To: Shine, Katherine[Shine.Katherine@epa.gov]
From: Sugerman, Rebecca
Sent: Wed 9/24/2014 7:58:16 PM
Subject: Fw: Exide

… In a filing with the Securities and Exchange Commission, ...

From: Tenenbaum, Alan (ENRD) <Alan.Tenenbaum@usdoj.gov>
Sent: Friday, August 15, 2014 11:25 AM
To: Warren, Joe (ENRD); Sugerman, Rebecca; Christenson, Kara; Maldonado, Lewis
Cc: Gibbons, Melissa; Davies, Lynne
Subject: Exide

Exide Targeted in Federal Criminal Probe of California Plant

Battery Maker Receives Grand Jury Subpoena Involving Lead-Recycling Plant

By

Peg Brickley

Aug. 15, 2014 12:02 p.m. ET

Exide Technologies **XIDEQ** **in**Your ValueYour Change Short positionhas been hit with a grand jury subpoena in connection with a criminal investigation involving its Vernon, Calif., lead-recycling plant.

In a filing with the Securities and Exchange Commission, the battery maker revealed the Aug. 8 subpoena seeks "documents relating to materials transportation and air emissions." Exide itself and "certain unidentified individuals" are targets of the investigation" being conducted by the Justice Department in the Central District of California, the SEC filing says.

Revelation of the federal criminal probe is the latest development in a long history of trouble involving the Vernon plant, a source of cheap lead for Exide's battery-making operations.

Exide said in the SEC filing that it "will cooperate" with the probe, but is unable to estimate "the amount or range of loss, if any, in this matter."

Shortly before Exide filed for Chapter 11 bankruptcy protection last year, the plant was ordered closed by regulators due to contamination. It was later reopened but was closed again this year. The second closure forced Exide to go back to the bargaining table with creditors to rewrite the business plan that will form the backbone of the company's bankruptcy-exit plan.

According to Exide, the closure was part of a routine maintenance, but reopening was delayed so that the facility could get into compliance with "new health, safety and environmental standards that became effective" while the plant was out of operation.

The loss of cheap lead from the Vernon plant could eat $15 million to $38 million out of annual earnings, the company has warned.

Exide has said it is making adjustments to its business plan to account for the possibility it won't be able to bring the Vernon plant back online and will have to buy lead on the open market instead.

Thursday, Exide said it was laying off 64 people who had been laboring to get the Vernon plant ready to reopen, under an arrangement with the South Coast Air Quality Management District Hearing Board. Another 73 people are being kept on the job at Vernon, Exide said, to install new emissions-control equipment "and develop enhanced operating, maintenance and environmental procedures to support a successful restart of the Vernon facility."

Community groups say the plant is dangerous and in need of a massive cleanup from contamination that began decades before Exide took over the facility.

Vernon's problems have been a major factor in holding up Exide's Chapter 11 exit plan, which is still being negotiated with major creditor groups. The plan was due in July, but Exide has now asked to move its Chapter 11 plan filing deadline to Dec. 10. Exide's creditor-repayment plan must resolve more than $1 billion in debts, including $675 million in senior loans.

Write to Peg Brickley at peg.brickley@wsj.com