC's EnviroStor files for the Exide Facility which can be found on DTSC's website, www.dtsc.ca.gov;
4. 1990 RCRA Facility Assessment report for the Vernon Facility;
5. Corrective Action Order, Docket No. P3-01/02-010 and related documents;
6. Stipulation and Order and Exhibits, Docket No. HWCA P3-12/13-010, OAH No. 2013050540; and
7. DTSC's cost documentation for the unpaid pre-petition costs incurred by DTSC in connection with the Vernon Facility, including, but not limited to, DTSC's daily log and time reporting system records, travel claims, DTSC's Indirect Cost Rate Proposal documentation, DTSC's CALSTARS Procedures Manual, and DTSC's Project Code Listing manual.

Access to the non-privileged documents in DTSC's possession or control may be requested by contacting counsel of record for DTSC in this matter.

VIII. NOTICES

All notices related to this Proof of Claim should be sent to DTSC's counsel of record at the following address:

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Office of the Attorney General
1515 Clay Street, 20th Floor
P.O. Box 70550
Oakland, CA 94612
(510) 622-2135
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IX. DTSC's RESERVATION OF RIGHTS

DTSC reserves the right to amend this Proof of Claim.

Respectfully Submitted,

KAMALA D. HARRIS
Attorney General of California
MARGARITA PADILLA
Supervising Deputy Attorney General

Original signed
MARGARITA PADILLA
Supervising Deputy Attorney General
Attorneys for California Department of Toxic Substances Control
(Signed by counsel as to legal issues only)