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Counsel for Highland Capital Management, L.P.

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE NORTHERN DISTRICT OF TEXAS
 DALLAS DIVISION**

In re:	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P., ¹	§	Case No. 19-34054-sgj11
Reorganized Debtor.	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
Plaintiff/Counter-Defendant,	§	Adv. Proc. No. 25-03055-bwo
v.	§	
PATRICK HAGAMAN DAUGHERTY,	§	
Defendant/Counter-Plaintiff.	§	

¹ Highland’s last four digits of its taxpayer identification number are (8357). The service address for Highland is 6333 Mockingbird Ln., Ste 147 #5045, Dallas, Texas 75214.



HIGHLAND CAPITAL MANAGEMENT, L.P.’S FIRST SUPPLEMENT TO SECOND AMENDED WITNESS AND EXHIBIT LIST WITH RESPECT TO TRIAL TO BE HELD ON APRIL 17, 2026

Highland Capital Management, L.P. (“Highland”), the reorganized debtor in the above-captioned chapter 11 case (the “Bankruptcy Case”) and plaintiff/counter-defendant in the above-captioned adversary proceeding (the “Adversary Proceeding”), by and through its undersigned counsel, submits the following first supplement (the “Supplemental Witness and Exhibit List”) to *Highland Capital Management, L.P.’s Second Amended Witness and Exhibit List with Respect to Trial to Be Held on April 17, 2026* [Docket No. 107] (the “Second Amended Witness and Exhibit List”) with respect to (a) Highland’s *Complaint for (1) Disallowance of Claim No. 205 in Its Entirety, (2) Estimation of Claim No. 205 for Allowance Purposes, or (3) Subordination of Any Allowed Portion of Claim No. 205 of Patrick Hagaman Daugherty* [Docket No. 1], and (b) *Patrick Daugherty’s Answer to Plaintiff Highland Capital Management, L.P.’s Complaint for (1) Disallowance of Claim No. 205 in Its Entirety, (2) Estimation of Claim No. 205 for Allowance Purposes, or (3) Subordination of Any Allowed Portion of Claim No. 205 of Patrick Hagaman Daugherty* [Docket No. 1] and *Original Counterclaim* [Docket No. 39], which the Court has set for trial at 9:00 a.m. (Central Time) on April 17, 2026 (the “Trial”) in the Adversary Proceeding.²

A. Witnesses:

1. James P. Seery, Jr.;
2. David Klos;
3. Patrick Daugherty;
4. Trevor Jason Liles-Tims;

² In accordance with the Court’s Judge-Specific Guidelines, this Supplemental Witness and Exhibit List is being filed to include on the docket one additional demonstrative exhibit Highland intends to introduce at the Trial.

5. Any witness identified by or called by any other party; and
6. Any witness necessary for rebuttal.

B. Supplemental Exhibits:³

Number	Exhibit	Offered	Admitted
66.	Highland Demonstrative Exhibit: Opening Slide Deck [Highland D-2]		
67.	Any document entered or filed in Highland Capital Management, L.P.'s chapter 11 Bankruptcy Case or any associated adversary proceeding, including any exhibits thereto		
68.	All exhibits necessary for impeachment and/or rebuttal purposes		
69.	All exhibits identified by or offered by any other party at the Trial		

[Remainder of Page Intentionally Blank]

³ For the avoidance of doubt, the exhibits identified in this Supplemental Witness and Exhibit List supplement the exhibits listed in the Second Amended Witness and Exhibit List.

Dated: April 17, 2026

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-and-

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Counsel for Highland Capital Management, L.P.

CERTIFICATE OF SERVICE

I hereby certify that, on April 17, 2026, a true and correct copy of the foregoing *Supplemental Witness and Exhibit List* was served electronically via the Court's CM/ECF system upon all parties receiving electronic notice in this Adversary Proceeding.

