

Frequently Asked Questions for Suppliers

1. Why did Lordstown file for Chapter 11?

The short answer is that, as set forth in our complaint against Foxconn, Foxconn's fraud, bad faith, and repeated failure to uphold its contractual commitments and provide vital resources/support caused material and irreparable commercial and financial harm to our business. Foxconn's failures led to us now seeking to sell the Company as a going concern and/or its assets through Chapter 11, free and clear of the overhang of the damage that Foxconn has done.

2. How long is this process expected to take?

The Company intends to move expeditiously through the Chapter 11 process. The Company will be seeking Court approval for a timeline that enables an expedited marketing and sale process under section 363 of the Bankruptcy Code, with a sale hearing targeted for September 2023. Thereafter, we will seek to close any agreed-upon sale as quickly as possible, following Court, regulatory, and other approvals.

3. How does this impact me as your supplier?

Our planned sale process does not impact our ability to continue to conduct business in the near term and we will continue to rely on our valued supplier/vendor network. For all authorized goods delivered and services rendered after the date of the Chapter 11 filing, we will pay vendors/suppliers in the ordinary course.

4. Does the Company intend on continuing to do business with its suppliers?

In the near term, our planned sale process does not impact our ability to conduct business and we will continue to rely on our valued supplier/vendor network. For all authorized goods delivered and services rendered after the date of the Chapter 11 filing we intend to pay vendors in the ordinary course. To the extent that there are accrued but unpaid amounts owed to you as of the date that we filed the Chapter 11 proceedings, such claims will be addressed through the Chapter 11 claims process. Federal bankruptcy law prohibits us from paying those amounts, absent special relief from the bankruptcy court, until we file and confirm a Chapter 11 plan, at which point payments for those amounts would be governed by the Chapter 11 plan.

5. Does the Company have the liquidity to continue paying its suppliers?

Yes, we have significant cash on hand, which positions us to meet our go-forward obligations to you in the near term during the process. This includes paying our suppliers for all authorized goods received and services rendered after the filing date.

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special relief from the bankruptcy court, until we file and confirm a Chapter 11 plan, at which point payments for those amounts would be governed by the Chapter 11 plan.

6. Will suppliers/vendors be paid for goods delivered/services rendered to Lordstown before the filing?

Under the Bankruptcy Code, which is U.S. federal law, we are prohibited from making any payments to suppliers/vendors for goods delivered or services rendered prior to the Chapter 11 filing absent Court approval. Treatment of these “prepetition” obligations will generally be determined at the conclusion of the Chapter 11 case.

“Prepetition” means before the filing of the petition commencing the Chapter 11 case.
“Postpetition” means after the filing.

7. Will suppliers/vendors be paid for goods delivered/services rendered to Lordstown after the filing?

Yes. We will pay suppliers/vendors in the ordinary course of business for all goods delivered and services rendered after the filing.

We have significant cash on hand, which positions us to meet our postpetition go-forward obligations to you during the process.

8. I have a contract with the Company. Are you going to be able to meet your obligations under it?

Yes, for the postpetition delivery of goods and services. Our significant cash on hand will provide the funds necessary to meet our go-forward obligations to suppliers during the sale process.

However, we are subject to Bankruptcy Code limitations on paying “prepetition” claims.

9. Is the Company continuing production?

The Company is currently in the process of finalizing several Endurance vehicles. Once that process is complete, the Company intends to halt production of the Endurance until a value-maximizing transaction is identified. We believe this approach will best enable us to preserve the Company’s assets and turn its focus entirely to maximizing recoveries through the Chapter 11 cases, including marketing and selling the Company and/or substantially all of its assets pursuant to the sale process contemplated in connection with the Chapter 11 proceedings.

10. Will the Company be accepting additional orders of Endurance vehicles?

At this time, we are not accepting new orders for the Endurance.