

**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 (MFW)

Joint Administration Pending

**MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER
AUTHORIZING ADDITIONAL TIME TO FILE
SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**

(“Extension of Schedules and Statements Motion”)

The above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) file this motion (the “**Motion**”) for entry of an order, in substantially the form attached hereto as Exhibit A, pursuant to Rule 1007 of the Federal Rules of Bankruptcy Procedure and Rule 1007-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, setting a deadline 60 days after the Petition Date (as defined below) by which the Debtors must file their respective Schedules and Statements (as defined below). In support of this Motion, the Debtors respectfully state:

Jurisdiction

1. The Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

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); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy).

2. The statutory bases for the relief requested herein are Sections 105 and 521(a)(1)(B) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), Rule 1007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 1007-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”).

Background

3. On the date hereof (the “**Petition Date**”), each of the Debtors filed a petition with the Court under chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”). The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases, and no committees have been appointed or designated. Concurrently with the filing of this Motion, the Debtors have requested procedural consolidation and joint administration of these Chapter 11 Cases.

4. A description of the Debtors’ business, the reasons for commencing these Chapter 11 Cases, and the relief sought from the Court to allow for a smooth transition into chapter 11 are set forth in the Declaration of Gregory C. Jones in Support of Chapter 11 Petitions and First Day Motions filed contemporaneously with this Motion.

Relief Requested

5. By this Motion, the Debtors seek entry of an order extending their time for filing the Schedules and Statements (as defined below) by 30 days (for a total of 60 days from the Petition Date).

Basis for Relief

6. Bankruptcy Rule 1007 requires a chapter 11 debtor to file with its voluntary petition — or within 14 days thereafter — (a) a schedule of assets and liabilities, (b) a statement of financial affairs, (c) a schedule of current income and expenditures, (d) a schedule of executory contracts and unexpired leases, and (e) a list of equity security holders (collectively, the “**Schedules and Statements**”). Local Rule 1007-1(b) automatically extends this 14-day deadline to 30 days from the petition date if a debtor has more than 200 creditors and if the petition is accompanied by a list of all such creditors and their addresses (the “**Creditor List**”). Bankruptcy Rule 1007(c) provides a bankruptcy court with the ability to further extend a debtor’s time to file its schedules and statements “for cause.”

7. The Debtors have filed their Creditor List and have more than 200 creditors. Accordingly, Bankruptcy Rule 1007(c) and Local Rule 1007-1(b) require the Debtors to file their Schedules and Statements within 30 days after the Petition Date.

8. Due to the complexity and diversity of their operations, the Debtors anticipate that they will be unable to complete their Schedules and Statements within the 30-day deadline.

9. To prepare the required Schedules and Statements, the Debtors must compile information from books, records and documents relating to their affiliates and a multitude of transactions. Collection of the necessary information requires an expenditure of substantial time and effort on the part of the Debtors’ employees in excess of the 30-day period. Given the significant burdens already imposed on the Debtors’ management by the commencement of these Chapter 11 Cases, and the reductions in work force that the Debtors’ implemented prior to these Chapter 11 Cases to save costs, the Debtors request additional time to complete and file the required Schedules and Statements. The Debtors have mobilized their employees to work

diligently on the assembly of the necessary information and, recognizing the importance of the Schedules and Statements in these Chapter 11 Cases, intend to complete the Schedules and Statements as quickly as possible under the circumstances.

10. The Debtors anticipate that they will be able to file their Schedules and Statements, all in the appropriate formats prescribed by the Bankruptcy Code, the Bankruptcy Rules and the Local Rules within 60 days after the Petition Date. Accordingly, the Debtors request an extension of time to file their Schedules and Statements through and including November 28, 2011 without prejudice to their right to seek an extension for cause shown. Bankruptcy Rule 1007(c) provides for the extension, for cause, of the time for the filing of the Schedules and Statements. In light of the substantial size, scope and complexity of these Chapter 11 Cases and the volume of material that must be compiled and reviewed by the Debtors' staff and professionals in order to complete the Schedules and Statements for each of the Debtors during the hectic early days of these cases, there is ample "cause" justifying the requested extension.

