

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

EXIDE TECHNOLOGIES,

Reorganized Debtor.

Chapter 11

Case No. 13-11482 (KJC)

**EIGHTH QUARTERLY REPORT
OF THE VERNON TORT CLAIMS TRUST**

Craig R. Jalbert, CIRA, as trustee (the “Trustee”) of the Vernon Tort Claims Trust (the “Trust”), hereby submits this eighth quarterly report (the “Quarterly Report”) for the quarter ended September 30, 2017 (the “Reporting Period”).¹ The Trustee respectfully submits as follows:

BACKGROUND

1. On June 20, 2013, Exide Technologies (the “Debtor” or “Reorganized Debtor,” as applicable) filed its petition for relief under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the “Court”).

2. On March 27, 2015, the Debtor filed its *Fourth Amended Plan of Reorganization of Exide Technologies* [D.I. 3409]. On the same date, the Court entered its *Findings of Fact, Conclusions of Law and Order Confirming Fourth Amended Plan of Reorganization of Exide Technologies* [D.I. 3423].

3. On April 10, 2015, the Ad Hoc Group of Exide Tort Claimants (the “Ad Hoc Group”) filed the *Motion for Order: (I) Approving Proposed Vernon Tort Claims Trust*

¹ Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Fourth Amended Plan of Reorganization of Exide Technologies and/or the Vernon Tort Claims Term Sheet, as applicable.

Agreement; (II) Approving Appointment of Vernon Tort Claims Trustee and Settlement Administrator; and (III) Granting Related Relief [D.I. 3496], pursuant to which the Ad Hoc Group sought, *inter alia*, approval of the Vernon Tort Claims Trust Agreement (the “Trust Agreement”).

4. On May 20, 2015, the Court entered its Order approving the Trust Agreement [D.I. 3681].

5. Pursuant to the Trust Agreement, the Trustee is required to file quarterly reports with the Court. Trust Agreement § 7.04.

6. On November 16, 2015, the Trustee filed the *First Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4556].

7. On February 16, 2016, the Trustee filed the *Second Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4639].

8. On March 31, 2016, the Trustee filed the *Annual Report of the Vernon Tort Claims Trust* [D.I. 4660].

9. On May 16, 2016, the Trustee filed the *Third Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4672].

10. On August 15, 2016, the Trustee filed the *Fourth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4691].

11. On November 17, 2016, the Trustee filed the *Fifth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4730].

12. On February 17, 2017, the Trustee filed the *Sixth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4754].

13. On April 3, 2017, the Trustee filed the second *Annual Report of the Vernon Tort Claims Trust* [D.I. 4771].

14. On May 27, 2017, the Trustee filed the *Seventh Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4787].

QUARTERLY REPORT OF THE VERNON TORT CLAIMS TRUST

A. Summary Of Significant Activities Related To The Trust.

15. In accordance with the Vernon Tort Claims Term Sheet, the Trust continues to proceed with the Recovery Litigation. During the Reporting Period, a dispute arose between the Reorganized Debtor and the Trust regarding, among other things, the Vernon Tort Claims Term Sheet.

16. On August 21, 2017, the Reorganized Debtor filed the *Motion for Entry of an Order (I) Enforcing the Plan Injunction and Vernon Tort Claims Term Sheet and (II) Awarding Costs and Attorney's Fees* [D.I. 4821] (the "Plan Injunction Motion").

17. On September 7, 2017, the Trustee filed the *Motion of Vernon Tort Claims Trustee, Pursuant to 28 U.S.C. § 1334, for Entry of an Order Abstaining from Adjudicating Relief Requested in Reorganized Exide's Motion for Injunctive Relief* [D.I. 4847] (the "Abstention Motion"). Related to the Abstention Motion, on September 7, 2017, the Trustee also filed a Complaint for Damages against Reorganized Debtor in the Superior Court of the State of California for the County of Los Angeles, Central District, captioned *Craig R. Jalbert v. Exide Technologies*, Case No. BC674961 (the "Parallel Proceeding").

18. On September 21, 2017, the Reorganized Debtor filed the *Objection to Motion of Vernon Tort Claims Trustee for Entry of an Order Abstaining from Adjudicating Reorganized Debtor's Motion to Enforce the Plan Injunction and Vernon Tort Claims Term Sheet* [D.I. 4863].

19. On September 21, 2017, the Trustee filed the *Objection to Reorganized Debtor's Motion for Entry of an Order (I) Enforcing the Plan Injunction and Vernon Tort Claims Term Sheet and (II) Awarding Costs and Attorney's Fees* [D.I. 4865].

20. On September 25, 2017, the Trustee filed the *Reply in Support of Motion of Vernon Tort Claims Trustee, Pursuant to 28 U.S.C. § 1334, for Entry of an Order Abstaining from Adjudicating Relief Requested in Reorganized Exide's Motion for Injunctive Relief* [D.I. 4868].

21. On September 28, 2017, the Court held a hearing (the "Hearing") on the Plan Injunction Motion, the Abstention Motion, the Parallel Proceeding, and the related pleadings. At the Hearing, the Reorganized Debtor and the Trustee stated on the record that they had reached a resolution of the Plan Injunction Motion and the Abstention Motion.

