

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-1(b)**

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In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood,
U.S.B.J.

**STIPULATION BETWEEN DEBTOR, BANK OF AMERICA, N.A. AND CITIZENS
BANK, N.A. REGARDING DISTRIBUTION OF CERTAIN PROCEEDS OF THE SALE
OF CERTAIN OF THE DEBTOR'S ASSETS**

Nostrum Laboratories, Inc. (the "Debtor"), Bank of America, N.A., and Citizens Bank, N.A. ("Citizens") hereby submit this Stipulation (the "Stipulation") to address the distribution of certain proceeds of the sale of the Debtor's equipment located in Kansas City, Missouri and do hereby stipulate as follows:

Debtor: Nostrum Laboratories, Inc.

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Caption of Order: Stipulation Regarding the Proceeds of the Sale of Certain of the Debtor's Assets.

1. On or about December 11, 2024, the Court entered that Final Order (I) Authorizing the Debtor to Utilize Cash Collateral to (A) Pay Postpetition Associates' Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue to Pay Key Vendors; and (II) Granting Related Relief (Docket No. 186) (the "Final Order"), pursuant to which, among other things, (a) Citizens consented to the use of its Cash Collateral, (b) the Prepetition Liens (as such term is defined in the Final Order) of Citizens on substantially all of the Debtor's assets were acknowledged, (c) Citizens was granted, among other things, Replacement Liens and Adequate Protection Superpriority Claims (as such terms are defined in the Final Order), and (d) the Carve-Out (as such term is defined in the Final Order) was ordered.

2. On or about April 4, 2025, the Debtor filed a Motion Pursuant to Sections 105(a), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006 for an Order Approving the Sale of Debtor's Assets Free and Clear of Liens, Claims and Encumbrances and the Assumption and Assignment of Executory Contracts [Docket No. 337] (the "Sale Motion").

3. The Sale Motion sought approval to sell, among other things, certain equipment owned by the Debtor and located at the Debtor's facility in Kansas City, Missouri (the "KC Equipment.").

4. On or about April 7, 2025, Bank of America Leasing and Capital LLC, a subsidiary of Bank of America, N.A. ("BOA") filed its Limited Objection to the Sale Motion [Docket No. 351], asserting, among other things, a first priority lien on certain of the KC Equipment (such equipment, the "BOA Encumbered Equipment") and a right to payment in full of the indebtedness secured by the BOA Encumbered Equipment.

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5. On or about April 23, 2025, the Court entered the Amended Order Pursuant to Sections 105(a), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006 for an Order Approving the Sale of Certain of the Debtor's Assets to MPP Pharma LLC Free and Clear of Liens, Claims and Encumbrances and the Assumption and Assignment of Executory Contracts [Docket No. 414] (the "MPP Sale Order").

6. Paragraph 40 of the MPP Sale Order contains the following provision:

On the date of the Closing, all proceeds from the consummation of the Sale shall paid first to fund the Carve-Out, as such term is defined in the Final Order Authorizing the Debtor to Utilize Cash Collateral to (A) Pay Postpetition Associates' Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue to Pay Key Vendors; and (II) Granting Related Relief [Docket No. 186] (the "Cash Collateral Order") with such funds to be deposited in the Debtor's Counsel's trust account at Closing and earmarked for funding the Carve-Out, whereupon such funding Citizens Bank N.A. (the "Prepetition Lender"), shall have no further obligation to fund the Carve-Out, and second for permanent application against the Prepetition Obligations, accrued Replacement Liens (as defined in the Cash Collateral Order) and the Adequate Protection Superpriority Claims (as defined in the Cash Collateral Order), which payments shall be deemed final and indefeasible. All payments to Prepetition Lender in connection herewith, including the earmarked payment to it and to Bank of America, as described below, shall not be subject to subordination, defense, counterclaim or offset of any kind and shall otherwise be unavoidable. Notwithstanding the foregoing, \$512,519.88 of the proceeds shall be deposited into the Debtor's counsel trust account at closing and earmarked for the benefit of the Prepetition Lender and Bank of America, N.A., jointly and severally, and shall not be deemed to be property of the Debtor's estate. Should the Prepetition Lender and Bank of America, N.A. fail to reach a resolution as to the allocation between them of the \$512,519.88 in earmarked funds deposited in the Debtor's counsel trust account at closing prior to April 30, 2025, either party may thereafter file the appropriate pleading with the Court, which may be on short notice, for release and/or allocation of such funds.

7. Citizens and BOA, together with the Debtor, have hereby agreed that, with respect

to the \$512,519.88 earmarked for Citizens and BOA jointly and severally pursuant to the MPP Sale Order, BOA shall receive \$400,000 and Citizens shall receive \$112,519.88, which payment shall be made upon disbursement of the proceeds of the sale of the assets to MPP Pharma LLC in accordance with the MPP Sale Order.

8. Upon receipt of the payment described on Paragraph 7 above, BOA shall have the right to amend its proof of claim in these proceedings for the remaining deficiency balance as a general unsecured claim.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Stipulation are immediately effective and enforceable upon its entry.

10. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Stipulation.

11. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of the MPP Sale Order.

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