/s/ Zachery Z. Annable

Zachery Z. Annable

EXHIBIT 66

HIGHLAND CAPITAL
MANAGEMENT

Highland Capital Mgt. v. Daugherty

Adv. Pro. No. 25-03055-bwo

April 17, 2026



Causes of Action

Highland Causes of Action

- 1 Daugherty's \$2.6 Million Fully Reserved Claim Should Be Disallowed
- 2 If Allowed, Daugherty's Claim Should be Estimated Pursuant to Section 502
- 3 Subordination (withdrawn)

Daugherty Causes of Action

- 1 Breach of Contract (books and records)
- 2 Specific Performance
- 3 Attorneys' Fees for "Bad Faith" Commencement of the Adversary Proceeding

The So-Called Agreement Within the Compensation Statement Has Vague and Missing Terms

PAT DAUGHERTY
Date of Hire: 4/3/1998
Comprehensive Compensation and Benefits Statement
February 27, 2009

EARNINGS AND AWARDS	
2008 Base Salary, as of 12/31/08	\$ 250,000
2009 Base Salary, effective March 1, 2009 :	\$ 250,000
2008 Tax Refund	\$ 1,475,816
Refund is an estimated amount. If actual refund deviates materially from estimate, other compensation will be fairly adjusted. Refund is expected to be received in approximately 4 months.	
Loan Forgiven in 2009 as part of bonus:	\$ 500,000

2008 Tax Refund

\$ 1,475,816

Refund is an **estimated amount**. If actual refund deviates **materially** from estimate, **other compensation** will be **fairly adjusted**. Refund is expected to be received in approximately 4 months.

Dental	\$ 1,430
Basic and Dependent Life Insurance/AD&D	\$ 598
Short Term Disability and Long Term Disability	\$ 435
Executive LTD	\$ 956
Daily Catered Lunches	\$ 3,240
Blackberry	\$ 1,440
Parking	\$ 1,200
2008 Estimated Total Value of Highland Paid Benefits	\$ 25,240
TOTAL COMPENSATION PACKAGE	\$ 3,619,376
Waiver and Release Payments in 2008	\$ 75,000
ACCEPTED AND AGREED:	
Patrick Daugherty	Date
	DAUGHERTY 001363

Case No DC-12-0008

Highland Parties' Trial Exhibit

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PDADY_010520
PDADY_010520

If the Tax Refund Was Daugherty's 2008 Bonus, Then He Forfeited the Bonus When He Resigned

Compensation and Other Benefits

3.1 For all services rendered by the Executive to the Company, the Company shall compensate, or shall cause any Applicable Entity to compensate, the Executive as follows:

(a) Salary and Bonus. The annual salary (the "**Base Salary**") payable to the Executive during the term of this Agreement shall be an amount determined by the Company (in its sole discretion) and communicated in writing to the Executive, and will be subject to annual review pursuant to the Company's normal review policy for other similarly situated executives of the Company. Any increase in salary shall be based upon the Executive's performance and shall be determined by the Company in its sole discretion. In addition, the Company may from time to time award bonuses to the Executive based on such criteria as the Company may establish in its discretion. Any such bonus, unless specifically stated otherwise, will be paid in three (3) equal installments and is not earned or accrued until each payment date. **The Executive must be employed on the payment date(s) in order to be eligible for the bonus.** The payment of salary and bonuses shall be subject to all federal, state and withholding taxes, social security deductions and other general obligations. Furthermore, the designation of the Executive's compensation does not constitute a guarantee of employment for any specific period of time.

AMENDED EMPLOYMENT AGREEMENT

This Amended Employment Agreement (the "Agreement") between Highland Capital L.P., a Delaware limited partnership (the "Company"), and Patrick Daugherty (the "Executive") entered into as of December 31, 2004, and replaces and supersedes all prior employment agreements.

WHEREAS, the Company and the Executive desire to continue the employment relationship on the following terms:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, terms and conditions set forth in this Agreement, the Company and the Executive agree as follows:

1.1. Daugherty has the meetings indicated below.

"Affiliate" means any Person, whether directly or indirectly, under common control with the Company.

"Agreement" means this Amended Employment Agreement.

"Base Salary" means the annual salary payable to the Executive as provided in Section 3.1(a).

"Cause" means any termination of the Executive's employment by the Company in any manner that the Executive considers to be a termination without cause.

"Company" means Highland Capital L.P., a Delaware limited partnership.

