

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

In re:

MIDDLEBROOK PHARMACEUTICALS, INC.,

Debtor.

Chapter 11

Case No. 10-11485 (MFW)

**D.I. Nos. 320, 322, 327, 361, 362, 363,
and 371**

**STIPULATED ORDER LIMITING AMOUNT OF CLAIM NO. 59 FILED BY
PAR PHARMACEUTICAL, INC. AND GRANTING REQUEST OF PAR
PHARMACEUTICAL, INC. TO ARBITRATE AMOUNT OF CLAIM NO. 59**

Upon the agreement of MiddleBrook Pharmaceuticals, Inc. (the "Debtor"), the Official Committee of Equity Security Holders (the "Equity Committee"), and Par Pharmaceutical, Inc. ("Par"), and for good cause, it is HEREBY:

ORDERED THAT, the proof of claim filed by Par on or about August 18, 2010 in the amount of \$11,625,000 and docketed as Proof of Claim No. 59, and any amendments thereto or subsequent claims filed by Par (collectively, the "Par Claim") shall be subject to a monetary cap of no more than \$3,500,000 for all purposes, whether such claim is asserted in these bankruptcy proceedings or otherwise, including, but not limited to, voting on any plan of reorganization or plan of liquidation filed in the above-captioned case (the "Case") by any party (as may subsequently be filed, a "Plan"), receiving any distribution on account of such claim by and through such Plan, or receiving any distribution in this Case if this Case is subsequently converted to one under Chapter 7 of Title 11, United States Code (the "Bankruptcy Code"); and it is further

ORDERED THAT, the monetary cap set forth in the above paragraph shall in no way impair any party's right to object to the allowance of any part of the Par Claim in the arbitration proceeding to be commenced as set forth herein below; and it is further



ORDERED THAT, the Debtor's objection to the motion of Par to compel the arbitration of the Debtor's objection to the Par Claim [Docket No. 362] shall be deemed to have been withdrawn, and any objection by the Debtor, the Equity Committee, or any subsequently appointed plan administrator, plan trustee, Chapter 11 trustee or Chapter 7 trustee to the amount of Par Claim must, subject to the limitations contained herein, be decided through arbitration pursuant to the terms set forth in Section 17.2.1 of that certain Development and Commercialization Agreement, by and between the Debtor and Par, dated as of May 28, 2004 (the "Agreement"); and it is further

ORDERED THAT, the arbitration of the Par Claim shall be scheduled in such a manner so as to ensure that all arbitration proceedings, save for the rendering of the decision of the arbitration panel, shall end no later than January 31, 2011, subject to an agreement between the parties to extend such deadline; and it is further

ORDERED THAT, consistent with Section 17.2.1 of the Agreement, each party shall designate its choice for an arbitrator to sit on the arbitration panel within seven (7) days of the date of entry of this Order, and the two arbitrators so designated shall, consistent with Section 17.2.1 of the Agreement, select the third member of the arbitration panel within fourteen (14) days of the date of entry of this Order; and it is further

ORDERED THAT, once fully appointed, the arbitration panel shall promptly meet with the parties and, after discussion with the parties, set forth an appropriate schedule for discovery, briefing and hearings consistent with the above deadlines, subject to the following limitations: each party shall be limited to no more than ten (10) interrogatories and no more than three depositions in preparation for said arbitration, unless the parties agree otherwise; and it is further

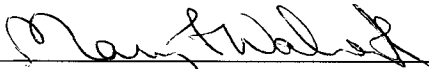
ORDERED THAT, should either party fail to comply with the deadlines set forth in the arbitration panel's schedule, then the other party shall have the right to seek termination of the arbitration proceedings by way of motion filed with this Court, upon notice, for cause shown; and it is further

ORDERED THAT, the arbitration of the Par Claim shall not affect, impair or abridge the rights of any party, including any subsequently appointed plan administrator, plan trustee, Chapter 11 trustee or Chapter 7 trustee, to subsequently seek the recharacterization or subordination of the Par Claim before the Bankruptcy Court, nor shall anything herein affect, impair, or abridge the right of Par to contest any such request for subordination or recharacterization on any available basis, including, without limitation, whether such request is subject to arbitration under the Development Agreement and whether any arbitration award already entered has preclusive effect with respect to such request; and it is further

ORDERED THAT, the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Wilmington, Delaware

Sept 30, 2010


The Honorable Mary F. Walrath
United States Bankruptcy Judge