

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

In re:

Nikola Corp., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10258 (TMH)

(Jointly Administered)

Re: Docket No. 15 & 16

**SUPPLEMENTAL DECLARATION OF DREW M. TALARICO  
IN SUPPORT OF THE SALES OF CERTAIN OF THE DEBTORS' ASSETS**

I, Drew M. Talarico, hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I am a Managing Director in the Financial Restructuring Group at Houlihan Lokey Capital, Inc. ("Houlihan"), an investment banking and financial advisory firm. I have worked in Houlihan's financial restructuring group since 2007. I am based in Houlihan's New York office located at 245 Park Avenue, 20th Floor, New York, New York 10167. I am authorized to submit this declaration (this "Declaration") on behalf of Houlihan. Houlihan was retained in October 2024 as the investment banker to Nikola Corporation and affiliates in connection with a strategic transaction, and is now an estate retained professional for Nikola Corporation and its affiliated debtors and debtors in possession (collectively, the "Debtors") in connection with the Debtors' Chapter 11 Cases.

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<sup>1</sup> The Debtors in these chapter 11 cases, together with the last four digits of each Debtor's federal tax identification number, are: Nikola Corporation (registered to do business in California as Nikola Truck Manufacturing Corporation) (1153); Nikola Properties, LLC (3648); Nikola Subsidiary Corporation (1876); Nikola Motor Company LLC (0139); Nikola Energy Company LLC (0706); Nikola Powersports LLC (6771); Free Form Factory Inc. (2510); Nikola H2 2081 W Placentia Lane LLC (N/A); 4141 E Broadway Road LLC (N/A); and Nikola Desert Logistics LLC (N/A). The Debtors' headquarters are located at 4141 East Broadway Road, Phoenix, AZ 85040.

2. I submit this Declaration in support of the *Debtors' Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Designate One or More Stalking Horse Bidders and to Provide Bid Protections, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof, and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 15] (the "Sale Motion"),<sup>2</sup> filed on February 19, 2025.

### **Qualifications**

3. Houlihan and its professionals have extensive experience advising companies in financial distress and in chapter 11, and I have personally worked on dozens of sales and restructuring processes, including transactions in and outside of bankruptcy. My experience includes representing debtors and other stakeholders in a variety of industries, including complex transactions in the automotive, energy, logistics, and manufacturing sectors.

4. All facts set forth herein are based on my personal knowledge, information learned from my review of relevant documents, or based upon information provided to me by professionals working at my direction, or by the Debtors and their other advisors. If I were called to testify, I would testify competently to the facts set forth herein.

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

**The Debtors' Marketing Process**

5. Houlihan was engaged by the Debtors in October 2024 to advise on potential strategic transactions, including asset sales and financing opportunities. Our engagement followed significant efforts by the Debtors to pursue alternative financing and M&A opportunities throughout 2024, including outreach conducted by Citigroup Global Markets Inc., BTIG, LLC, and Goldman Sachs & Co. LLC. Additional details regarding the Debtors' marketing process and sale efforts are described in the Debtors' Sale Motion.

6. In support of the Sale Motion, I submitted a separate declaration on February 19, 2025, describing Houlihan's prepetition and initial postpetition marketing process [Docket No. 16]. This declaration supplements that earlier testimony by providing additional information about the auction process, the evaluation of bids, and the resulting transaction.

7. Following Houlihan's retention, Houlihan continued marketing efforts that targeted both strategic and financial buyers. Houlihan conducted diligence sessions, helped host in-person tours, managed an electronic data room, coordinated direct outreach, and evaluated transaction proposals. While initial interest was broad, many potential buyers were deterred by the capital-intensive nature of Nikola's business, uncertain profitability horizon, and headwinds in the electric vehicle and hydrogen industries generally. Despite those challenges, Houlihan remained engaged with several parties and helped the Debtors refine and relaunch the sale process postpetition.

8. Pursuant to the Bidding Procedures approved by the Court on March 7, 2025 [Docket No. 133], Houlihan and the Debtors received multiple bids for significant portions of the Debtors' assets. Comparing these bids was challenging. For example, all bids received for all or a significant portion of the Debtors' assets either came with execution risk or covered largely different perimeters of assets with overlap between one another, which made an 'apples to apples' comparison difficult. After extensive discussions and negotiations with the Qualified Bidders and

a vetting process and diligence by Houlihan, the Debtors, and the Debtors' other advisors, the Debtors determined that an auction would be held to ensure the highest and best outcome.

9. I believe the marketing process was thorough and complete, and yielded the highest and best offers for the Sale Assets (as defined below) under the circumstances. I cannot identify any potential purchaser that has not already been contacted that may have an interest in the collective assets subject to the Asset Purchase Agreements (as defined below), let alone one that would be able to close within the required timeframe.

### **The Debtors' Sale Process and Transactions**

10. Given the extensive marketing process that I described above, I believe it is likely that all potentially interested and capable buyers have been contacted and given an adequate opportunity to conduct diligence and bid on the Sale Assets and the following bids are the highest and best offers for the Sale Assets.

11. Starting on the 7th of April and ending on the 10th, the Debtors conducted an auction in accordance with the Bidding Procedures. The auction included bids for a substantial portion of the Debtors' Assets, certain business segments, and more than one subset of the Debtors' Assets, including interests in (and claims against) a non-debtor entity called Wabash Valley Resources Holdings LLC.