"Confidential Information" means all information, whether or not in written form, that is confidential or proprietary to the Company or its Affiliates, and the disclosure of which would result in a competitive advantage to the Company or its Affiliates.

"Dispute Resolution" means the process by which the Executive and the Company resolve any dispute arising out of or in connection with this Agreement.

"Executive" means Patrick Daugherty.

"Indemnification" means the process by which the Company indemnifies the Executive for any claims, damages, losses, costs, expenses, and reasonable attorneys' fees incurred by the Executive in connection with the performance of his duties as Executive.

"Insider" means any Person who is an officer, director, or employee of the Company or its Affiliates, and who has access to material non-public information of the Company or its Affiliates.

"Material Non-Public Information" means any information that is material to the investment performance of the Company or its Affiliates and that is not generally known to the public.

"Person" means any individual, partnership, corporation, limited liability company, trust, or other legal entity.

"Public" means the general public.

"Resignation" means the Executive's resignation from the Company as provided in Section 3.1(b).

"Termination" means the termination of the Executive's employment by the Company as provided in Section 3.1(c).

"Written Form" means any document, including electronic documents, that is in written form.

ARTICLE II
Compensation and Other Benefits

3.1 For all services rendered by the Executive to the Company, the Company shall compensate, or shall cause any Applicable Entity to compensate, the Executive as follows:

(a) Salary and Bonus. The annual salary (the "**Base Salary**") payable to the Executive during the term of this Agreement shall be an amount determined by the Company (in its sole discretion) and communicated in writing to the Executive, and will be subject to annual review pursuant to the Company's normal review policy for other similarly situated executives of the Company. Any increase in salary shall be based upon the Executive's performance and shall be determined by the Company in its sole discretion. In addition, the Company may from time to time award bonuses to the Executive based on such criteria as the Company may establish in its discretion. Any such bonus, unless specifically stated otherwise, will be paid in three (3) equal installments and is not earned or accrued until each payment date. **The Executive must be employed on the payment date(s) in order to be eligible for the bonus.** The payment of salary and bonuses shall be subject to all federal, state and withholding taxes, social security deductions and other general obligations. Furthermore, the designation of the Executive's compensation does not constitute a guarantee of employment for any specific period of time.

(b) Vacation. The Executive shall be entitled to a certain amount of vacation per year, as determined by the Company in its sole discretion. The Executive shall be required to use such vacation within the time period specified by the Company. Any unused vacation shall not be carried over to the following year.

(c) Other Compensation and Benefits. The Executive shall be eligible to participate in any employee benefit plan, including the Long-term Incentive Plan, 401(k) plan, and any other plan that is made available to employees of the Company. The Executive shall participate in and be subject to the terms of the plan as if he were an employee of the Company.

3.2 The Executive has previously been granted a bonus pursuant to the Long-term Incentive Plan (the "LTI Plan") under the terms of the Amended Employment Agreement between the Executive and the Company.

Daugherty Employment Agreement 01/26/11 1:00 PM

Highland Ex. 11 § 3.1(a). See also Daugherty Ex. 41 (showing that in lieu of cash bonus in February 2009, Daugherty was granted a tax refund and loan forgiveness).

Daugherty Admitted Before Resigning That He Had to Be Employed to Receive His Bonus

Pat Daugherty
From: Jim Dondero
Sent: Tuesday, September 27, 2011 02:04 PM
To: Pat Daugherty
Cc: Patrick Boyer
Subject: RE: What do you stand for?

It's not a retrade, we were clarifying a general understanding in writing. You will stop pushing and reading my lines. You've treated me as if you can go elsewhere but I won't deal with this mess.

From: Pat Daugherty
Sent: Tuesday, September 27, 2011 02:04 PM
To: Jim Dondero
Subject: RE: What do you stand for? This retrade is unfair

You are the one who told me to "f@ck myself", not the other way around. For the record, the agreement always expressly noted that I would have to be employed at Highland in order to get any payment of bonus (as has always been the case). As for Tunstall, we had already negotiated that agreement which clearly states the nature of my interest and your interest. The nature of the Restoration economic interest will be as agreed subject to investor approval as they are going to have their own views of how my work and the team's comp should be structured. I have never tried to skim you and I am not trying to now. That said, it is reasonable to get the nature of my compensation in writing so that everyone is clear. Every other Company in the universe commits their economic relationships with their managers to writing so that there can be no confusion down the road. To insist that I do otherwise is flat out wrong and you know it.

