

**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

Ref. Docket No. 18

**ORDER AUTHORIZING DEBTORS TO RETAIN AND COMPENSATE
PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS**

("Ordinary Course Professional Order")

Upon consideration of the motion (the "**Motion**")² of the Debtors for entry of an order granting authority to retain and compensate professionals used in the ordinary course of business; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion and opportunity for objection having been given, with no objections or requests for hearing having been filed, or all objections having been overruled, as the case may be; and it appearing that no other notice need

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.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

be given; and after due deliberation and sufficient cause therefore, it is hereby ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized pursuant to Section 327 of the Bankruptcy Code to employ the Ordinary Course Professionals, including, but not limited to, those listed on Exhibit A hereto, in the ordinary course of their business, effective as of the Petition Date,³ or, with respect to professionals not listed on Exhibit A to this Order, effective as of such later date identified in this Order.
3. The Debtors are authorized, but not required, to pay compensation and reimburse expenses to each of the Ordinary Course Professionals in the customary manner in the full amount billed by each such professional upon receipt of reasonably detailed invoices indicating the nature of the services rendered and calculated in accordance with such professional's standard billing practices (without prejudice to the Debtors' right to dispute any such invoices) up to \$35,000 per month per Ordinary Course Professional, and not to exceed \$300,000 per Ordinary Course Professional for the entire case (the "Ordinary Course Professional Cap").
4. Any payments made in excess of the Ordinary Course Professional Cap shall be subject to the prior approval of the Court in accordance with Sections 330 and 331 of the Bankruptcy Code. Nothing herein shall affect the right of any party in interest, including but not limited to the United States Trustee, to request that such Ordinary Course Professional file a fee application or that the Debtors file a retention application for such Ordinary Course Professional.
5. The rights of the Debtors to seek further order of this Court increasing or decreasing the Ordinary Course Professional Cap prospectively are hereby reserved.

6. The Debtors shall maintain a summary list of all payments made pursuant to this Order and provide an updated copy of such list to the United States Trustee and any official committees appointed in these Chapter 11 Cases on November 30, 2011, and on the last day of every other month thereafter.

7. The Ordinary Course Professionals listed in Exhibit A hereto are not required to submit individual employment applications to this Court; provided, however, that within twenty-one (21) days of the later of (a) the Petition Date or (b) the date on which any Ordinary Course Professional begins work for the Debtors, such Ordinary Course Professional shall file and serve an affidavit setting forth the information required under Bankruptcy Rule 2014, substantially in the form attached to the Motion as Exhibit C (the "**Ordinary Course Affidavit**").

8. Any party may, within twenty-one (21) days after the filing and service of such Ordinary Course Affidavit, file an objection to the retention of such Ordinary Course Professional under this Order, and serve such objection on (a) counsel for the Debtors, (b) the United States Trustee, (c) counsel for the Official Committee of Unsecured Creditors (the "**Committee**"), and (d) the relevant Ordinary Course Professional, on or before the objection deadline. Failing to object within the specified time period shall otherwise constitute a waiver of any objection to such professional serving as an Ordinary Course Professional for the Debtors. If a timely objection to the proposed retention of an Ordinary Course Professional hereunder is filed, and such objection cannot be resolved within fifteen (15) days, the matter shall be set for a hearing before the Court.

9. The Debtors are authorized to employ Ordinary Course Professionals not listed on Exhibit A hereto from time to time, as the need arises, by filing a notice of such employment and

³ In the event that Ropes & Gray LLP's fees and expenses exceed \$35,000 in any given month, the Debtors

serving that notice, along with a completed Ordinary Course Affidavit, on the United States Trustee and counsel for the Committee. Upon receipt of the notice, the United States Trustee and counsel to the Committee shall have fifteen (15) days to object to the retention of such additional Ordinary Course Professional. In the event no objection is filed, the retention of such additional Ordinary Course Professional shall be deemed approved by this Court pursuant to Sections 327 and 328 of the Bankruptcy Code, without the need for a hearing, effective as of a date that is no earlier than 37 days prior to the filing of the notice and accompanying Ordinary Course Affidavit, unless the Ordinary Course Affidavit contains an express request for *nunc pro tunc* relief; provided, however, that if an objection is timely filed and served, and cannot be resolved within fifteen (15) days, the matter shall be set for a hearing before the Court.

10. This Order shall not apply to any professional retained pursuant to a separate order of this Court.

11. The Debtors shall not pay an Ordinary Course Professional any amounts for invoiced fees and expense reimbursement until its Ordinary Course Affidavit has been filed with the Court and either (a) the objection deadline has passed without an objection being filed, or (b) if an objection has been timely filed, the Court has signed an order overruling such objection or such objection has been withdrawn or otherwise resolved.

12. Any Ordinary Course Professional retained pursuant to the above paragraph 9 shall be paid in accordance with the terms and conditions of this Order.

13. The right of any party in interest to dispute any invoices shall not be affected or prejudiced in any manner by the relief granted in this Order.

14. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder, shall, in each case, be subject to the requirements

will seek to retain Ropes & Gray LLP pursuant to Section 327(e) of the Bankruptcy Code.

imposed on the Debtors under any approved debtor-in-possession financing facility, or any order regarding the use of cash collateral.

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

16. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Oct 17, 2011
Wilmington, Delaware

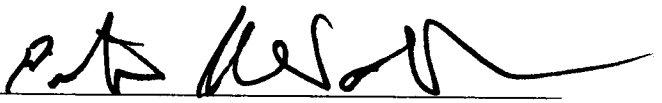

Peter J. Walsh
United States Bankruptcy Judge

Exhibit A

Debtors' Ordinary Course Professionals as of the Petition Date

PROFESSIONAL	SERVICES PROVIDED	AVERAGE MONTHLY FEES AND EXPENSES
Ropes & Gray LLP	Litigation Counsel	\$330,000
McDermott Will & Emery LLP	Intellectual Property Counsel	\$13,000
CT Corporation	Regulatory Reporting	\$2,000
Jackson Lewis LLP	Employment Counsel	\$1,000
Curcio & Stout PC	Employment Counsel	\$1,000
Hunter, Smith & Davis, LLP	Employment Counsel	\$1,000
Brown, Edwards & Company, L.L.P.	Accounting (401(k) auditing)	\$1,000
Evolucionaria	Accounting (statutory accounting for subsidiaries of Graceway International, Inc.)	\$2,000