

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

In re:

Zosano Pharma Corporation,<sup>1</sup>

Debtor.

Chapter 11

Case No. 22-10506 (JKS)

Obj. Deadline: September 29, 2022 at 4:00 p.m. (ET)

Hearing Date: October 6, 2022 at 1:00 p.m. (ET)

**RE: D.I. 183, 213**

**SUPPLEMENTAL LIMITED OBJECTION OF PATHEON MANUFACTURING SERVICES LLC TO MOTION OF THE DEBTOR FOR ENTRY OF AN ORDER (I) APPROVING ADEQUACY OF DISCLOSURE STATEMENT, (II) APPROVING SOLICITATION AND NOTICE PROCEDURES FOR CONFIRMATION OF THE CHAPTER 11 PLAN OF LIQUIDATION, (III) APPROVING BALLOT AND NOTICE FORMS IN CONNECTION THEREWITH, (IV) SCHEDULING CERTAIN DATES WITH RESPECT THERETO, AND (V) GRANTING RELATED RELIEF**

Patheon Manufacturing Services LLC (“Patheon”), by and through its undersigned counsel, hereby submits this supplemental limited objection (this “Supplemental Limited Objection”) to the Debtor’s above-referenced Motion [D.I. 183] (the “Solicitation Procedures Motion”) and in support thereof states as follows:

1. On September 23, 2022, Patheon raised with the Debtor certain concerns Patheon has with respect to the Debtor’s Chapter 11 Plan of Liquidation [D.I. 177] (the “Plan”), its Disclosure Statement [D.I. 179] and the Solicitation Procedures Motion. On September 27, 2022, counsel for Patheon and counsel for the Debtor conferred regarding resolutions of Patheon’s concerns and subsequently exchanged correspondence in an effort to reach an agreement.

<sup>1</sup> The business address and the last four (4) digits of the Debtor’s federal tax identification number is Zosano Pharma Corporation, 34790 Ardentech Court, Fremont, California 94555 (8360).



2. As of the deadline to object to the Solicitation Procedures Motion, however, Patheon and the Debtor were unable to reach agreement on all points of concern to Patheon. Consequently, in order to preserve its rights, on September 29, 2022 Patheon filed its Limited Objection and Reservation of Rights with respect to the Solicitation Procedures Motion [D.I. 213]. As of the filing of this Supplemental Limited Objection, the parties still have not been able to come to a final agreement regarding Patheon's concerns.

3. The concerns that Patheon raised with the Debtor relate to three issues, two of which have been resolved.<sup>2</sup> The one remaining issue relates to the unbridled discretion the Plan presently affords the Liquidating Trustee, post-confirmation, to allow, disallow and settle claims and to incur and pay professional fees and expenses both to itself and to its professional advisors (including the Debtor's present legal counsel, which the Liquidating Trustee intends to employ). *See* Plan, Article V, Sections K.4 -5.

4. In order to provide the Debtor's creditors with some reasonable degree of oversight, Patheon has proposed that the Liquidating Trustee be required to file, on a quarterly basis, a brief report that summarizes (1) the status of the claims adjudication and payment process; and (2) the fees and expenses incurred and paid by the Liquidating Trustee. Presumably this is information the Liquidating Trustee in any event will compile and update for its own purposes and will have readily available.

5. Patheon further has proposed that interested parties be afforded a short period of time to file an objection to any item in a quarterly report. If a timely objection is filed, it will be considered by this Court; if no timely objections are filed, or if this Court overrules any objection, all matters in the quarterly report will be deemed to be final.

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<sup>2</sup> The parties agreed the Debtor would amend the Plan to: (1) afford administrative claimants the option to file a proof of administrative claim instead of only a motion (albeit without shifting the burden of proof to the Debtor); and (2) make a minor edit to Article XII.C.

6. To date the Debtor has refused to agree to Patheon's proposal claiming any such quarterly report "[would not be] a productive use of the estate resources." Patheon disagrees and submits that its proposed modest and reasonable measure of post-confirmation oversight of the Liquidating Trustee will not impose any undue burden on the Liquidating Trustee or the resources of the Debtor's estate, will provide the Debtor's creditors with the assurance that the limited funds available for distribution to them are being prudently managed, and otherwise is warranted in these circumstances.

7. For all the foregoing reasons Patheon submits this Supplemental Limited Objection to the Plan should be sustained.

Dated: October 4, 2022  
Wilmington, Delaware

Respectfully submitted,

**ASHBY & GEDDES, P.A.**

*/s/ Gregory A. Taylor*

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*Counsel to Patheon Manufacturing Services LLC*

**CERTIFICATE OF SERVICE**

I, Gregory A. Taylor, hereby certify that on October 4, 2022, I caused one copy of the *Supplemental Limited Objection of Patheon Manufacturing Services LLC to Motion of the Debtor for Entry of an Order (I) Approving Adequacy of Disclosure Statement, (II) Approving Solicitation and Notice Procedures for Confirmation of the Chapter 11 Plan of Liquidation, (III) Approving Ballot and Notice Forms In Connection Therewith, (IV) Scheduling Certain Dated with Respect Thereto, and (V) Granting Related Relief* to be served upon (i) all parties of record via CM/ECF and (ii) the parties on the list below via email, unless otherwise indicated.

<p>Greenberg Traurig, LLP                  Attn: Dennis A. Meloro, Esq.                  The Nemours Building                  1007 North Orange Street, Suite 1200                  Wilmington, DE 19801                  Email: <a href="mailto:melorod@gtlaw.com">melorod@gtlaw.com</a></p> <p><i>Counsel for the Debtor and Debtor-in-Possession</i></p>	<p>Greenberg Traurig, LLP                  John D. Elrod, Esq.                  Terminus 200                  3333 Piedmont Road NE, Suite 2500                  Atlanta, GA 30305                  Email: <a href="mailto:elrodj@gtlaw.com">elrodj@gtlaw.com</a></p> <p><i>Counsel for the Debtor and Debtor-in-Possession</i></p>
<p>Greenberg Traurig, LLP                  Attn: Ari Newman, Esq.                  333 S.E. Second Ave., Suite 4400                  Miami, FL 33131                  Email: <a href="mailto:newmanar@gtlaw.com">newmanar@gtlaw.com</a></p> <p><i>Counsel for the Debtor and Debtor-in-Possession</i></p>	<p><b><u>VIA EMAIL AND HAND DELIVERY</u></b>                  Office of the United States Trustee for the District of Delaware                  Attn: Joseph F. Cudia, Esq.                  J. Caleb Boggs Federal Building                  844 King Street, Suite 2207                  Lockbox #35                  Wilmington, DE 19801                  Email: <a href="mailto:joseph.cudia@usdoj.gov">joseph.cudia@usdoj.gov</a></p>

Dated: October 4, 2022

/s/ Gregory A. Taylor  
 Gregory A. Taylor (DE Bar No. 4008)