11. The Debtors believe that the relief requested herein is consistent with and is an appropriate application of the Bankruptcy Code. Courts routinely have granted similar orders in other cases in this District. See, e.g., In re NEC Holdings Corp., Case No. 10-11890 (PJW) (Bankr. D. Del. July 13, 2010) (allowing the debtors 60 days from the petition date to file their schedules and statements of financial affairs); In re Lines Holding Co., Case No. 08-10832 (CSS) (Bankr. D. Del. May 27, 2008) (allowing the debtors 75 days from the petition date to file their schedules and statements of financial affairs); In re Buffets Holdings Inc., Case No. 08-10141 (MFW) (Bankr. D. Del. May 1, 2008) (allowing the debtors approximately 90 days from the petition date to file their schedules and statements); In re Dan River Holdings, LLC, Case

No. 08-10726 (BLS) (Bankr. D. Del. Apr. 22, 2008) (order granting debtors an additional 30 days, for a total of 60 days from the petition date, to file their schedules and statements of financial affairs); In re Powermate Holding Corp., Case No. 08-10498 (MFW) (Bankr. D. Del. Apr. 14, 2008) (order granting a total extension of 74 days from the petition date for debtors to file their schedules and statements of financial affairs); In re Lillian Vernon Corp., Case No. 08-10323 (BLS) (Bankr. D. Del. Feb. 21, 2008) (extending deadline for the debtors to file their schedules and statements of financial affairs to 60 days from the petition date); In re Sharper Image Corp., Case No. 08-10322 (KG) (Bankr. D. Del. Feb. 20, 2008) (setting the initial deadline for the debtor to file its schedules and statements of financial affairs 45 days from the petition date and subsequently providing the debtor with an additional 30-day extension for a total of 75 days).

12. The additional time requested herein also should help ensure that the Schedules and Statements are as accurate as possible. Rushing to complete the Schedules and Statements so soon after the Petition Date would likely compromise the completeness and accuracy of the documents.

Notice

13. The Debtors have provided notice of this Motion to: (a) the United States Trustee for the District of Delaware; (b) financing counsel to the administrative agent for the lenders under the Debtors' prepetition first lien credit facility; (c) special restructuring and bankruptcy counsel to the administrative agent for the lenders under the Debtors' prepetition first lien credit facility; (d) counsel to the administrative agent for the lenders under the Debtors' prepetition second lien credit facility; (e) the administrative agent for the lenders under the Debtors' prepetition unsecured mezzanine credit facility; (f) the creditors listed on the Debtors'

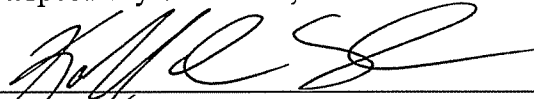
consolidated list of 30 largest unsecured creditors, as filed with the Debtors' chapter 11 petitions; (g) the Food and Drug Administration; (h) the Internal Revenue Service; and (i) all parties requesting notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no further notice is required or needed under the circumstances.

14. A copy of the Motion is available on the Court's website: www.deb.uscourts.gov. Additional copies of the Motion are available for free on the website of the Debtors' proposed claims, noticing, soliciting and balloting agent, 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 if calling from outside the United States.

WHEREFORE, the Debtors respectfully request that this Court enter the order, substantially in the form attached hereto as Exhibit A, (a) setting a deadline 60 days after the Petition Date by which the Debtors must file their respective Schedules and Statements and (b) granting such other and further relief as is just and proper.

Dated: September 29, 2011
Wilmington, Delaware

Respectfully Submitted,



Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

-and-

David S. Heller
Josef S. Athanas
Matthew L. Warren
LATHAM & WATKINS LLP
Suite 5800
233 South Wacker Drive
Chicago, IL 60606
Telephone: (312) 876 -7700
Facsimile: (312) 993-9767

PROPOSED ATTORNEYS FOR DEBTORS AND
DEBTORS-IN-POSSESSION

Exhibit A

Proposed Order

**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 (MFW)

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**ORDER AUTHORIZING ADDITIONAL TIME TO FILE
SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**

(“Extension of Schedules and Statements Order”)

Upon consideration of the motion (the **“Motion”**)² of the Debtors for entry of an order setting a deadline 60 days after the Petition Date by which the Debtors must file their respective Schedules and Statements; 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 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.

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); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy).

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

2. The Debtors are hereby granted an additional extension of 30 days, through and including November 28, 2011, to file their Schedules and Statements.

3. Any extension of time to file the Schedules and Statements is without prejudice to the Debtors' right to seek further extensions of time to prepare and file their Schedules and Statements if necessary.

4. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

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

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

Dated: _____, 2011
Wilmington, Delaware

United States Bankruptcy Judge