

Exhibit B
(The Stipulation)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

GRACEWAY PHARMACUETICALS, LLC,
*et al.*¹

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

STIPULATION BETWEEN THE LIQUIDATING TRUSTEE AND THE STATE OF
TENNESSEE DEPARTMENT OF REVENUE WITH RESPECT TO CLAIM NOS. 115,
116, 117, 238, 239, 240, 241, 242, 243, 244, 245

On this 10th day of May, 2013, for and in consideration of the mutual promises, covenants, and agreements set forth herein, Kip Horton in his capacity as Liquidating Trustee (the "Liquidating Trustee") for the Graceway Liquidating Trust (the "Liquidating Trust") and The State of Tennessee Department of Revenue ("TDOR," together with the Liquidating Trust, the "Parties") have resolved their issues regarding Claim Nos. 115, 116, 117, 238, 239, 240, 241, 242, 243, 244, 245 and in connection therewith stipulate and agree as follows:

Recitals

WHEREAS, on September 29, 2011, the debtors in the above-captioned cases (the "Debtors") each filed a voluntary petition in the United States Bankruptcy Court for the District

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175), Case No. 11-13037 (PJW); Graceway Holdings, LLC, a Delaware limited liability company (2502), Case No. 11-13038 (PJW); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (PJW); Chester Valley Holdings, LLC, a Delaware limited liability company (9457), Case No. 11-13039 (PJW); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713), Case No. 11-13041 (PJW); Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (PJW); and Graceway International, Inc., a Delaware corporation (2399), Case No. 11-13043 (PJW). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy). On October 4, 2011, Graceway Canada Company filed an application in the Ontario Superior Court of Justice (Commercial List) pursuant to the Courts of Justice Act, R.S.O. 1990, c. C. 43.

of Delaware (the "Court") for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1152, as amended (the "Bankruptcy Code");

WHEREAS, on April 20, 2012, the Court entered the Findings of Fact, Conclusions of Law and Order Confirming the Debtors' First Amended Joint Plan of Liquidation (the "Plan") (Docket #722); and

WHEREAS, the Effective Date of the Plan was May 4, 2012 and pursuant to the Plan, the Debtors and the Liquidating Trustee executed that certain Liquidating Trust Agreement, dated May 4, 2012 (the "Liquidating Trust Agreement"), which established the Liquidating Trust for the purpose of liquidating the Debtors' Assets and distributing the proceeds thereof; and

WHEREAS, under the terms of the Liquidating Trust Agreement, the Liquidating Trustee is authorized to investigate, prosecute, compromise, settle or otherwise deal with objections to Claims² filed against the Debtors' estates and Causes of Action; and

WHEREAS, in order to settle, compromise or otherwise resolve a Claim or Cause of Action, the Liquidating Trustee is required to obtain either (i) the prior written consent of the Approving Majority First Lien Lenders, or (ii) an Order of the Bankruptcy Court approving such compromise, settlement or other resolution. Upon satisfaction of the First Lien Facility Claims, the Liquidating Trustee must obtain (i) the prior written consent of the Second Lien Facility Agent, or (ii) an Order of the Bankruptcy Court approving such compromise, settlement or other resolution; and

WHEREAS, on or about December 19, 2011, TDOR filed three claims for unpaid taxes and related fines and penalties pursuant to Bankruptcy Code section 507(a)(8) against various Debtors in various amounts which were designated proof of claim nos. 115, 116 and 117 (the "Initial Claims"), and on or about March 26, 2012, TDOR filed eight claims amending certain of

² Capitalized terms not defined in this Stipulation shall have the meaning as defined in the Plan.

the Initial Claims and asserting new claims for unpaid taxes and related fines and penalties pursuant to Bankruptcy Code section 507(a)(8) against various Debtors in various amounts, which were designated proof of claim nos. 238 through and including 245 (the "Amended Claims"), together with Initial Claims, the "TDOR Claims");

WHEREAS, on April 6, 2012, Debtors filed the Objection to Claim by Claimant(s) Tennessee Department of Revenue (the "Objection") (Docket #674) objecting to the TDOR Claims on the grounds that: (i) certain claims were claims that had been superseded or amended; (ii) that the claims were overstated, because they failed to reflect subsequent payments by Debtors; and (iii) that the claims were incorrectly classified; and the Liquidating Trustee succeeds to the rights and interests of the Debtors with respect to the Objection;

WHEREAS, following negotiation, the Liquidating Trustee and TDOR have resolved their differences and agreed to enter into this Stipulation; and

NOW, THEREFORE, in consideration of the foregoing, the Parties agree and stipulate (the "Stipulation"), subject to court approval, as follows:

1. Upon entry of an order approving the Stipulation, TDOR shall hold an allowed priority claim in the aggregate amount of \$296,244.19 on account of the claims asserted by Proofs of Claim 115 (amended by proof of claim 244), 116, 117 (amended by proof of claim 243), 238 in part, 239, 240, 241, 242 and 244 ("Allowed Priority Claim").

2. Upon entry of an order approving the Stipulation, TDOR shall hold an allowed unsecured claim in the amount of \$59,284.17 on account of the claims asserted by Proof of Claim 238 in part ("Allowed Unsecured Claim").

3. The allowance of the Allowed Priority Claim and the Allowed Unsecured Claim fully administer all of the TDOR Claims, except the priority claims asserted by Proofs of Claim

243 and 245 (collectively, the "Not Administered Claims"). With respect to the Not Administered Claims, the Liquidating Trustee shall promptly file tax returns with TDOR. TDOR and the Liquidating Trustee reserve all rights with respect to the Not Administered Claims and tax returns to be filed with respect thereto.

4. The Liquidating Trustee shall pay in full the Allowed Priority Claim (less any claim for a refund evidenced by the tax returns on the Not Administered Claims) within 10 business days of the order approving the Stipulation becoming a final order not subject to appeal. The Liquidating Trustee shall pay the amounts reflected on the tax returns to be filed with respect to the Not Administered Claims together with the submission of the tax returns to TDOR.

5. TDOR shall be entitled receive distributions from the Liquidating Trust on account of the Allowed Unsecured Claim in accordance with the Plan.

6. Proof of Claim Nos. 115, 116, 117, 238, 239, 240, 241, 242 and 244 shall be superseded in their entirety by this Stipulation.

7. Upon entry of an order approving the Stipulation and receipt of payment on account of the Allowed Priority Claim TDOR agrees not to assert any additional claims against the Liquidating Trust or its successors or assigns.

8. The effect of this Stipulation shall become binding and effective upon the entry of an order approving the Stipulation. The Liquidating Trustee shall promptly file and prosecute approval of motion seeking approval of this Stipulation.

9. The Stipulation constitutes the entire agreement and understanding between the Parties and no Party has made any other promises to or agreements with any Party other than those contained in the Stipulation. No waiver or modification of any term or condition contained

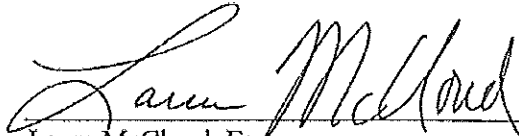
herein shall be valid or binding unless in writing and executed by the Parties hereto.

Dated: May¹⁰, 2013

By: 

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Liquidating Trustee to the Graceway
Liquidating Trust.



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