

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

Jointly Administered

**Hearing Date: November 22, 2011 at 11
a.m. (ET)**

NOTICE OF ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On October 17, 2011, the United States Bankruptcy Court for the District of Delaware (this “**Court**”) entered the *Order Approving and Authorizing (A) Bidding Procedures in Connection with the Sale of Certain Assets of the Debtors, (B) Stalking Horse Bid Protections, (C) Form and Manner of Notice of the Sale Hearing and (D) Requested Relief* [Docket No. 119] (the “**Bidding Procedures Order**”).

2. Pursuant to the Bidding Procedures Order, the Debtors have accepted the bid of Medicis Pharmaceutical Corporation (the “**Successful Bidder**”) for the purchase of certain of the assets (the “**Assets**”) related to the Debtors’ business (the “**Sale**”). The terms of the bid are set forth in that certain asset purchase agreement (the “**APA**”), dated as of November 18, 2011 among the Debtors and the Successful Bidder.

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.

3. The Bidding Procedures Order, among other things, authorized procedures for the Debtors to assume and assign certain executory contracts and unexpired leases (the “**Assumed Contracts**”) to the Successful Bidder. Attached hereto as Exhibit 1 is a list of the Assumed Contracts that the Debtors will assign to the Successful Bidder in connection with the closing of the Sale and the cure amount, if any, with respect to each Assumed Contract.

4. As set forth in the Bidding Procedures Order, the hearing to approve the Sale will be held on November 22, 2011, at 11 a.m. prevailing Eastern Time before the Honorable Peter J. Walsh, United States Bankruptcy Judge for the Bankruptcy Court for the District of Delaware, at: 824 North Market Street, 6th Floor, Wilmington, Delaware 19801.

5. All documents filed with this Court in connection with these Chapter 11 Cases, including orders of this Court, are available for free on the website of the Court-appointed claims, noticing, soliciting and balloting agent in these Chapter 11 Cases, BMC Group, Inc., at www.bmcgroup.com/graceway, or can be requested by calling (888) 909-0100 from within the United States or +1 310 321 5555 from outside the United States.

