

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

Jointly Administered

Ref. Doc. Nos. 14 & 51

**FINAL ORDER UNDER 11 U.S.C. §§ 105(a) AND 363 AUTHORIZING  
THE DEBTORS TO HONOR CERTAIN PREPETITION OBLIGATIONS  
TO CUSTOMERS AND TO CONTINUE OTHER  
CUSTOMER, MARKETING, AND MEDICAL AFFAIRS PROGRAMS**

(“Final Customer, Marketing, and Medical Affairs Programs Order”)

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the Debtors for the entry of a Final Order (the “Final Order”) authorizing, but not directing, the Debtors to continue to honor certain prepetition obligations to customers and to continue Customer, Marketing, and Medical Affairs Programs on a postpetition basis that the Debtors deem necessary and in the best interests of their estates and creditors in the same manner as such programs were implemented before the commencement of these bankruptcy cases; and it appearing that the relief requested is in the best interest of the Debtors’ estates, their creditors, and other parties in interest; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it

---

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Motion.

appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); 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 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 hereby authorized, but not required, to pay, in their discretion and in the ordinary course of business, consistent with past practice, the prepetition obligations specified in the Motion related to the Customer, Marketing, and Medical Affairs Programs, subject to the terms and conditions set forth in the Motion and the aggregate dollar amounts of: \$1.2 million for Wholesale Chargebacks, \$1.3 million for Channel Management Commissions, \$10.0 million for Product Returns, and \$2.9 million for McKesson Co-Pay Coupons, which amounts combined shall not exceed \$15.4 million; provided, that, with respect to Wholesale Chargebacks, Channel Management Commissions, liabilities for Product Returns, and McKesson Co-Pay Coupons, the Wholesaler to whom any such prepetition amount is or becomes due shall have executed (and shall be performing under) a Wholesaler Support Agreement substantially in the form attached to the Motion as Exhibit C.
3. Pursuant to Sections 105(a) and 363 of the Bankruptcy Code, the Debtors are authorized, but not directed, to honor and continue postpetition the Customer, Marketing, and Medical Affairs Programs that the Debtors deem necessary and in the best interests of their estates and creditors, in the ordinary course of business and consistent with prepetition practice.
4. Subject to the terms set forth in the Motion, the Debtors are authorized, but not directed, to continue honoring and performing their postpetition obligations related to the

Wholesale Chargeback Program, Channel Management Agreements, McKesson Co-Pay Coupons, Product Returns, the Sampling Program, Product Donations, the Patient Assistance Program, and the Medical Education Programs.

5. For the avoidance of doubt, the Debtors shall not be permitted to pay any prepetition obligations in respect of the Customer, Marketing, and Medical Affairs Programs except as expressly set forth in this Final Order.

6. Any payment made pursuant to this Final Order is not, and shall not be deemed, an admission as to the validity of the underlying obligation, a waiver of any rights the Debtors may have to subsequently dispute such obligation or an assumption or rejection of any executory contract.

7. Subject to the professionals to the Committee signing a confidentiality agreement satisfactory to the Debtors, the Debtors shall provide such professionals to the Committee with the names of any parties receiving payment and the amounts of any payments made pursuant to this Final Order. This information shall be for professionals' eyes only and shall not be shared with any person who is not a professional to the Committee.

8. The financial institutions upon which any checks, drafts or wire transfers are drawn in payment of obligations owing under the Debtors' Customer, Marketing, and Medical Affairs Programs, either before, on, or after the Petition Date are authorized and directed to honor any checks or drafts issued, upon presentation thereof, or any such wire transfer instructions, upon receipt thereof, provided that sufficient funds are immediately available and on deposit in the applicable accounts. Such financial institutions are authorized and directed to rely on the representations of the Debtors as to which checks, drafts or wire transfers are in payment of obligations owing under the Customer, Marketing, and Medical Affairs Programs.

9. This court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested herein is necessary to avoid immediate and irreparable harm.

10. Notwithstanding the provisions of Bankruptcy Rule 6004 and Bankruptcy Rule 6006 or any applicable provisions of the Local Rules, this Final Order shall not be stayed for fourteen (14) days after the entry hereof, but shall be effective and enforceable immediately upon entry, and the fourteen (14) day stay provided in such rules is hereby expressly waived and shall not apply.


11. The Debtors shall serve this Final Order within five (5) days of entry on the notice parties identified in the Motion, as well as (a) the U.S. Public Health Service, (b) the Centers for Medicare and Medicaid Services, and (c) the Wholesalers.

12. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, or any order regarding the use of cash collateral.

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

14. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

Dated: 05/17, 2011  
Wilmington, Delaware

  
Peter J. Walsh  
United States Bankruptcy Judge