

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

In re:

MOLECULAR TEMPLATES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10739 (BLS)

(Jointly Administered)

Re: Docket Nos. 25, 51, 86 & 93

**STATEMENT OF DIP LENDER
IN SUPPORT OF CONFIRMATION OF PLAN**

In connection with the above-captioned chapter 11 cases, the DIP Lender,² by and through their undersigned counsel, hereby (i) submits this statement in support of (a) interim approval of the *Combined Disclosure Statement and Joint Chapter 11 Plan of Reorganization for Molecular Templates, Inc. and its Affiliated Debtor* [D.I. 25] (as modified, amended, or supplemented from time to time, the “Combined Plan and Disclosure Statement”) and (b) *Debtors’ Motion for Entry of an Order (I) Approving the Combined Disclosure Statement and Joint Chapter 11 Plan of Reorganization for Molecular Templates, Inc. and its Affiliated Debtor on an Interim Basis; (II) Establishing Solicitation and Tabulation Procedures; (III) Approving the Form of Ballots and Solicitation Materials; (IV) Establishing the Voting Record Date; (V) Fixing the Date, Time and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto; and (VI) Granting Related Relief* [D.I. 51] (the “Solicitation Procedures Motion”)³ and (ii) joins in the

¹ The Debtors in these chapter 11 cases, along with the Debtors’ federal tax identification numbers, are: Molecular Templates, Inc. (9596) and Molecular Templates OpCo, Inc. (6035). The Debtors’ mailing address is: 124 Washington Street, Ste. 101, Foxboro, MA 02035. All Court filings can be accessed at: <https://www.veritaglobal.net/MolecularTemplates>.

² The “DIP Lender” consists of K2 HealthVentures LLC and/or one of its subsidiaries, as identified in the Combined Plan and Disclosure Statement.

³ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion, as applicable.



Debtors' Reply to the U.S. Trustee's Objection to Debtors' Motion for Entry of an Order (I) Approving the Combined Disclosure Statement and Joint Chapter 11 Plan of Reorganization for Molecular Templates, Inc. and its Affiliated Debtor on an Interim Basis; (II) Establishing Solicitation and Tabulation Procedures; (III) Approving the Form of Ballots and Solicitation Materials; (IV) Establishing the Voting Record Date; (V) Fixing the Date, Time and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto; and (VI) Granting Related Relief [D.I. 93] (the "Debtors' Reply") to Objection of the United States Trustee to Debtors' Motion for Entry of an Order (I) Approving the Combined Disclosure Statement and Joint Chapter 11 Plan of Reorganization for Molecular Templates, Inc. and its Affiliated Debtor on an Interim Basis; (II) Establishing Solicitation and Tabulation Procedures; (III) Approving the Form of Ballots and Solicitation Materials; (IV) Establishing the Voting Record Date; (V) Fixing the Date, Time and Place for the Confirmation Hearing and the Deadline for Filing Objections Thereto; and (VI) Granting Related Relief [D.I. 86] (the "Objection"). In support of the Debtors' Reply, the DIP Lender respectfully states as follows:

STATEMENT AND JOINDER

1. The Prepetition Noteholder/DIP Lender submits that confirmation of the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion is in the best interests of the Debtors and their estates and all parties in interest. Accordingly, the DIP Lender supports confirmation of the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion, and joins in the arguments set forth in the Debtors' Reply.

2. The Combined Plan and Disclosure Statement and the Solicitation Procedures Motion are the result of good faith arm's length negotiations among the Debtors, the DIP Lender and other key stakeholders, and offer the clearest path to maximizing value for all parties in interest.

3. The U.S. Trustee objects primarily to the use of opt-outs for the Voluntary Release (as defined in the Debtors' Reply). The DIP Lender takes the same position as the Debtors, which is that although the United States Supreme Court has limited the availability of third-party releases,⁴ the Supreme Court did not opine on consensual third-party releases.⁵ The Supreme Court expressly stated: "Nothing in what we have said should be construed to call into question consensual third-party releases offered in connection with a bankruptcy reorganization plan."⁶ *Purdue Pharma* did not change the law on consensual third-party releases and applicable law continues to permit this Court to approve third-party release.

4. One determining factor when evaluating the propriety of such opt-outs is whether parties in interest were provided adequate notice of the opt-out.⁷ Opt-outs for creditors who have been provided notice about such opt-outs and affirmatively vote on a plan have long been used in the bankruptcy context. Just recently, this Court has held that post-*Purdue Pharma*, creditors who opted out, and who "were clearly and conspicuously informed that voting on the plan (whether the creditor voted to accept or reject it) would constitute a release unless the creditor opted out" had sufficiently demonstrated affirmative consent to a third-party release.⁸ Here, the third-party releases provide affected parties due process and a meaningful opportunity to opt out.

⁴ *Harrington v. Purdue Pharma, L.P., et al. (In re Purdue Pharma L.P.)*, 603 U.S. 204, 227 (2024) ("[T]he bankruptcy code does not authorize a release and injunction that, as part of a plan of reorganization under Chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of affected claimants.").

⁵ *Id.* at 226.

⁶ *Id.*

⁷ See *In re Smallhold, Inc.*, No. 24-10267 (CTG), at 33 (Bankr. D. Del. Sept. 25, 2024) [Docket No. 288] (noting there must be "conspicuous notice of the opt-out mechanism"); *In re Arsenal Intermediate Holdings, LLC*, No. 23-10097 (CTG), 2023 WL 2655592, at *7 (Bankr. D. Del. Mar. 27, 2023) (noting that the opt outs resulted in consensual third party releases because "each affected party received notice and had an opportunity to be heard").

⁸ *Smallhold*, No. 24-10267, at 6.

5. The U.S. Trustee secondarily objects that the Combined Plan and Disclosure Statement does not provide adequate information as to who will be deemed to give third-party releases, who will receive such releases, what claims are being released and the value of such claims. However, the Combined Plan and Disclosure Statement clearly define the Released Party, the Releasing Party and the claims that are being released. Accordingly, the Combined Plan and Disclosure Statement does provide adequate information on (a) why the Debtors will be releasing the Released Party; (b) claims the Debtors are releasing; and (c) the value of the Voluntary Release to the Debtors.

6. This Bankruptcy Court should overrule the Objection and its reliance on non-binding case law from other jurisdictions and find that the opt-out procedure set forth in the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion is adequate and appropriate under the circumstances.

7. The DIP Lender expressly reserves the right to (i) amend or supplement this Statement, and otherwise take any additional or further action with respect to the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion or the matters addressed therein, and (ii) be heard before the Court with respect to the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion.

WHEREFORE, for the reasons set forth above, as well as the reasons sets forth in the Debtors' Reply, the DIP Lender respectfully requests that the Court enter an order (i) overruling all objections to interim approval of the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion, (ii) approving the Combined Plan and Disclosure Statement and the Solicitation Procedures Motion on a final basis, (iii) confirming the Plan, and (iv) granting such other and further relief as the Court may deem just and proper.

Dated: May 20, 2025
Wilmington, Delaware

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