

**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

NOTICE OF SUCCESSFUL BIDDER

1. On September 29, 2011, Graceway Pharmaceuticals, LLC and its affiliates, debtors and debtors-in-possession (collectively, the “**Debtors**”)² in the above captioned proceedings, filed the *Debtors’ Motion for Entry of (I) an Order Approving and Authorizing (A) Bidding Procedures in Connection with the Sale of Certain Assets of the Debtors, (B) Stalking Horse Bid Protections, (C) the Form and Manner of Notice of the Sale Hearing, and (d) Related Relief; and (II) an Order Authorizing (A) the Sale of Certain Assets of the Debtors Free and Clear of All Claims, Liens, Liabilities, Rights, Interests and Encumbrances; (B) the Debtors to Enter into and Perform Their Obligations Under the Asset Purchase Agreement; (C) the Debtors to Assume and Assign Certain Executory Contracts and Unexpired Leases; and (D) Granting Related Relief* (the “**Sale Motion**”) [Docket No. 12], seeking to sell substantially all of their

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 not defined herein shall have the meaning defined in the Bidding Procedures as part of the Bid Procedures Order, defined below.

assets through a sale pursuant to Section 363 of the Bankruptcy Code (the “**Sale**”).

2. On October 17, 2011, the 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 “**Bid Procedures Order**”).

3. Pursuant to the Bid Procedures Order, the Debtors held an auction for the sale of substantially all of their assets. The Auction took place on November 17, 2011 at the New York office of Latham & Watkins, LLP. The Auction concluded at approximately 5:55 p.m. Eastern Standard Time on November 17, 2011.

4. Under the Bid Procedures Order, within one (1) day after the conclusion of the Auction, the Debtors are required to file with the Bankruptcy Court and serve upon all Qualified Bidders and entities that have requested notice in the Bankruptcy Cases a notice identifying the Successful Bidder (the “**Notice of Successful Bidder**”). This Notice of Successful Bidder will also be posted on the website of the Debtors’ claims, noticing, soliciting and balloting agent, BMC Group, Inc., at www.bmcgroup.com/graceway.

5. The Debtors, after consultation with the Receiver, counsel to the Creditors’ Committee and special bankruptcy and restructuring counsel to the First Lien Agent, are pleased to announce that the Successful Bidder is Medicis Pharmaceutical Corporation and the Back-up Bidder is Sun Pharma Global FZE.

6. The Debtors will seek Bankruptcy Court approval of the Sale at the Sale Hearing which is scheduled to commence on November 22, 2011 at 11:00 a.m. Eastern time.

November 18, 2011

Respectfully,

/s/ Kara Hammond Coyle

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