If you don't want me to give a damn about you personally then I guess I'll do my best to comply. That said, I have been by your side thru a whole lot of sh@t and it is so refreshing to get your boot up my a\$\$ now that you are back on your feet. I'm glad to see you are back to the point where you can tell those closest to you to "f@ck themselves".

Patrick H. Daugherty, Esq.
Partner, Financial Distress, Special Situations and Private Equity
Highland Capital Management, L.P.
1410 Westwood, Suite 800
Dallas, TX 75240
972-424-1100 (office)
972-424-1141 (fax)
pdaugherty@hcm.com

From: Jim Dondero
Sent: Tuesday, September 27, 2011 11:27 PM
To: Pat Daugherty
Cc: Patrick Boyer
Subject: RE: What do you stand for? This retrade is unfair

From: Pat Daugherty
Sent: Tuesday, September 27, 2011 02:04 PM

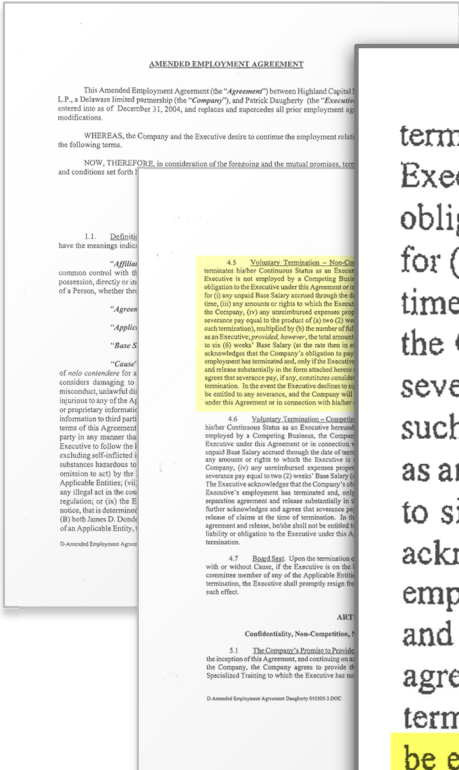
To: Jim Dondero

Subject: RE: What do you stand for? This retrade is unfair and unjust.

You are the one who told me to "f@ck myself", not the other way around. For the record, the agreement always expressly noted that I would have to be employed at Highland in order to get any payment of bonus (as has always been the case). As for Tunstall, we had already negotiated that agreement which clearly states the nature of my interest and your interest. The nature of the Restoration economic interest will be as agreed subject to investor approval as they are going to have their own views of how my, yours and the team's comp should be structured. I have never tried to skim you and I am not trying to now. That said, it is reasonable to get the nature of my compensation in writing so that everyone is clear. Every other Company in the universe commits their economic relationships with their managers to writing so that there can be no confusion down the road. To insist that I do otherwise is flat out wrong and you know it.

If you don't want me to give a damn about you personally then I guess I'll do my best to comply. That said, I have been by your side thru a whole lot of sh@t and it is so refreshing to get your boot up my a\$\$ now that you are back on your feet. I'm glad to see you are back to the point where you can tell those closest to you to "f@ck themselves".

