

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----- X
 In re: : Chapter 11
 :
 EXIDE TECHNOLOGIES, : Case No. 13-11482 (KJC)
 :
 Reorganized Debtor.¹ :
 :
 ----- X

DECLARATION OF THOMAS H. STRANG IN SUPPORT OF REORGANIZED DEBTOR’S (SUBSTANTIVE) OBJECTION PURSUANT TO BANKRUPTCY CODE SECTION 503(b) AND BANKRUPTCY RULE 3007 TO PROOF OF ADMINISTRATIVE EXPENSE CLAIM FILED BY THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (CLAIM NO. 4123)

I, Thomas H. Strang, pursuant to 28 U.S.C. § 1746, on knowledge as to myself and my own acts and on information and belief, based on the Company’s books and records, and the knowledge of its employees, representatives, and advisors, as to all other matters, declare:

1. I am over the age of 18 and competent to testify. I am the Vice President – Environmental Health and Safety Americas of Exide Technologies (“Exide” or the “Reorganized Debtor,” and together with its direct and indirect subsidiaries, the “Company”), the reorganized debtor in the above-captioned case (the “Chapter 11 Case”). I am responsible for the Company’s EH&S (environmental health and safety) oversight of the Vernon Facility.² I submit this declaration (the “Declaration”) in support of the Reorganized Debtor’s (Substantive) Objection Pursuant To Bankruptcy Code Section 503(b) And Bankruptcy Rule 3007 To Proof Of

¹ The last four digits of the Reorganized Debtor’s taxpayer identification number are 2730. The Reorganized Debtor’s corporate headquarters are located at 13000 Deerfield Parkway, Building 200, Milton, Georgia 30004.

² Any capitalized terms used herein, but not defined herein, shall have the meanings set forth in the Objection.

Administrative Expense Claim Filed By The South Coast Air Quality Management District (Claim No. 4123) (the “Objection”). I am familiar with the contents of the Objection.

2. I have held my current positions with Exide since May 5, 2014. In conjunction with my position, I am familiar with the Reorganized Debtor’s day-to-day operations, business affairs, and books and records. I am authorized to submit this declaration on behalf of the Reorganized Debtor and, if called upon to testify, I could and would testify competently to the facts set forth herein.

3. Prior to March 14, 2014, the Debtor operated a secondary lead-recycling facility in Vernon, California (the “Vernon Facility”). Two agencies—the State of California Department of Toxic Substances Control (the “DTSC”) and the South Coast Air Quality Management District (the “District”)—have significant regulatory authority over Exide’s former operations at the Vernon Facility. The DTSC is a state environmental regulatory department charged with implementing hazardous waste regulations and permitting, and the District is a local air district charged with regulating stationary (non-vehicular) sources of air emissions.

4. I have reviewed the historical and current permits issued by the District for the Vernon Facility and, based on that review, am familiar with the facility’s permitting history. The District first permitted the two smelting furnaces used at the Vernon Facility in 1980. For more than 30 years thereafter, through most of 2013: (i) the Vernon Facility operated the furnaces without any requirement that negative pressure had to be maintained within the chambers of the furnaces; (ii) the District modified the Debtor’s permits multiple times, and no modification or regulation ever required that negative pressure had to be maintained in the furnaces; (iii) the District issued multiple individual permits to construct and operate the Vernon Facility without requiring the Debtor to maintain negative pressure in the furnaces; and (iv) despite annual

facility and equipment inspections, the District never issued a notice of violation for failure to maintain negative pressure until December 4, 2013, or even required the Debtor to measure pressure within either furnace.

5. In addition, for some years prior to the Petition Date, with the knowledge of California regulators, Exide stored plastic chips in truck trailers on the Exide parking lot. These acts were conducted openly by the Debtor for many years before it filed its bankruptcy petition on June 10, 2013, and were obvious, open, and observable by the District's inspectors on a regular basis, but the District never ordered the Debtor to abate this practice or issued a notice of violation to the Debtor for this course of conduct.

6. On April 24, 2013, approximately 45 days prior to Exide's chapter 11 filing, the DTSC issued a shutdown order suspending Exide's operations at the Vernon Facility. The DTSC alleged that: (i) the Vernon Facility's underground storm-water piping system was not in compliance with state requirements, and (ii) furnace emissions posed health risks in excess of applicable standards. Exide challenged the DTSC's shutdown of the Vernon Facility and obtained a preliminary injunction from the Los Angeles Superior Court on July 2, 2013, enjoining the DTSC from enforcing its shutdown order, thus allowing the Debtor to resume operations at the Vernon Facility. Accordingly, the Vernon Facility did not engage in postpetition commercial operations until after July 2, 2013.

7. In October 2013 (approximately four months after the Bankruptcy Case commenced), the District began rulemaking proceedings to amend District Rule 1420.1 ("Rule 1420.1") to require secondary lead smelters to maintain negative pressure within their furnaces. Rule 1420.1, as amended, was passed on January 10, 2014, and became effective on April 10, 2014.

8. On October 18, 2013, the District filed an administrative order for abatement seeking to shut down Exide's furnace operations ("Petition for Order of Abatement"), alleging that District rules required lead smelting furnaces to be operated under constant negative pressure and that the Vernon Facility could not maintain negative pressure. The Company opposed the District's petition. A hearing on the District's petition for the first Order of Abatement commenced on December 14, 2013, and continued into 2014.

9. On January 16, 2014, the District initiated an action (the "California State Action") against Exide by filing a complaint (the "Original Complaint") in the California state court seeking penalties for Exide's alleged non-compliance with certain District air quality regulations, including the alleged failure to maintain continuous negative pressure in Exide's smelting furnaces.

10. The Vernon Facility ceased commercial operations on March 14, 2014—approximately one month before the District's newly adopted Rule 1420.1 became effective. The Vernon Facility never resumed commercial operations after March 14, 2014.

11. The Debtor settled the Petition for Order of Abatement with the District in July of 2014 and agreed to install a new and redesigned air pollution control system at the Vernon Facility. This new system, which was described in the Debtor's risk reduction plan (the "Risk Reduction Plan"), was approved by the District on March 19, 2014 and permitted by the District in December 2014. The Debtor spent over \$7 million purchasing and permitting the new pollution equipment required to implement the Risk Reduction Plan. Despite the District's approval of the Risk Reduction Plan, the District then thereafter also announced its intent to revise its rules, subsequently enacted, to reduce allowable lead emissions to a level that was

impossible to achieve using the technology that the District had approved in the Risk Reduction Plan.

12. On April 7, 2015, the Debtor provided formal notice to the appropriate regulatory agencies that the Vernon Facility would permanently close. Pursuant to separate settlements with the DTSC and the United States Attorney's Office, Exide has committed in excess of \$50 million over the next several years to close and clean up the Vernon Facility and undertake required off-site industrial and residential property remediation. Pursuant to orders already entered by the Bankruptcy Court, these financial commitments may increase once all required residential investigation and action plan studies are finalized and approved by the DTSC.

I declare under penalty of perjury that the foregoing information is true and correct to the best of my knowledge, information and belief.

Executed on September 30, 2015

/s/ Thomas H. Strang
Thomas H. Strang