



**ORDER APPROVING STIPULATION  
CONVERTING TRIAL DATES TO STATUS CONFERENCE**

Upon consideration of the *Stipulation Converting Trial Dates to Status Conference* [Docket No. 101] (the “Stipulation”)<sup>2</sup> made and entered into by and between Highland Capital Management, L.P., as debtor-in-possession (the “Debtor”), on the one hand, and Highland Capital Management Fund Advisors, L.P. (“HCMFA”), NexPoint Advisors, L.P. (“NPA”, and together with HCMFA, the “Advisors”), Highland Income Fund (“HIF”), NexPoint Strategic Opportunities Fund (“NSOF”), and NexPoint Capital, Inc. (“NCI”, and together with HIF and NSOF, the “Funds,” and together with the Advisors, the “Defendants,” and the Defendants and the Debtor together, the “Parties”), on the other hand, **IT IS HEREBY ORDERED THAT:**

1. The Stipulation, a copy of which is attached hereto as **Exhibit 1**, is approved.
2. In order to conserve the Parties’ and the Court’s resources, and to provide sufficient time to enable the Parties to draft and execute definitive documentation effectuating the Proposed Settlement, (a) the Trial Dates shall be adjourned, and (b) the Parties shall appear for a status conference before the Court (via Webex) on **July 13, 2021, at 9:30 a.m. (Central Time)**.
3. The Court shall retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of the Stipulation and/or this Order.

### End of Order###

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<sup>2</sup> Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Stipulation.

**EXHIBIT 1**



	§	No. 21-03000-sgj
Plaintiff,	§	
	§	
vs.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT FUND	§	
ADVISORS, L.P., NEXPOINT ADVISORS, L.P.,	§	
HIGHLAND INCOME FUND, NEXPOINT	§	
STRATEGIC OPPORTUNITIES FUND,	§	
NEXPOINT CAPITAL, INC., AND CLO	§	
HOLDCO, LTD.,	§	
Defendants.	§	

**STIPULATION CONVERTING TRIAL DATES TO STATUS CONFERENCE**

This stipulation (the “Stipulation”) is made and entered into by and between Highland Capital Management, L.P., as debtor-in-possession (the “Debtor”), on the one hand, and Highland Capital Management Fund Advisors, L.P. (“HCMFA”), NexPoint Advisors, L.P. (“NPA”, and together with HCMFA, the “Advisors”), Highland Income Fund (“HIF”), NexPoint Strategic Opportunities Fund (“NSOF”), and NexPoint Capital, Inc. (“NCI”, and together with HIF and NSOF, the “Funds,” and together with the Advisors, the “Defendants,” and the Defendants and the Debtor together, the “Parties”), on the other hand, by and through their respective undersigned counsel.

**RECITALS**

WHEREAS, on October 16, 2019 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the Bankruptcy Court for the District of Delaware, Case No. 19-12239 (CSS) (the “Delaware Court”);

WHEREAS, on December 4, 2019, the Delaware Court entered an order transferring venue of the Debtor’s bankruptcy case (the “Bankruptcy Case”) to this Court [Docket No. 186];

WHEREAS, on January 6, 2021, the Debtor commenced an adversary proceeding (the “Adversary Proceeding”) against Defendants by filing its complaint (the “Complaint”) [Docket No. 1]<sup>2</sup> (the “Complaint”);

WHEREAS, on January 8, 2021, the Court issued its *Order Regarding Adversary Proceedings Trial Setting and Alternative Scheduling Order* [Docket No. 12] (the “Alternative Scheduling Order”);

WHEREAS, on January 13, 2021, the Court entered that certain *Agreed Order Granting Defendant’s Motion for a Temporary Restraining Order Against Certain Entities Owned and/or Controlled by Mr. James Dondero* [Docket No. 20] (the “Consensual TRO”);

WHEREAS, on January 24, 2021, the Advisors and Funds moved to dismiss the Complaint [Docket No. 43] (the “Motion to Dismiss”);

WHEREAS, on January 26, 2021, the Debtor and CLO Holdco, Ltd. filed that certain *Notice of Settlement* pursuant to which the Debtor and CLO Holdco, Ltd. resolved their disputes and CLO Holdco, Ltd. was dismissed from this Adversary Proceeding [Docket No. 50];

WHEREAS, on January 26, 2021, the Court held an evidentiary hearing on the Debtor’s motion for a preliminary injunction (the “Preliminary Injunction Hearing”), and such hearing has been continued;

WHEREAS, on February 10, 2021, the Court entered that certain *Agreed Order Extending Temporary Restraining Order* [Docket No. 64], pursuant to which the Consensual TRO was extended;

WHEREAS, on February 24, 2021, the Court entered that certain *Agreed Order Further Extending Temporary Restraining Order* [Docket No. 76], pursuant to which the Consensual TRO

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<sup>2</sup> Refers to the docket number maintained in the above-captioned Adversary Proceeding.

was further extended;

WHEREAS, on March 1, 2021, the Debtor filed its opposition to the Motion to Dismiss and a memorandum of law in support thereof [Docket Nos. 79, 80] (the “Debtor’s Opposition”);

