

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

In re:

EXIDE TECHNOLOGIES,

Reorganized Debtor.

Chapter 11

Case No. 13-11482 (KJC)

**ANNUAL REPORT
OF THE VERNON TORT CLAIMS TRUST**

Craig R. Jalbert, CIRA, in his capacity as trustee (the “Trustee”) of the Vernon Tort Claims Trust (the “Trust”), hereby submits this annual report (the “Annual Report”) for the year ended December 31, 2018 (the “Reporting Period”).¹ In support hereof, the Trustee respectfully states 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 (the “Plan”) 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 annual and 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].

15. On November 21, 2017, the Trustee filed the *Eighth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4914].

16. On February 17, 2018, the Trustee filed the *Ninth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4989].

17. On February 23, 2018, the Trustee filed the *Ninth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 4989].

18. On April 2, 2018, the Trustee filed the *Annual Report of the Vernon Tort Claims Trust* [D.I. 5011].

19. On May 16, 2018, the Trustee filed the *Tenth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 5026].

20. On November 19, 2018, the Trustee filed the *Eleventh Quarterly Report of the Vernon Tort Claims Trust* [D.I. 5096].

21. On February 19, 2019, the Trustee filed the *Twelfth Quarterly Report of the Vernon Tort Claims Trust* [D.I. 5132].

Annual Report of the Vernon Tort Claims Trust

A. Summary Of Significant Activities Related To The Trust.

22. In accordance with the Vernon Tort Claims Term Sheet, the Trust continues to proceed with the Recovery Litigation.

23. As described in the Annual Report for the year ended December 31, 2017, in September 2017, the Trustee filed a complaint in the United States District Court for the Central

District of California (the “California District Court”) against certain of the Debtor’s insurance carriers seeking, among other things, a judicial determination and declaration as to the Trust’s rights and obligations under certain insurance policies issued by the insurance carriers to Exide Technologies and its predecessor, the Debtor.

24. On January 4, 2018, the parties filed their Joint Rule 26(f) Report, pursuant to and in accordance with Rule 26(f) of the Federal Rules of Civil Procedure. On January 25, 2018, the parties filed their updated Joint Rule 26(f) Report. On February 14, 2018, the parties filed their stipulation regarding a proposed briefing schedule with respect to the litigation pursuant to which the parties proposed to divide the litigation into three phases.

25. On February 20, 2018, the California District Court entered its *Order Regarding Briefing Schedule for Dispositive Motions on the Pollution Exclusion in Three Phases*, pursuant to which the following schedule was established in respect of the litigation:

Phase One: Pollution Exclusions’ Waste Provision	
Opening Motion(s)	April 24, 2018
Opposition	May 8, 2018
Reply	May 22, 2018
Hearing	June 7, 2018 at 8:30 a.m.

Phase Two: Pollution Exclusions’ Exceptions	
Opening Motion(s)	July 12, 2018
Opposition	July 26, 2018
Reply	August 9, 2018
Hearing	August 23, 2018 at 8:30 a.m.

Phase Three: Products/Completed Operations Exception	
Opening Motion(s)	September 28, 2018

Opposition	October 11, 2018
Reply	October 25, 2018
Hearing	November 8, 2018 at 8:30 a.m.

26. On July 30, 2018, the court entered an order granting certain insurance carriers' phase one motions for summary judgment regarding certain alleged exclusions under the insurance policies.

27. On January 4, 2019, the court entered an order granting the remaining insurance carriers' phase two motions for summary judgment regarding other alleged exclusions under the remaining insurance policies. The Trust has filed a notice of appeal of this ruling.

28. The Trust is also plaintiff in certain actions pending before the Superior Court for the State of California, County of Los Angeles (the "California State Court"), and consolidated under the case captioned *Aguirre, et al. v. Exide Technologies, et al.*, Case No. BC567401. The Trust continues to prosecute these actions against the named defendants.

29. Finally, as previously noted, the Trustee participated in court-approved mediation with counsel for certain insurance carriers in respect of litigation commenced by Allied World National Assurance Company ("Allied") in the United States District Court for the District of Delaware (the "Delaware District Court").

30. On January 25, 2018, the Trustee and Allied filed a joint status report with the Delaware District Court pursuant to which the parties advised the Delaware District Court that they had reached a confidential settlement in principle resolving, among other things, Allied's coverage obligations under its directors and officers insurance policy.

31. The parties documented the confidential settlement agreement effective as of September 24, 2018. As a result of the confidential settlement, the Allied lawsuit was stayed by order of the Delaware District Court in November 2018.

32. A motion for determination that the settlement agreement was reached in good faith was filed on or about November 6, 2018 in the California State Court, which subsequently granted the motion. The finding of good faith settlement by the California State Court triggered, among other things, an obligation to dismiss the Allied lawsuit.

B. Accounting And Unaudited Financial Information.

33. 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.

