



**INDUSTRIAL
SAFETY AND HEALTH
CONSULTANTS**

TELEPHONE NO. 901-784-3014
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LEE NORMAN, DIRECTOR

April 30, 1998

CONTINENTAL BATTERY MFG CORPORATION
ATTN: Mr. Jim McCann
4919 Woodall Street
Dallas, TX 75247

Dear Mr. McCann:

As a Professional Consultant for the Battery Manufacturing and Secondary Lead Smelting Industry for the past 30 years, I am very interested in your new battery project. My experience, besides working with approximately 94 battery manufacturing companies and 20 Secondary Lead Smelters over this period, also includes serving as a former Executive Director for the Secondary Lead Smelter's Association and Executive Director for the Battery Recycling Association. With this experience I am very aware of the spent lead-acid battery recycling requirements in the United States. I know your new product can be recycled and see no problems in the lead smelters processing all spent lead-acid batteries available.

The task of recycling spent lead-acid batteries must be a major consideration for your new battery project. Several years ago, BCI developed a nationwide program to have each State adopt rules that require a "spent battery" to be reclaimed for each new battery sold. Therefore, if you produce and market 15 million new batteries with this new project, you will have the opportunity to reclaim and recycle 15 mm spent lead-acid batteries.

The battery recycling industry has changed drastically over the past few years and is currently being modified even more today. We presently have 17 battery recycling facilities operating in the United States. These facilities are:

RSR, Inc., City of Industry, California
RSR, Inc., Indianapolis, Indiana
RSR, Inc., Watertown, New York
Exide, Inc., Reading, Pa
Exide, Inc., Muncie, Pa
Exide, Inc., Baton Rouge, La
Exide, Inc., Forest City, Mo
Exide, Inc., Memphis, Tn



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GNB, Inc., Los Angeles, California
GNB, Inc., Fresco, Tx
GNB, Inc., Columbus, Ga
East Penn Mfg Company, (Deka Battery) Lyon Station, Pa
Sanders Lead Company, Troy, Al
General Smelting & Refining, Inc, College Grove, Tn
Gopher Smelting Company, Eagan, Mn
Gulf Coast Lead Company, Tampa, Fl
Doe Run, Inc., St. Louis, Mo

* Note: A new facility, Asset Recovery, Inc. has obtained permits to construct a facility in Muskogee, Ok.

*Note: Exide, Inc. is currently attempting to purchase the three units owned by GNB, Inc.

These existing Secondary Lead Smelters have the capacity to recycle 75 million spent batteries annually. The batteries make up 80 to 85% of the raw materials used at the smelters. Therefore, the batteries become an important part of the smelter's ability to make money and they seek to recover batteries any place they can get them.

Today, you can sell your spent batteries to any of the existing smelters. Should you have problems in the future with Exide, GNB, RSR for any marketing reasons, the smaller independent smelters can recycle all of the spent batteries you generate.

The additional oil you plan to put into your batteries will not affect the recycling of this product. The smelters handle a lot of oil and grease with current batteries. This comes from road and engine contamination. The separation methods used by the smelters allow this material to float out with the oxides and go into the furnace where it is burned.

I wish you much success with this new project. I know the end product you produce will not cause problems in your ability to recycle the spent lead-acid batteries.

Sincerely

Lee Norman
Director