WHEREAS, on March 17, 2021, the Defendants filed their reply to the Debtor’s Opposition [Docket No. 85];

WHEREAS, on April 21, 2021, the Parties entered into that certain *Stipulation Regarding Agreed (I) Scheduling Order and (II) Order Further Extending Temporary Restraining Order* [Docket No. 91] (the “Scheduling Stipulation”) pursuant to which, among other things, the Parties agreed to: (a) dispense with the completion of the Preliminary Injunction Hearing and move to the trial on the merits, (b) hold a single trial on all of the Debtor’s claims asserted in this Adversary Proceeding, including the claim for a permanent injunction, (c) entered into a schedule set forth therein, and (d) continued the Consensual TRO until the Court enters an order determining the Debtor’s claim for permanent injunctive relief against the Defendants;

WHEREAS, subject to Court approval and the execution of definitive documentation, the Parties have reached agreements in principle to resolve the disputes subject to the Adversary Proceeding and seek to conserve resources and use the time before the currently scheduled trial dates of July 13 and 14 to draft and execute settlement documents and other documents in support thereof that will resolve this Adversary Proceeding;

NOW, THEREFORE, it is hereby stipulated and agreed, and upon approval of this Stipulation by the Court, it shall be SO ORDERED:

1. Subject to the execution of definitive documentation and this Court’s approval, the Debtor and the Funds have reached a settlement in principle to resolve this Adversary Proceeding

pursuant to the terms of the Term Sheet attached hereto as **Exhibit A** (the “Funds’ Proposed Settlement”).

2. Subject to the execution of definitive documentation and this Court’s approval, the Debtor and the Advisors have reached a settlement in principle to resolve this Adversary Proceeding pursuant to the following terms: (1) the Advisors will stipulate and agree that each of them (a) is controlled by James Dondero, and (b) is a “Related Entity” (as that term is defined in section I.D(ii) of Exhibit D to the *Preliminary Term Sheet* (filed at Docket No. 354-1)) for purposes of paragraph 9 of the January 9, 2020 Order [Bankr. Docket No. 339]); and (2) the Adversary Proceeding will be dismissed with prejudice as against each of the Advisors, with all parties bearing their own costs (the “Advisors’ Proposed Settlement”, and together with the Funds’ Proposed Settlement, the “Proposed Settlement”).

3. Pursuant to the Scheduling Stipulation, on July 13 and July 14, 2021 (the “Trial Dates”) the Parties were to present oral arguments on the Motion to Dismiss and to have a trial on the merits of the claims and defenses asserted in this Adversary proceeding.

4. In order to conserve the Parties’ and the Court’s resources, and to provide sufficient time to enable the Parties to draft and execute definitive documentation effectuating the Proposed Settlement, (a) the Trial Dates shall be adjourned, and (b) the Parties shall appear for a Status Conference before the Court (via Webex) on July 13, 2021, at 9:30 a.m. Central Time.

5. The Court shall retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of this Stipulation.

*[Remainder of Page Intentionally Blank]*

Dated: June 29, 2021.

**MUNSCH HARDT KOPF & HARR, P.C.**

/s/ Davor Rukavina

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**- and -**

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**HAYWARD PLLC**

/s/ Zachery Z. Annable

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*Counsel for Highland Capital Management, L.P.*



whether such interest is passive, provides a control right, or is de minimis), (ii) board seat or management position (regardless of whether such board seat or management position is at the entity, a direct or indirect parent of the entity, or a beneficial owner of such entity), and (iii) any other interest that confers upon such current or former Debtor employee any right to control or the ability to influence management of such entity. For the avoidance of doubt, the foregoing includes the Charitable Donor Advised Fund, L.P. and any of its direct and indirect parents and subsidiaries, including CLO Holdco, Ltd.,

United States Bankruptcy Court  
Northern District of Texas

Highland Capital Management, L.P.,  
Plaintiff  
Highland Capital Management Fund Advisor,  
Defendant

Adv. Proc. No. 21-03000-sgj

**CERTIFICATE OF NOTICE**

District/off: 0539-3

User: mmathews

Page 1 of 3

Date Rcvd: Jun 30, 2021

Form ID: pdf001

Total Noticed: 9

The following symbols are used throughout this certificate:

Symbol	Definition
+	Addresses marked '+' were corrected by inserting the ZIP, adding the last four digits to complete the zip +4, or replacing an incorrect ZIP. USPS regulations require that automation-compatible mail display the correct ZIP.

**Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Jul 02, 2021:**

Recip ID	Recipient Name and Address
ust	+ Cheryl Wilcoxson, US Trustee, 1100 Commerce St., Ste. 976, Dallas, TX 75242-0996
dft	+ Highland Capital Management Fund Advisors, L.P., K&LGates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806
dft	+ Highland Income Fund, K&L Gates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806
dft	+ NexPoint Advisors, L.P., K&L Gates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806
dft	+ NexPoint Capital, Inc., K&L Gates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806
dft	+ NexPoint Strategic Opportunities Fund, K&L Gates LLP, c/o Stephen G. Topetzes, 1600 K Street, NW, Washington, DC 20006-2806

TOTAL: 6

**Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.**

Electronic transmission includes sending notices via email (Email/text and Email/PDF), and electronic data interchange (EDI). Electronic transmission is in Eastern Standard Time.