Dated: November 19, 2011
Wilmington, Delaware

Respectfully Submitted,

/s/ Morgan L. Seward

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ATTORNEYS FOR DEBTORS AND DEBTORS-IN-
POSSESSION

EXHIBIT 1

ASSUMED CONTRACTS

Exhibit 1

| | Contract Counter-Party | Contract Description | Contract ID | Cure Amount |
|----|------------------------------------------------------|-----------------------------------------------------------------|-------------|----------------|
| 1 | 3M AND CURATEK | Trademark Sublicense | 895 | \$0.00 |
| 2 | 3M COMPANY | Aldara Product Improvement Master Services Agreement | 9 | \$31,962.17 |
| 3 | 3M COMPANY | Pirbuterol Inhalation Product Co-Development Agreement | 17 | \$0.00 |
| 4 | 3M COMPANY | Supply Agreement and Amendments | 61 | TBD* |
| 5 | 3M COMPANY | Acquisition Agreement | 807 | \$0.00 |
| 6 | 3M COMPANY | First Amendment to the Acquisition Agreement | 808 | \$0.00 |
| 7 | 3M COMPANY | Second Amendment to the Acquisition Agreement | 809 | \$0.00 |
| 8 | 3M COMPANY | Assignment and Assumption Agreement | 810 | \$0.00 |
| 9 | 3M COMPANY | Acquisition Agreement (Venezuela) | 811 | \$0.00 |
| 10 | 3M COMPANY | Quality Agreement | 812 | \$0.00 |
| 11 | 3M COMPANY | Dose by Dose Letter Agreement | 813 | \$0.00 |
| 12 | 3M COMPANY | Letter Agreement re Finance Responsibilities | 814 | \$0.00 |
| 13 | 3M COMPANY | Cooperation Agreement | 815 | \$0.00 |
| 14 | 3M COMPANY | Amendment to Cooperation Agreement | 816 | \$0.00 |
| 15 | 3M COMPANY | Acquisition Agreement (Canada) | 817 | \$0.00 |
| 16 | 3M COMPANY | Settlement Agreement | 818 | \$0.00 |
| 17 | 3M INNOVATIVE PROPERTIES COMPANY | Intellectual Property License Agreement | 14 | \$0.00 |
| 18 | 3M INNOVATIVE PROPERTIES COMPANY | Technology, Access, Development Option and License Agreement | 19 | \$8,902,800.00 |
| 19 | ACADEMIC DERMATOLOGY ASSOCIATES / EDUARDO TSCHEN, MD | Clinical Trial Agreement | 832 | \$0.00 |
| 20 | ACCURISTIX (F/K/A MCKESSON LOGISTICS SOLUTIONS) | First Amending Agreement To Distribution Services Agreement | 855 | \$0.00 |
| 21 | ACTIVMED PRACTICES & RESEARCH | Activmed Clinical Trial Agreement | 739 | \$0.00 |
| 22 | ALARA HEALTHCARE CORPORATION | Settlement Agreement | 820 | \$0.00 |
| 23 | ALNARA PHARMACEUTICALS, INC. | Settlement Agreement | 821 | \$0.00 |
| 24 | ALPHA CLINICAL RESEARCH | Amendment to Clinical Trial Agreement | 822 | \$0.00 |
| 25 | ALPHA CLINICAL RESEARCH | Clinical Trial Agreement | 823 | \$0.00 |
| 26 | ALTMAN DERMATOLOGY ASSOCIATES | Clinical Trial Agreement | 826 | \$0.00 |
| 27 | ALTMAN DERMATOLOGY ASSOCIATES | Clinical Trial Agreement | 827 | \$0.00 |
| 28 | ALTMAN DERMATOLOGY ASSOCIATES | Clinical Trial Agreement | 828 | \$0.00 |
| 29 | ALTUS RESEARCH | Clinical Trial Agreement | 829 | \$0.00 |
| 30 | ALVOGEN, INC. | Distribution Agreement | 56 | \$0.00 |
| 31 | ATLANTA NORTH GYNECOLOGY, P.C. | Clinical Trial Agreement | 744 | \$0.00 |
| 32 | ATP, LLC D/B/A PPD MED. COMMUNICATIONS | Services Agreement | 71 | \$120,708.58 |
| 33 | BILCARE, GLOBAL CLINICAL SUPPLIES, AMERICAS | Clinical Trial Agreement | 866 | \$1,599.67 |
| 34 | BIKOSMES S.R.L. | Contract Manufacturing Agreement | 59 | \$8,926.00 |
| 35 | BIKOSMES S.R.L. | Quality Assurance Agreement | 889 | \$0.00 |
| 36 | C.S.C. FORCE MEASUREMENT, INC. | | 70 | \$0.00 |
| 37 | COHEN, JOEL | Clinical Research Agreement | 3 | \$6,158.00 |
| 38 | COMPREHENSIVE NEUROSCIENCE, INC. | Master Services Agreement | 776 | \$4,170.00 |