22. On October 19, 2017, the Trustee and the Reorganized Debtor filed that certain *Stipulation Concerning Reorganized Debtor's Plan Injunction Motion and the Vernon Tort Claims Trustee's Abstention Motion* [D.I. 4889] under certification of counsel, which the Court approved by entry of order on October 20, 2017 [D.I. 4890].

23. As previously noted, in November 2016, certain of the Reorganized Debtor's insurance carriers initiated litigation against the Trust in the United States District Court for the Central District of California. On June 29, 2017, the Trustee filed a motion to stay that litigation until after the already-pending Recovery Litigation was concluded. On July 3, 2017, the insurance carriers filed motions for summary judgment seeking declarations that no coverage existed under various insurance policies. On July 10, 2017, the Trustee filed its opposition to the insurance carriers' motions for summary judgment. On July 27, 2017, the District Court held a

hearing with respect to the Trustee's stay motion and ultimately dismissed the action for lack of subject matter jurisdiction.

24. Also as previously discussed, the Trustee has participated in court-approved mediation with counsel for certain insurance carriers in respect of the litigation commenced by Allied World National Assurance Company ("Allied") in the United States District Court for the District of Delaware (the "Delaware District Court"). On September 13, 2017, the Trustee and Allied filed a joint status report with the Delaware District Court pursuant to which the parties advised the Court that the mediator had submitted a proposal to the parties, in which the mediator recommended a settlement that he deemed fair and reasonable. The parties further advised that they had shared feedback on the proposal with the mediator, and that the mediator had twice extended the parties' deadline to give a final decision with respect to the proposal.

B. Accounting and Unaudited Financial Information.

25. Attached hereto as Exhibit A is selected unaudited financial information with respect to the Trust covering the Reporting Period.

***C. Summary Of Vernon Tort Claims
For Which Payment Or Distributions Have Been Made.***

26. During the Reporting Period, the Trust did not make any payments or distributions with respect to any Vernon Tort Claims.

NOTICE

27. Notice of this Quarterly Report has been provided to: (i) counsel to the Reorganized Debtor; (ii) the Office of the United States Trustee; and (iii) all parties who requested notice pursuant to the *Order Establishing Noticing Procedures in Connection with Administering the Vernon Tort Claims Trust* [D.I. 4268]. The Trustee submits that no other or further notice is necessary.

Dated: November 21, 2017
Wilmington, Delaware

THE ROSNER LAW GROUP LLC

/s/ Scott J. Leonhardt

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*Counsel to Trustee of the
Vernon Tort Claims Trust*

EXHIBIT A

(FINANCIAL INFORMATION)

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Transaction Detail By Account