Recip ID	Notice Type: Email Address	Date/Time	Recipient Name and Address
ust	+ Email/Text: ustpregion06.ty.ecf@usdoj.gov	Jun 30 2021 20:45:00	US Trustee, Office of the U.S. Trustee, 110 N. College Ave., Suite 300, Tyler, TX 75702-7231
ust	+ Email/Text: ustpregion07.hu.ecf@usdoj.gov	Jun 30 2021 20:45:00	US Trustee, Office of the US Trustee, 515 Rusk Ave, Ste 3516, Houston, TX 77002-2604
ust	+ Email/Text: ustpregion06.da.ecf@usdoj.gov	Jun 30 2021 20:45:00	United States Trustee, 1100 Commerce Street, Room 976, Dallas, TX 75242-0996

TOTAL: 3

**BYPASSED RECIPIENTS**

The following addresses were not sent this bankruptcy notice due to an undeliverable address, \*duplicate of an address listed above, \*P duplicate of a preferred address, or ## out of date forwarding orders with USPS.

Recip ID	Bypass Reason	Name and Address
ust		Sandra Nixon, U.S. Trustee
ust		mario zavala
ust	*+	US Trustee, Office of the U.S. Trustee, 110 N. College Ave., Suite 300, Tyler, TX 75702-7231

TOTAL: 2 Undeliverable, 1 Duplicate, 0 Out of date forwarding address

**NOTICE CERTIFICATION**

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 309): Pursuant to Fed .R. Bank. P.2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

District/off: 0539-3  
Date Rcvd: Jun 30, 2021

User: mmathews  
Form ID: pdf001

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Total Noticed: 9

Date: Jul 02, 2021

Signature: /s/Joseph Speetjens

## CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on June 30, 2021 at the address(es) listed below:

Name	Email Address
A. Lee Hogewood, III	on behalf of Defendant NexPoint Advisors L.P. lee.hogewood@klgates.com, haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant NexPoint Capital Inc. lee.hogewood@klgates.com, haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant Highland Income Fund lee.hogewood@klgates.com haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant NexPoint Strategic Opportunities Fund lee.hogewood@klgates.com haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
A. Lee Hogewood, III	on behalf of Defendant Highland Capital Management Fund Advisors L.P. lee.hogewood@klgates.com, haley.fields@klgates.com;matthew.houston@klgates.com;mary-beth.pearson@klgates.com;litigation.docketing@klgates.com;Em ily.mather@klgates.com;Artoush.varshosaz@klgates.com
Artoush Varshosaz	on behalf of Defendant NexPoint Strategic Opportunities Fund artoush.varshosaz@klgates.com Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant Highland Income Fund artoush.varshosaz@klgates.com Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant Highland Capital Management Fund Advisors L.P. artoush.varshosaz@klgates.com, Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant NexPoint Capital Inc. artoush.varshosaz@klgates.com, Julie.garrett@klgates.com
Artoush Varshosaz	on behalf of Defendant NexPoint Advisors L.P. artoush.varshosaz@klgates.com, Julie.garrett@klgates.com
Davor Rukavina	on behalf of Defendant Highland Income Fund drukavina@munsch.com
Davor Rukavina	on behalf of Defendant Highland Capital Management Fund Advisors L.P. drukavina@munsch.com
Davor Rukavina	on behalf of Defendant NexPoint Capital Inc. drukavina@munsch.com
Davor Rukavina	on behalf of Defendant NexPoint Strategic Opportunities Fund drukavina@munsch.com
Davor Rukavina	on behalf of Defendant NexPoint Advisors L.P. drukavina@munsch.com
John J. Kane	on behalf of Defendant CLO Holdco Ltd. jkane@krcl.com, ecf@krcl.com;jkane@ecf.courtdrive.com
Julian Preston Vasek	on behalf of Defendant NexPoint Strategic Opportunities Fund jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant NexPoint Advisors L.P. jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant Highland Capital Management Fund Advisors L.P. jvasek@munsch.com
Julian Preston Vasek	on behalf of Defendant Highland Income Fund jvasek@munsch.com
Julian Preston Vasek	

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Total Noticed: 9

on behalf of Defendant NexPoint Capital Inc. jvasek@munsch.com

Juliana Hoffman

on behalf of Creditor Committee Official Committee of Unsecured Creditors jhoffman@sidley.com  
txefilingnotice@sidley.com;julianna-hoffman-8287@ecf.pacerpro.com

Matthew A. Clemente

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Paige Holden Montgomery

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Zachery Z. Annable

on behalf of Plaintiff Highland Capital Management L.P. zannable@haywardfirm.com

TOTAL: 25