| 39 | CONTRACT PHARMACEUTICALS LTD. CANADA | Quality Agreement | 862 | \$0.00 |
| 40 | CONTRACT PHARMACEUTICALS LTD. CANADA | Supply Agreement | 863 | \$0.00 |
| 41 | CURATEK AND 3M | Assignment of Trademark License | 894 | \$0.00 |
| 42 | DERMATOLOGY TREATMENT RESEARCH CENTER | Clinical Trial Agreement | 745 | \$0.00 |
| 43 | DERMRESEARCH CENTER OF NEW YORK, INC. | Clinical Trial Agreement | 746 | \$0.00 |
| 44 | DERMRESEARCH, INC. | Clinical Trial Agreement | 747 | \$0.00 |
| 45 | DISCOVERY CLINICAL RESEARCH, INC. | Clinical Trial Agreement | 748 | \$0.00 |
| 46 | DOWNTOWN WOMENS HEALTH CARE | Clinical Trial Agreement | 749 | \$0.00 |
| 47 | DPT LABORATORIES, LTD. | Manufacturing Agreement | 62 | \$440,560.64 |
| 48 | DPT LABORATORIES, LTD. | Quality Agreement | 882 | \$0.00 |
| 49 | DREXEL UNIVERSITY COLLEGE OF MEDICINE | Clinical Trial Agreement | 750 | \$0.00 |
| 50 | DSG, INC. | Master Services Agreement | 777 | \$0.00 |
| 51 | EPL PATHOLOGY ARCHIVES, INC. | Archive Agreement | 1 | \$11,118.62 |
| 52 | EXPERCHEM LABORATORIES, INC. | Agency Agreement - Terms and Conditions for Analytical Services | 890 | \$0.00 |
| 53 | EXPERCHEM LABORATORIES, INC. | GMP Quality Agreement | 891 | \$0.00 |
| 54 | FISHER CLINICAL SERVICES, INC. | Master Services Agreement | 780 | \$3,785.00 |
| 55 | GALDERMA AND CURATEK | Trademark License | 892 | \$0.00 |
| 56 | GALDERMA, CURATEK AND 3M | Amendment to Trademark License | 893 | \$0.00 |
| 57 | GILEAD SCIENCES, INC. | Licensing Agreement | 28 | \$0.00 |
| 58 | GOLD, MICHAEL | Clinical Research Agreement | 4 | \$0.00 |
| 59 | GRACEWAY CANADA COMPANY | Licensing Agreement (as amended) | 15 | \$0.00 |
| 60 | GRACEWAY PHARMACEUTICALS, LLC | Licensing Agreement (as amended) | 16 | \$0.00 |
| 61 | GRAND RAPIDS WOMENS HEALTH | Clinical Trial Agreement | 751 | \$0.00 |
| 62 | HARMONY LABS, INC. | Services Agreement | 45 | \$0.00 |
| 63 | HARMONY LABS, INC. | Supply Agreement (Benziz) | 67 | \$0.00 |
| 64 | HARMONY LABS, INC. | Supply Agreement (Estrasorb / Zyclara) | 68 | TBD* |
| 65 | HARMONY LABS, INC. | Quality Agreement | 884 | \$0.00 |
| 66 | HEALTHCARE CLINICAL DATA, INC. | Clinical Trial Agreement | 752 | \$0.00 |
| 67 | HONEYWELL INTERNATIONAL, INC. | Supply Agreement | 63 | \$0.00 |
| 68 | HUNTINGDON LIFE SCIENCES, LTD. | Laboratory Services Master Agreement | 774 | \$0.00 |
| 69 | INOVA PHARMACEUTICALS PTY, LTD. | Supply Agreement | 64 | \$0.00 |
| 70 | INOVA PHARMACEUTICALS PTY, LTD. | APACA Supply Agreement | 819 | \$0.00 |
| 71 | INTEGRUM, LLC | Master Services Agreement | 782 | \$0.00 |
| 72 | INTERNATIONAL PHARMA LABS S.A.R.L | Licensing Agreement (Aldara + Other) | 32 | \$0.00 |
| 73 | INTERNATIONAL PHARMA LABS S.A.R.L | Licensing Agreement (Zyclara) | 33 | \$0.00 |
| 74 | INTERNATIONAL PHARMA LABS S.A.R.L | Supply Agreement (Aldara + Other) | 66 | \$0.00 |
| 75 | INTERNATIONAL PHARMA LABS S.A.R.L | Supply Agreement (Zyclara) | 69 | \$0.00 |
| 76 | JACKSON CLINIC, PA | Clinical Trial Agreement | 753 | \$0.00 |
| 77 | LUITPOLD PHARMACEUTICALS, INC. | Supply Agreement | 65 | \$0.00 |
| 78 | LUITPOLD PHARMACEUTICALS, INC. | Quality Agreement | 883 | \$0.00 |
| 79 | MEDA AB | Cooperation Agreement | 10 | \$0.00 |
| 80 | MEDA AB | Licensing Agreement | 29 | \$0.00 |
| 81 | MEDPHARM LIMITED | Master Services Agreement | 38 | \$0.00 |
| 82 | MORE PHARMA CORPORATION | Purchase and Sale Agreement | 40 | \$0.00 |

