

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

NU RIDE INC., *et al.*,¹

Reorganized Debtors.

Chapter 11

Case No. 23-10831 (MFW)

(Jointly Administered)

Re: Docket Nos. 1588 and 1592

**REPLY IN SUPPORT OF POST-EFFECTIVE DATE DEBTORS' MOTION
FOR ENTRY OF AN ORDER (I) AUTHORIZING THE REDUCTION
OF THE GUC RESERVE AND (II) GRANTING RELATED RELIEF**

Nu Ride Inc. and its affiliated reorganized debtors in the above-captioned proceeding (the “Post-Effective Date Debtors”), by and through their undersigned counsel, submit this reply in response to the *Objection of Darren Post, Steve Burns, Julio Rodriguez, and Caimin Flannery to Post-Effective Date Debtors’ Motion for Entry of an Order (I) Authorizing the Reduction of the GUC Reserve and (II) Granting Related Relief* [Docket No. 1592] (the “Objection”)² and in support of the Motion, and respectfully state as follows:

REPLY

1. Claimants (Lordstown’s former CEO Steve Burns, former CFO Julio Rodriguez, and two other former officers or senior employees of the Debtors) appear to misunderstand the purpose of the GUC Reserve and how the amount of that reserve was negotiated between the Debtors and the two official committees appointed in the Chapter 11 cases. As the Court may recall, and as provided in the Plan (including in Exhibit E to the Plan Supplement), the GUC

¹ The Reorganized Debtors and the last four digits of their respective taxpayer identification numbers are: Lordstown Motors Corp. (3239); Lordstown EV Corporation (2250); and Lordstown EV Sales LLC (9101). The Reorganized Debtors’ service address is: Nu Ride Inc. c/o Alex Matina, CEO, M 3 Partners, 1700 Broadway, 19th Floor, New York, NY 10019.

² Capitalized terms used but not defined herein shall have the meanings set forth in the Motion.



Reserve was established in the total face amount of (i) certain liquidated general unsecured claims; (ii) estimated rejection damages; (iii) the Ohio Securities Litigation Settlement Payment; (iv) identified liquidated indemnification claims; plus (v) a “cushion” of \$7.1m, which was derived based on the negotiated total GUC Reserve number of \$45 million.

2. Reserved amounts have proven to be far higher than what was actually necessary to pay claims in those categories. As provided in Article V.E of the Plan, the GUC Reserve is automatically reduced as certain claims (those set forth on Exhibit J to the Plan Supplement) were allowed and paid in amounts lower than what was reserved for such claims. Reserves for other categories of claims listed in Exhibit E to the Plan Supplement were not automatically reduced by any difference in the amount reserved for and the amount ultimately allowed and paid. Recognizing that this discrepancy would eventually result in a GUC Reserve far higher than the amount required to pay allowed claims in full, the parties negotiated a mechanism to reduce the GUC Reserve by consent or by Court order, which is precisely what the Post-Effective Date Debtors and the Claims Ombudsman are doing. The Motion is therefore not in any way contrary to the requirements of the Plan.

3. Nor does the Motion violate the Claims Reserve Requirement. That requirement refers to Article VII.I of the Plan, which describes the negotiation process for establishing the agreed-upon initial GUC Reserve. That negotiation also included the mechanism, described above, to reduce the GUC Reserve. The Post-Effective Date Debtors believe the Claims Reserve Requirement is satisfied, including because the Proposed GUC Reserve is very likely far larger than what is needed to satisfy remaining disputed claims, particularly given ongoing settlement negotiations with most of the holders of such claims.

4. Claimants' request to maintain the \$7.1 million "cushion" in the GUC Reserve should be denied. That \$7.1 million was not calculated in any fashion to account for Claimants' asserted claims (those claims were instead included in the \$1.6 million set forth for Identified Liquidated Indemnification Claims in Exhibit E to the Plan Supplement). It was negotiated solely to get the GUC Reserve up to \$45 million, which was the total amount agreed upon by the Debtors and the two committees. To the extent the cushion was necessary, it existed in case the approximately \$34.9 million in identified claims (which included estimated rejection damages claims) were ultimately allowed in amounts higher than what was reserved. In fact, the opposite has occurred, and claims have been allowed at amounts far lower than what was reserved, in the aggregate.

5. Reducing the GUC Reserve as requested is not inequitable. Neither the GUC Reserve nor the \$7.1 million cushion were intended to capture every potential dollar of unliquidated claims that was asserted or could ultimately be allowed against the Debtors. The Plan specifically provides that all creditors, including Claimants (if any amount of their claims is ultimately allowed, which the Post-Effective Date Debtors believe is doubtful), may recover from all assets of the Post-Effective Date Debtors, to the extent the GUC Reserve is insufficient to pay all allowed Claims. *See* Plan at Arts. V.C.3, V.E.

6. While it is ironic that Claimants (who are the defendants in the various ongoing lawsuits for securities fraud and other causes of action on account of statements and omissions they made and/or caused Lordstown to make, including in securities filings) now point to risk disclosures in the Post-Effective Date Debtors' securities filings for their argument that assets are "limited and largely speculative" and may be insufficient to cover all claims in full, that argument misstates the facts and is without merit. The Post-Effective Date Debtors have, as of the date of

their most recent Form 10-Q, \$26.8 million in *unrestricted* cash and cash equivalents, in addition to \$2.7 million in restricted cash and \$19.7 million in restricted short-term investments. *See* Objection at Ex. B, p. 11. As described in the Form 10-K attached to the Objection at Exhibit A, the GUC Reserve is accounted for in the Post-Effective Date Debtors' *restricted* assets. *See id.* at Ex. A, p. 33. Thus, creditors will continue to have access to upwards of ***\$45 million*** in cash (as of the date of the most recent filing), whether or not such cash is part of the GUC Reserve. There is thus a more than sufficient cushion for Claimants' claims, whether they be liquidated or unliquidated.

7. For the reasons set forth herein, the Objection should be overruled. However, the Post-Effective Date Debtors are willing to increase the Proposed GUC Reserve to maintain the \$1.6 million for identified liquidated indemnification claims (of which Claimants' asserted amount is now approximately \$936,308³), for a total Proposed GUC Reserve of \$5.1 million.

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³ The Post-Effective Date Debtors have not received any documentation for this amount, and reserve all rights to object to liquidated and unliquidated portions of Claimants' claims, including with respect to liability and amount.

WHEREFORE, the Post-Effective Date Debtors respectfully request that the Court overrule the Objection and grant the relief requested in the Motion, as modified herein.

Dated: November 7, 2025
Wilmington, Delaware

MORRIS JAMES LLP

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