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

NOTICE

35. Notice of this Annual 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.

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Dated: April 5, 2019
Wilmington, Delaware

THE ROSNER LAW GROUP LLC

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*Counsel to Trustee of the
Vernon Tort Claims Trust*

EXHIBIT A

(FINANCIAL INFORMATION)

	Type	Date	Num	Name	Memo	Class	Amount
Agent Deposits							
	Deposit	05/26/2015		Vernon Trust	Vernon/Exide	Vernon/Exide	2,675,000.00
Total Agent Deposits							2,675,000.00
Bank							
Bank Service Charge							
	Check	05/26/2015	EFT	Citizens Bank	In-coming wire fee-Vernon Trust?	Vernon/Exide	-18.00
	Check	06/02/2015	Eft	Citizens Bank	Out-going wire to Brown Rudnick	Vernon/Exide	-30.00
	Check	06/02/2015	Eft	Citizens Bank	Out-going wire to The Rosner Law Group, LLC	Vernon/Exide	-30.00
	Check	06/02/2015	Eft	Citizens Bank	Wire to Gray & Company, LLC	Vernon/Exide	-30.00
	Check	06/02/2015	Eft	Citizens Bank	Wire to Blau & Associates, P.C.	Vernon/Exide	-30.00
	Check	11/19/2015	EFT	Citizens Bank	Stop payment fees	Vernon/Exide	-35.00
Total Bank Service Charge							-173.00
Total Bank							-173.00
Expense Reimbursement							
	Check	06/02/2015	13683	Girardi Keese	VERNON TRUST/EXIDE	Vernon/Exide	-103,155.17
	Check	06/02/2015	13684	The Mandell Law Firm	VERNON TRUST/EXIDE	Vernon/Exide	-27,000.00
	Check	06/02/2015	13685	Steven Wolfson	VERNON TRUST/EXIDE	Vernon/Exide	-7,160.00
	Check	06/02/2015	Wire	Gray & Company, LLC	Vernon Trust/Exide	Vernon/Exide	-8,894.70
	Check	06/02/2015	Wire	Blau/Keane Law Group, P.C.	Vernon Trust/Exide	Vernon/Exide	-4,180.00
	Check	09/11/2015	13847	The Mandell Law Firm	VERNON TRUST/EXIDE	Vernon/Exide	-28,263.97
	Check	09/11/2015	13850	Steven Wolfson	VERNON TRUST/EXIDE	Vernon/Exide	-51,685.31
	Check	12/21/2015	14035	Blau/Keane Law Group, P.C.	Vernon Trust/Exide File # 400-333	Vernon/Exide	-2,430.00
	Check	12/21/2015	14036	Steven Wolfson	VERNON/EXIDE-James Dahlgren Medical	Vernon/Exide	-8,750.00
	Check	10/08/2018	17290	Girardi Keese	VERNON TRUST/EXIDE	Vernon/Exide	-2,750.00
Total Expense Reimbursement							-244,269.15
Professional Fees							
Legal							
Retainer							
	Check	07/21/2015	13776	Gabriel A. Gutierrez	Retainer File # 107415-Vernon/Exide	Vernon/Exide	-10,000.00
Total Retainer							-10,000.00
Legal - Other							
	Check	06/02/2015	Wire	Brown Rudnick, LLP	Vernon Trust/Exide	Vernon/Exide	-45,891.89
	Check	06/02/2015	Wire	The Rosner Law Group, LLC	Vernon Trust/Exide	Vernon/Exide	-35,593.43
	Check	07/06/2015	13756	Brown Rudnick, LLP	Matter 32651.0001 Vernon/Exide	Vernon/Exide	-33,514.70
	Check	07/06/2015	13757	The Rosner Law Group, LLC	Acct # 1693.00 Vernon Trust/Exide	Vernon/Exide	-15,250.58
	Check	07/21/2015	13777	Gabriel A. Gutierrez	File # 107415 10 Hrs @ \$500.00-Vernon/Exide	Vernon/Exide	-5,000.00
	Check	09/11/2015	13848	The Rosner Law Group, LLC	Acct # 1693.00, #7089,7208 Vernon Trust/Exide	Vernon/Exide	-17,032.73
	Check	09/11/2015	13849	Brown Rudnick, LLP	Vernon Trust/Exide	Vernon/Exide	0.00
	Check	09/11/2015	13851	Brown Rudnick, LLP	Vernon Trust/Exide	Vernon/Exide	-29,641.59
	Deposit	11/19/2015	13848	The Rosner Law Group, LLC	Add back check # 13848	Vernon/Exide	17,032.73
	Check	11/19/2015	13979	The Rosner Law Group, LLC	Acct # 1693.00, #7089,7208 Vernon Trust/Exide	Vernon/Exide	-17,032.73
	Check	12/21/2015	14033	Brown Rudnick, LLP	Vernon/Exide Oct-Dec 2015	Vernon/Exide	-39,945.73
	Check	12/21/2015	14034	The Rosner Law Group, LLC	Acct # 1693.00, #7372,7442,7545 Vernon/Exide	Vernon/Exide	-6,551.57
	Check	05/11/2016	14752	Blau/Keane Law Group, P.C.	-MULTIPLE-	Vernon/Exide	-4,080.00
	Check	05/11/2016	14753	The Rosner Law Group, LLC	-MULTIPLE-	Vernon/Exide	-2,682.58
	Check	05/11/2016	14754	Brown Rudnick, LLP	-MULTIPLE-	Vernon/Exide	-20,446.22
	Check	04/20/2017	15783	Blau/Keane Law Group, P.C.	March 2017	Vernon/Exide	-2,280.00
	Check	04/20/2017	15784	The Rosner Law Group, LLC	-MULTIPLE-	Vernon/Exide	-10,142.69
	Check	04/20/2017	15785	Brown Rudnick, LLP	Client#032651 - 8/2016 through 2/20017	Vernon/Exide	-18,931.37
	Check	09/14/2017	16254	Blau/Keane Law Group, P.C.	Exide File # 400-333, 5/09 thru 9/07	Vernon/Exide	-9,727.95
	Check	09/14/2017	16255	Brown Rudnick, LLP	Client#032651- Vernon Tort - 4/11 thru 9/11	Vernon/Exide	-36,746.27
	Check	10/11/2017	16353	The Rosner Law Group, LLC	-MULTIPLE-	Vernon/Exide	-11,096.49
	Check	10/11/2017	16354	Blau/Keane Law Group, P.C.	Exide File # 400-333, Inv # 223387	Vernon/Exide	-480.00
	Check	10/13/2017	16355	Brown Rudnick, LLP	Client#032651- Vernon Tort - 4/11 thru 9/11	Vernon/Exide	-129,742.47
	Check	12/19/2017	16506	Brown Rudnick, LLP	Client#032651- Vernon Tort -Inv :726321/72441	Vernon/Exide	-9,968.16
	Check	12/19/2017	16507	The Rosner Law Group, LLC	-MULTIPLE-	Vernon/Exide	-4,516.75
	Check	01/10/2018	16538	Blau/Keane Law Group, P.C.	Exide File # 400-333, Inv # 223524	Vernon/Exide	-210.00
	Check	01/10/2018	16539	Brown Rudnick, LLP	Prof. fees- Vernon/ Exide	Vernon/Exide	-1,790.10
	Check	09/18/2018	17199	Brown Rudnick, LLP	Prof. fees- Vernon/ Exide	Vernon/Exide	-32,950.88
	Check	11/15/2018	17554	The Gallagher Law Group, PC	Exide: Outstanding Invoices	Vernon/Exide	-23,522.50
	Check	12/07/2018	17620	Blau/Keane Law Group, P.C.	Exide # 400-333, Inv # 224763 & 223825	Vernon/Exide	-210.00
	Check	12/12/2018	17621	Brown Rudnick, LLP	Vernon: Inv: 6865777 & 6863952	Vernon/Exide	0.00
	Check	12/13/2018	17647	Brown Rudnick, LLP	Vernon Tort, Inv's: 686577, 6862186, 6863952	Vernon/Exide	0.00
	Check	12/13/2018	17648	Brown Rudnick, LLP	Vernon Tort, Inv's: 686577, 6862186, 6863952	Vernon/Exide	-10,469.78