#### **A. Sale of Certain Real Property, Equipment, and Other Assets to Lucid USA II, Inc. and Extensions of Offers of Employment to Certain Employees**

12. After multiple rounds of competitive bidding, and a thorough analysis of Qualified Bids from four Qualified Bidders, the Debtors, in their reasonable business judgment and in consultation with the Official Committee of Unsecured Creditors (the "Committee") and the Debtors' advisors, selected Lucid USA II, Inc., or its related purchaser designee ("Lucid"), as the Successful Bidder for a large portion of the Debtors' assets, including Nikola's manufacturing

facility in Coolidge, Arizona, Nikola's Coolidge and Phoenix headquarters leases and certain machinery, equipment and inventory. Lucid is also obligated to extend offers of employment to no fewer than 300 Nikola employees and has begun the selection process, with onboarding to commence later this month.

13. At the outset of the auction, the Lucid bid was contingent on entering into lease amendments for both the Coolidge and Phoenix headquarters leases. Before the conclusion of the auction, the Debtors were able to remove the contingency in the Lucid Asset Purchase Agreement (defined below) based on agreements with the respective landlords and Lucid to certain post-closing lease amendments for both leases.

14. The Lucid Sale consists of a total of approximately \$30 million in cash and non-cash consideration (including the release of an existing letter of credit associated with the headquarters lease). The Lucid Sale is memorialized in an asset purchase agreement dated April 10, 2025 (the "Lucid Asset Purchase Agreement").

**B. Sale of Nikola Corporation's 20% Equity Interest in Wabash Valley Resources Holdings LLC**

15. The Debtors also marketed their twenty percent (20%) equity interest in Wabash Valley Resources Holdings LLC ("Wabash") and such interest, the "Wabash Equity") as a standalone asset because it is a partial equity interest in a distinct business, posing a different strategic and financial profile than the Debtors' other assets. The Debtors received two (2) Qualified Bids for the Wabash Equity. After negotiations, an auction, and consultation with the Committee, the Debtors ultimately chose Midwest Infrastructure Partners LLC ("MIP") as the Successful Bidder, and its bid as the highest or otherwise best offer, for the Wabash Equity (the "Wabash Equity Sale").

16. The Wabash Equity Sale contemplates a \$1.0 million cash purchase price. The terms of the Wabash Equity Sale are memorialized in that certain Asset Purchase Agreement, dated as of April 10, 2025 (the “Wabash Interest Asset Purchase Agreement”).

**C. Sale of Convertible Promissory Note from Wabash Valley Resources Holdings LLC**

17. Lastly, the Debtors received two bids for the Debtors’ rights under a convertible promissory note dated March 14, 2025, issued by Wabash Valley Resources Holdings LLC in favor of Nikola Corporation (the “Wabash Note” and collectively with the Wabash Equity and the Lucid Assets, the “Sale Assets”).

18. After one round of bidding, the Debtors, in consultation with their advisors, and after consultation with the Committee, selected Philipp Brothers Fertilizer LLC (“Philipp Brothers” and, together with Lucid and MIP, the “Purchasers”) as the Successful Bidder, and its bid was selected as the highest or otherwise best offer, for the Wabash Note (the “Wabash Note Sale” and, together with the Wabash Interest Sale and the Lucid Sale, the “Sales”).

19. The Wabash Note Sale contemplates a purchase price of \$125,000 in cash consideration. The terms of the Wabash Note Sale are memorialized in that certain Asset Purchase Agreement, dated as of April 10, 2025 (the “Wabash Note Asset Purchase Agreement” and, together with the Lucid Asset Purchase Agreement and the Wabash Interest Asset Purchase Agreement, the “Asset Purchase Agreements”).

**The Sale and Marketing Process Resulted in the Highest or Otherwise Best Offers for the Respective Sale Assets**

20. Based on my involvement in the sale processes, my review of the bids received, and my experience, I believe the sale and marketing process, the Bidding Procedures, and the auction provided the Debtors with reasonable opportunity to solicit, negotiate, and evaluate bids for the Sale Assets and afforded interested parties a reasonable opportunity to conduct due

diligence prior to submitting their bids. Moreover, I believe that the sale and marketing process was comprehensive, transparent, and was conducted in good faith in accordance with the Bidding Procedures.

21. Based on the extensive marketing efforts described above and my experience, I believe that each of the Sales reflected in the Asset Purchase Agreements represent the highest or otherwise best offers for the Sale Assets currently available to the Debtors under the circumstances of these Chapter 11 Cases.

22. Additionally, based on my participation in the sale and marketing process, I believe the Debtors selected each of the Purchasers in good faith and without collusion or fraud. Based on my observations, knowledge, and interactions during the sale and marketing process, I believe that each of the Purchasers has transacted with the Debtors in good faith throughout this process.

23. Accordingly, for all the foregoing reasons, I believe that (a) the Debtors engaged in a robust and thorough sale and marketing process; (b) the terms of the Lucid Asset Purchase Agreement, taken as a whole, reflect the highest or otherwise best offer for the Lucid Assets currently available under the circumstances; (c) the terms of the Wabash Interest Asset Purchase Agreement, taken as a whole, reflect the highest or otherwise best offer for the Wabash Equity currently available under the circumstances; (d) the terms of the Wabash Note Asset Purchase Agreement, taken as a whole, reflect the highest or otherwise best offer for the Wabash Note currently available under the circumstances; and (e) entry into each of the Asset Purchase Agreements is in the best interests of the Debtors' estates.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: April 10, 2025

/s/ Drew M. Talarico

Drew M. Talarico  
Managing Director  
Houlihan Lokey Capital, Inc.