As of September 30, 2017

	Type	Date	Num	Name	Memo	Amount
Agent Deposits						
	Deposit	05/26/2015		Vernon Trust	Vernon/Exide	2,675,000.00
Total Agent Deposits						<u>2,675,000.00</u>
Bank						
Bank Service Charge						
	Check	05/26/2015	EFT	Citizens Bank	In-coming wire fee-Vernon Trust	-18.00
	Check	06/02/2015	Eft	Citizens Bank	Out-going wire to Brown Rudnick	-30.00
	Check	06/02/2015	Eft	Citizens Bank	Out-going wire to Rosner Law Group	-30.00
	Check	06/02/2015	Eft	Citizens Bank	Wire to Gray & Company, LLC	-30.00
	Check	06/02/2015	Eft	Citizens Bank	Wire to Blau & Associates, P.C.	-30.00
	Check	11/19/2015	EFT	Citizens Bank	Stop payment fees	-35.00
Total Bank Service Charge						<u>-173.00</u>
Total Bank						<u>-173.00</u>
Expense Reimbursement						
	Check	06/02/2015	13683	Girardi Keese	VERNON TRUST/EXIDE	-103,155.17
	Check	06/02/2015	13684	The Mandell Law Firm	VERNON TRUST/EXIDE	-27,000.00
	Check	06/02/2015	13685	Steven Wolfson	VERNON TRUST/EXIDE	-7,160.00
	Check	06/02/2015	Wire	Gray & Company, LLC	Vernon Trust/Exide	-8,894.70
	Check	06/02/2015	Wire	Blau/Keane Law Group, P.	Vernon Trust/Exide	-4,180.00
	Check	09/11/2015	13847	The Mandell Law Firm	VERNON TRUST/EXIDE	-28,263.97
	Check	09/11/2015	13850	Steven Wolfson	VERNON TRUST/EXIDE	-51,685.31
	Check	12/21/2015	14035	Blau/Keane Law Group, P.	Vernon Trust/Exide File # 400-333	-2,430.00
	Check	12/21/2015	14036	Steven Wolfson	VERNON/EXIDE-James Dahlgren Med	-8,750.00
Total Expense Reimbursement						<u>-241,519.15</u>
Professional Fees						
Legal						
Retainer						
	Check	07/21/2015	13776	Gabriel A. Gutierrez	Retainer File # 107415-Vernon/Exide	-10,000.00
Total Retainer						<u>-10,000.00</u>
Legal - Other						
	Check	06/02/2015	Wire	Brown Rudnick, LLP	Vernon Trust/Exide	-45,891.89
	Check	06/02/2015	Wire	The Rosner Law Group, LL	Vernon Trust/Exide	-35,593.43
	Check	07/06/2015	13756	Brown Rudnick, LLP	Matter 32651.0001 Vernon/Exide	-33,514.70
	Check	07/06/2015	13757	The Rosner Law Group, LL	Acct # 1693.00 Vernon Trust/Exide	-15,250.58
	Check	07/21/2015	13777	Gabriel A. Gutierrez	File # 107415 10 Hrs @ \$500.00-Verno	-5,000.00
	Check	09/11/2015	13848	The Rosner Law Group, LL	Acct # 1693.00, #7089,7208 Vernon Tr	-17,032.73
	Check	09/11/2015	13849	Brown Rudnick, LLP	Vernon Trust/Exide	0.00
	Check	09/11/2015	13851	Brown Rudnick, LLP	Vernon Trust/Exide	-29,641.59
	Deposit	11/19/2015	13848	The Rosner Law Group, LL	Add back check # 13848	17,032.73
	Check	11/19/2015	13979	The Rosner Law Group, LL	Acct # 1693.00, #7089,7208 Vernon Tr	-17,032.73
	Check	12/21/2015	14033	Brown Rudnick, LLP	Vernon/Exide Oct-Dec 2015	-39,945.73
	Check	12/21/2015	14034	The Rosner Law Group, LL	Acct # 1693.00, #7372,7442,7545 Vern	-6,551.57
	Check	05/11/2016	14752	Blau/Keane Law Group, P.	February #220455	-750.00
	Check	05/11/2016	14752	Blau/Keane Law Group, P.	March # 220651	-3,210.00
	Check	05/11/2016	14752	Blau/Keane Law Group, P.	April 220749	-120.00
	Check	05/11/2016	14753	The Rosner Law Group, LL	Acct # 1693.00, #7626	-1,226.16
	Check	05/11/2016	14753	The Rosner Law Group, LL	# 7779	-530.30
	Check	05/11/2016	14753	The Rosner Law Group, LL	# 7869	-846.72
	Check	05/11/2016	14754	Brown Rudnick, LLP	January 692961	-997.87
	Check	05/11/2016	14754	Brown Rudnick, LLP	February 694004	-2,057.04
	Check	05/11/2016	14754	Brown Rudnick, LLP	April 697276	-7,693.31
	Check	05/11/2016	14754	Brown Rudnick, LLP	March 696071	-9,698.00
	Check	05/11/2016	14753	The Rosner Law Group, LL	# 8000	-79.40
	Check	04/20/2017	15783	Blau/Keane Law Group, P.	March 2017	-2,280.00
	Check	04/20/2017	15784	The Rosner Law Group, LL	# 8132	-484.00
	Check	04/20/2017	15784	The Rosner Law Group, LL	# 8259	-55.00
	Check	04/20/2017	15784	The Rosner Law Group, LL	# 8469	-242.20
	Check	04/20/2017	15784	The Rosner Law Group, LL	# 8516	-432.00
	Check	04/20/2017	15784	The Rosner Law Group, LL	#8650	-1,418.10
	Check	04/20/2017	15784	The Rosner Law Group, LL	#8948	-5,577.71

Transaction Detail By Account

As of September 30, 2017

	Type	Date	Num	Name	Memo	Amount
	Check	04/20/2017	15784	The Rosner Law Group, LL #9104		-385.00
	Check	04/20/2017	15784	The Rosner Law Group, LL #9210		-242.50
	Check	04/20/2017	15784	The Rosner Law Group, LL #9340		-857.05
	Check	04/20/2017	15784	The Rosner Law Group, LL Unknown		-449.13
	Check	04/20/2017	15785	Brown Rudnick, LLP	Client#032651 - 8/2016 through 2/2001	-18,931.37
	Check	09/14/2017	16254	Blau/Keane Law Group, P.	Exide File # 400-333, 5/09 thru 9/07	-9,727.95
	Check	09/14/2017	16255	Brown Rudnick, LLP	Client#032651- Vernon Tort - 4/11 thru	-36,746.27
Total Legal - Other						<u>-333,459.30</u>
Total Legal						<u>-343,459.30</u>
Other						
	Check	12/21/2015	14037	Epidemiology Resources	Inv # ER1251-Vernon/Exide	-10,525.00
Total Other						<u>-10,525.00</u>
Outside Services						
	Check	12/21/2015	14038	SRF Environmental & Heal Acct # 144,	Inv# 150814443-Vernon/Ex	-25,900.00
Total Outside Services						<u>-25,900.00</u>
Total Professional Fees						<u>-379,884.30</u>
Reimbursements						
	Check	05/11/2016	14752	Blau/Keane Law Group, P.	April 220749	-11.44
Total Reimbursements						<u>-11.44</u>
						<u><u>2,053,412.11</u></u>