Highland Has No Liability to Daugherty Because Daugherty Decided Not to Sign and Return Exhibit A

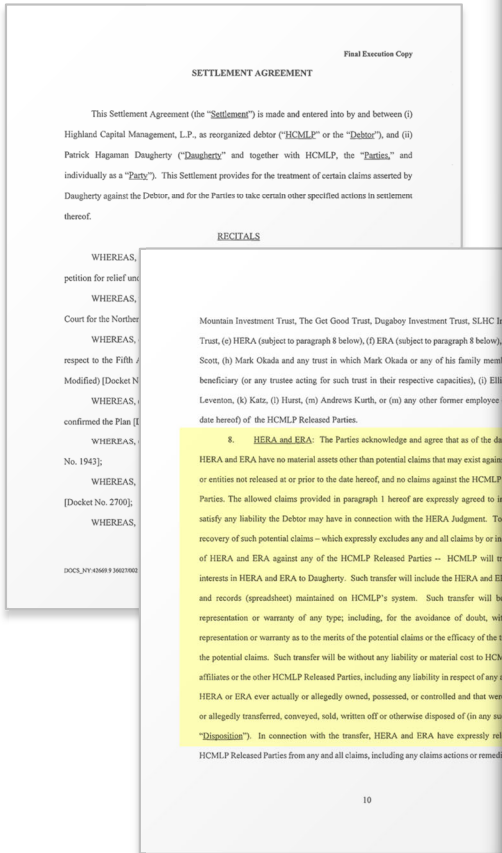


4.5 Voluntary Termination – Non-Competing Business. In the event that the Executive terminates his/her Continuous Status as an Executive hereunder and within one (1) year thereafter the Executive is not employed by a Competing Business, the Company shall have no further liability or obligation to the Executive under this Agreement or in connection with his/her employment hereunder, except for (i) any unpaid Base Salary accrued through the date of termination, (ii) any accrued but unused vacation time, (iii) any amounts or rights to which the Executive is entitled under any other written agreements with the Company, (iv) any unreimbursed expenses properly incurred prior to the date of termination, and (v) severance pay equal to the product of (a) two (2) weeks Base Salary (at the rate then in effect at the time of such termination), multiplied by (b) the number of fully completed years of the Executive’s Continuous Status as an Executive; *provided, however*, the total amount of such severance pay shall not exceed an amount equal to six (6) weeks’ Base Salary (at the rate then in effect at the time of such termination). The Executive acknowledges that the Company’s obligation to pay severance, if any, will arise only after the Executive’s employment has terminated and, only if the Executive signs and returns a duly executed separation agreement and release substantially in the form attached hereto as Exhibit A. The Executive further acknowledges and agrees that severance pay, if any, constitutes consideration for the Executive’s release of claims at the time of termination. In the event the Executive declines to sign the separation agreement and release, he/she shall not be entitled to any severance, and the Company will have no further liability or obligation to the Executive under this Agreement or in connection with his/her employment or termination.

If Allowed, Daugherty's Reserved Claim Is Estimated to Be Between \$0 and \$430,976

	<u>Case:</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>
		<u>MIN ESTIMATION AMT.</u>	<u>TMP ACCEPTED AMT.</u>	<u>MID-POINT AMT.</u>	<u>IRS OFFER AMT.</u>	<u>MAX 2018 AUDIT AMT.</u>
	Reference/formula	Complete reversal of 2018 audit	Tax Matters Partner offer to IRS [6]	Hypothetical complete 50/50 split [7]	IRS settlement offer [8]	2018 adjustments from the IRS audit team [9]
IRS income adjustment to HCMLP	A	\$ -	See note [6]	\$83,166,357	\$ 129,528,079	\$166,332,713
Daugherty's % of partnership [1]	B	0.7403%	0.7403%	0.7403%	0.7403%	0.7403%
Daugherty share of IRS income adjustment	C = A x B	\$ -	See note [6]	\$ 615,681	\$ 958,896	\$ 1,231,361
2008 applicable tax rate - 35%	D	35%	35%	35%	35%	35%
Tax underpayment – Daugherty	E = C x D	\$ -	\$ 59,224	\$ 215,488	\$ 335,614	\$ 430,976
Statutory penalty [2]	F = E x [penalty %]	\$ -	\$ -	\$ 21,549	\$ -	\$ 86,195
Potential interest:						
Applicable statutory blended rate [3]	G	4.59%	4.59%	4.59%	4.59%	4.59%
Time outstanding (years) [4]	H	10.51	10.51	10.51	10.51	10.51
Interest accrued	I = E x G x H	\$ -	\$ -	\$ 103,860	\$ 161,758	\$ 207,720
Maximum theoretical amount (underpayment + penalty + interest)	J = E + F + I	\$ -	\$ 59,224	\$ 340,897	\$ 497,371	\$ 724,892
Income on previous refund [5]	K	\$ -	\$ (59,224)	\$ (125,409)	\$ (161,758)	\$ (293,915)
Estimation amount	L = J - K	\$ -	\$ -	\$ 215,488	\$ 335,614	\$ 430,976