		Type	Date	Num	Name	Memo	Class	Amount
	Total Legal - Other							-558,416.43
	Total Legal							-568,416.43
	Other							
		Check	12/21/2015	14037	Epidemiology Resources	Inv # ER1251-Vernon/Exide	Vernon/Exide	-10,525.00
		Check	11/15/2018	17553	Segale Consulting Services, LLC	Exide- Expert Witness Fee	Vernon/Exide	-4,750.00
	Total Other							-15,275.00
	Outside Services							
		Check	12/21/2015	14038	SRF Environmental & Health Mgt., Inc.	Acct # 144, Inv# 150814443-Vernon/Exide	Vernon/Exide	-25,900.00
		Check	10/01/2018	17280	Denise Jarman Attorney At Law	Invoice dated 8/28/18 Vernon Exide	Vernon/Exide	-36,059.19
		Check	11/12/2018	17548	Environmental Advisors, Inc.	Advance - Retainer for EXIDE BATTERY	Vernon/Exide	0.00
		Check	11/12/2018	17549	Environmental Advisors, Inc.	Advance - Retainer for EXIDE BATTERY	Vernon/Exide	-7,500.00
		Check	11/27/2018	17563	SRF Environmental & Health Mgt., Inc.	Acct # 144, Inv# 16-01144-44-Vernon/Exide	Vernon/Exide	-5,950.00
		Check	11/27/2018	17564	Environmental Advisors, Inc.	1/1 to 2/5/16 Services - EXIDE BATTERY	Vernon/Exide	-16,800.00
	Total Outside Services							-92,209.19
	Total Professional Fees							-675,900.62
	Reimbursements							
		Check	05/11/2016	14752	Blau/Keane Law Group, P.C.	April 220749	Vernon/Exide	-11.44
	Total Reimbursements							-11.44
AL								1,754,645.79