Exhibit 1

| | Contract Counter-Party | Contract Description | Contract ID | Cure Amount |
|-----|------------------------------------------|---------------------------------------|-------------|-------------|
| 83 | MOUNT SIANI SCHOOL OF MEDICINE | Clinical Research Agreement | 5 | \$12,500.00 |
| 84 | MUNAVALLI, GIRISH | Clinical Research Agreement | 2 | \$4,447.00 |
| 85 | NEA WOMEN'S CLINIC | Clinical Trial Agreement | 754 | \$0.00 |
| 86 | NEW YORK UNIVERSITY SCHOOL OF MEDICINE | Clinical Trial Agreement | 755 | \$0.00 |
| 87 | PERRIGO COMPANY | Settlement Agreement | 18 | \$0.00 |
| 88 | PERRIGO COMPANY OF SOUTH CAROLINA, INC. | Distribution Agreement and Amendments | 57 | \$0.00 |
| 89 | PFIZER, INC. | Acquisition and Licensing Agreement | 20 | \$0.00 |
| 90 | PFIZER, INC. | Master Services and Supply Agreement | 39 | \$0.00 |
| 91 | PHARMANET, INC. | Master Services Agreement | 783 | \$0.00 |
| 92 | PRASCO, LLC | Distribution Agreement | 58 | \$0.00 |
| 93 | PRECISION TRIALS, LLC | Clinical Trial Agreement | 756 | \$0.00 |
| 94 | PROSOFT SOFTWARE, INC. | Project Agreement - Number 2 | 8 | \$0.00 |
| 95 | PROSOFT SOFTWARE, INC. | Consulting Agreement (as amended) | 772 | \$10,615.00 |
| 96 | PROSOFT SOFTWARE, INC. | Master Services Agreement | 876 | \$0.00 |
| 97 | SAGINAW VALLEY MED. RESEARCH GROUP, LLC | Clinical Trial Agreement | 757 | \$0.00 |
| 98 | SINCLAIR PHARMACEUTICALS LIMITED | Acquisition and Licensing Agreement | 21 | \$0.00 |
| 99 | SPAULDING CLINICAL RESEARCH, LLC | Master Services Agreement | 788 | \$6,237.32 |
| 100 | TIDEWATER CLINICAL RESEARCH, INC. | Clinical Trial Agreement | 758 | \$0.00 |
| 101 | TKL RESEARCH, INC. | Master Services Agreement | 784 | \$0.00 |
| 102 | TRUSTEES OF THE UNIV OF PENNSYLVANIA | Clinical Trial Agreement | 6 | \$0.00 |
| 103 | UNIV. OF TEXAS MD ANDERSON CANCER CENTER | Clinical Research Agreement | 742 | \$0.00 |
| 104 | UNIV. OF TEXAS SOUTHWESTERN MEDICAL CTR. | Clinical Research Agreement | 743 | \$0.00 |
| 105 | UNIVERSITY HOSPITALS OF CLEVELAND | Clinical Trial Agreement | 759 | \$0.00 |
| 106 | UNIVERSITY OF CALIFORNIA AT IRVINE | Clinical Research Agreement | 740 | \$0.00 |
| 107 | UNIVERSITY OF HERTFORDSHIRE | Clinical Research Agreement | 741 | \$0.00 |
| 108 | WOMEN'S CARE CENTER OF MEMPHIS, MPLLC | Clinical Trial Agreement | 760 | \$0.00 |
| 109 | WOMEN'S HEALTH CARE, INC. | Clinical Trial Agreement | 761 | \$0.00 |
| 110 | WOMEN'S HEALTH PRACTICE | Clinical Trial Agreement | 762 | \$0.00 |
| 111 | WOMEN'S HEALTH RESEARCH | Clinical Trial Agreement | 763 | \$0.00 |
| 112 | WOMEN'S HEALTH RESEARCH CENTER | Clinical Trial Agreement | 764 | \$0.00 |

* Subject to unresolved objection