The Books and Records Provision



8. HERA and ERA: The Parties acknowledge and agree that as of the date hereof, HERA and ERA have no material assets other than potential claims that may exist against persons or entities not released at or prior to the date hereof, and no claims against the HCMLP Released Parties. The allowed claims provided in paragraph 1 hereof are expressly agreed to in order to satisfy any liability the Debtor may have in connection with the HERA Judgment. To facilitate recovery of such potential claims – which expressly excludes any and all claims by or in the name of HERA and ERA against any of the HCMLP Released Parties -- **HCMLP will transfer its interests in HERA and ERA to Daugherty. Such transfer will include the HERA and ERA books and records (spreadsheet) maintained on HCMLP's system. Such transfer will be without representation or warranty of any type; including, for the avoidance of doubt, without any representation or warranty as to the merits of the potential claims or the efficacy of the transfer of the potential claims. Such transfer will be without any liability or material cost to HCMLP or its affiliates or the other HCMLP Released Parties, including any liability in respect of any assets that HERA or ERA ever actually or allegedly owned, possessed, or controlled and that were actually or allegedly transferred, conveyed, sold, written off or otherwise disposed of (in any such case, a "Disposition").** In connection with the transfer, HERA and ERA have expressly released the

Highland Satisfied the HERA/ERA Books and Records Provision

May 5, 2022

Highland Delivers [50MB] of HERA/ERA Books and Records Including:

- || All HERA/ERA corporate books and legal documents maintained by Highland on in its system
 - All known governing documents, amendments, assignments, written board resolutions, purchase agreements, other agreements, and director resignations
- || All HERA historical financial records activity exported from Quickbooks (HERA's accounting system), which included detail of every accounting entry made in HERA's history (ERA never had any economic activity)
- || All HERA historical tax returns of HERA (ERA never filed tax returns and was a disregarded entity for tax purposes)
- || The delivery **satisfied** Highland's obligations under the HERA/ERA Books and Records Provision

October 19, 2022

Re- Delivery of same HERA/ERA Books and Records and Additional Back-Up In Response to Requests for Data [100MB] Including:

- || Re-delivery of HERA/ERA corporate books and records
- || Over 300 back-up invoices to the Quickbooks data from 35 vendors (mostly unredacted legal invoices) representing over 90% of all expenses allocated to HERA historically
 - Highland was unable to locate approx. 30 invoices comprising less than 10% of HERA's historical expenses after performing a diligent search
- || Certain historic Restoration Cap. Partners fund quarterly investor statements(a passive LP interest of HERA in a Highland-managed fund)
- || HERA historic Smith Barney brokerage statements from 2010, 2011, and 2012 reflecting brokerage held assets and activity
- || Tracking sheets summarizing HERA assets from 2009-2012, HERA beneficiaries' interests in HERA and distributions thereon
- || Highland re-affirms that it **satisfied its obligations in May 2022** and that the additional delivery will end its involvement with HERA/ERA

Daugherty Misrepresents the Plain and Unambiguous Words of the Agreement

“Such transfer will include the HERA and ERA books and records (spreadsheet) maintained on HCMLP’s system” (H-5 §8)

- || “Daugherty bargained for and obtained . . . **Highland’s books and records related to HERA.**” (H-1 §14) (emphasis added)
- || Highland failed to provide “books and records . . . that **related to HERA and ERA.**” (Pre-trial brief, Docket No. 102 §1) (emphasis added)
- || Daugherty is entitled to “all ownership rights, property, data, documents, and records relating to HERA and ERA.” *Id.* §25 (emphasis added)
- || Daugherty needs “all HERA and ERA materials in Highland’s possession.” *Id.* §27
- || Daugherty “must receive **everything Highland possessed** relating to those entities.” *Id.*