

and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 749] (the “Confirmation Order”) confirming the *Combined Plan and Disclosure Statement* (the “Plan”) [Docket No. 442] of the Debtors.²

4. The “Effective Date” of the Plan occurred on October 6, 2023 [Docket No. 922].

5. On May 1, 2023, Gates filed Proof of Claim No. 551, \$1,750,966.67 of which was asserted as a § 503(b)(9) administrative priority claim for goods provided to the Debtors in the ordinary course of business in the twenty-day period preceding the Petition Date. On July 14, 2023, Gates also filed Proof of Claim No. 689, a general unsecured claim for rejection damages (the “Rejection Damages Claim”). On July 27, 2023, Gates filed Proof of Claim No. 704 (the “Claim”), amending Proof of Claim No. 551, asserting a claim in connection with product received by the Debtors within 20 days before the Petition Date in the amount of \$1,750,966.97 (the “503(b)(9) Claim”) and asserting a general unsecured claim in the amount of \$12,335,829.91 (the “GUC Claim”).³

6. On July 27, 2023, Gates filed the *Gates Corporation’s Motion for Allowance and Payment of Administrative Expense Claim Pursuant to Section 503(b) of the Bankruptcy Code* (the “Admin Expense Motion”) [Docket No. 832]. The Admin Expense Motion requested payment of \$1,750,966.97 in connection with product received by the Debtors within 20 days before the Petition Date (the “503(b)(9) Claim”) and payment of \$2,083,960.64 for product shipped post-petition (the “Post-Petition Admin Expense Claim”).

² Capitalized terms not defined herein shall have the meanings provided in the Plan unless otherwise noted.

³ The reconciliation and resolution of the GUC Claim is being conducted by the GUC Trustee. To be clear, this Stipulation does not pertain to or in any way affect the GUC Claim or the Rejection Damages Claim. All rights of the GUC Trustee with respect to the GUC Claim and the Rejection Damages Claim are reserved, including the rights of the GUC Trustee to object to the same.

7. Upon a reconciliation of the 503(b)(9) Claim and the Post-Petition Admin Expense Claim, and arms' length, good faith negotiations, the Debtors and Gates have agreed to fully and finally compromise and settle the 503(b)(9) Claim and the Post-Petition Admin Expense Claim to avoid further litigation and intend for this Stipulation to dispose of the entirety of the 503(b)(9) Claim and the Post-Petition Admin Claim, with any remainder to be reclassified as a general unsecured claim, subject to and without any limitation on the GUC Trustee's ability to object to the same.

8. The GUC Claim and the Rejection Damages Claim shall remain unchanged and subject to review, reconciliation, and objection by the GUC Trustee in every respect as provided for under the Plan, including without limitation, objection on the basis that a portion of the asserted general unsecured claim should have been claimed as a Section 503(b)(9) claim, and Gates reserves all rights with respect to the GUC Claim and the Rejection Damages Claim.

IT IS STIPULATED AND AGREED, AND UPON APPROVAL BY THE BANKRUPTCY COURT OF THIS STIPULATION, IT IS ORDERED AS FOLLOWS:

1. The Stipulation is approved and its terms incorporated into this Order.
2. Gates has an allowed administrative expense claim pursuant to sections 503(b)(1)(A) and 503(b)(9) in the amount of \$3,671,824.00 (the "Gates Administrative Expense Claim"). For the avoidance of doubt, the portion of the 503(b)(9) Claim and the Post-Petition Admin Expense Claim allowed administrative priority treatment in this case is capped at \$3,671,824.00, subject to the GUC Trustee's right to object to and seek to reclassify all or any portion of the GUC Claim or the Remainder (defined below) as a Section 503(b)(9) Claim.
3. The remainder of the originally asserted administrative claim amount as set forth in the Admin Expense Motion, \$163,104.00 (the "Remainder"), shall be deemed reclassified as part of the GUC Claim, without Gates being required to file a proof of claim seeking payment of

such amount. For avoidance of doubt, the entire GUC Claim, including the Remainder, shall remain subject to review, reconciliation, and objection by the GUC Trustee in every respect as provided for under the Plan. Gates reserves its rights, without limitation, with respect to the Remainder.

4. The GUC Claim totaling \$12,335,829.91, the Remainder, and the Rejection Damages Claim shall remain subject to review, reconciliation, and objection by the GUC Trustee in every respect as provided for under the Plan, including without limitation, objection on the basis that any portion of the GUC Claim or the Remainder should have been claimed as a Section 503(b)(9) claim, and Gates' rights with respect to the GUC Claim, the Remainder, and the Rejection Damages Claim remain fully reserved.

5. Proof of Claim No. 551 filed by Gates is disallowed in its entirety.

6. The Claims and Noticing Agent is authorized and directed to update the Claims Register to reflect the changes to Gate's Claim set forth herein.

7. The Debtors shall pay the full amount of the Gates Administrative Expense Claim to Gates as soon as practicable within seven (7) business days after entry of this Order, as authorized by the confirmed Plan in these chapter 11 cases, which shall be in full satisfaction of the Gates Administrative Expense Claim.

8. Once made, the payment shall not be subject to avoidance, rescission, or claw-back at any time for any reason.

9. The terms and conditions of the Stipulation and this Order shall be immediately effective and enforceable upon entry of this Order.

10. This Order is binding upon and for the benefit of the Parties and their respective successors, agents, assigns, including bankruptcy trustees and estate representatives, and any

parent, subsidiary, or affiliated entity of the Parties (for which such Party is legally entitled to bind such parent, subsidiary or affiliated entity of the Party under applicable law).

11. This Stipulation and Order constitutes the entire agreement between the Parties with respect to the Gates Administrative Expense Claim and supersedes all prior discussions, agreements, and understandings, both written and oral, among the Parties with respect thereto.

12. This Court retains jurisdiction with respect to all matters arising from or related to this Order, and the Parties consent to such jurisdiction to resolve any disputes or controversies arising from or related to this Order.

IT IS SO ORDERED.

Dated: _____

Christopher M. Lopez
United States Bankruptcy Judge

AGREED TO ON MAY 1, 2024 BY:

/s/ Zachary McKay

JACKSON WALKER LLP

Matthew D. Cavanaugh (TX Bar No. 24062656)

Veronica A. Polnick (TX Bar No. 24079148)

Vienna Anaya (TX Bar No. 24091225)

Emily Meraia (TX Bar No. 24129307)

Zachary McKay (TX Bar No 24073600)

1401 McKinney Street, Suite 1900

Houston, TX 77010

Telephone: (713) 752-4200

Facsimile: (713) 752-4221

Email: mcavanaugh@jw.com

vpolnick@jw.com

vanaya@jw.com

emeraia@jw.com

zmckay@jw.com

COUNSEL TO THE WIND-DOWN DEBTORS

-and-

/s/ Laura L. Smith

O'MELVENY & MYERS LLP

Louis R. Strubeck (TX Bar No. 19425600)

Gregory M. Wilkes (TX Bar No. 24047105)

Laura L. Smith (TX Bar No. 24066039)

Emma L. Persson (TX Bar No. 24110219)

2501 North Harwood Street

Suite 1700

Dallas, TX 75201-1663

Telephone: +1 972 360 1900

Facsimile: +1 972 360 1901

Email: lstrubeck@omm.com

Email: gwilkes@omm.com

Email: lsmith@omm.com

Email: epersson@omm.com

COUNSEL TO GATES CORPORATION