

**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

Docket Ref. No. 6

**ORDER ENFORCING AND RESTATING AUTOMATIC STAY
AND IPSO FACTO PROVISIONS OF THE BANKRUPTCY CODE**

("Stay and Ipso Facto Order")

Upon consideration of the motion (the "**Motion**")² of the Debtors for entry of an order enforcing and restating the automatic stay and ipso facto provisions of the Bankruptcy Code; 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 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.

1. The Motion is GRANTED as set forth herein.

2. Subject to the exceptions to the automatic stay contained in Section 362(b) of the Bankruptcy Code and the right of any party in interest to seek relief from the automatic stay in accordance with Section 362(d) of the Bankruptcy Code and except as otherwise ordered by this Court, all persons (including individuals, partnerships, corporations, and other entities and all those acting on their behalf) and governmental units, whether of the United States, any state or locality therein or any territory or possession thereof, or any foreign country (including any division, department, agency, instrumentality or service thereof and all those acting on their behalf), are hereby stayed, restrained and enjoined from:

- (a) commencing or continuing (including the issuance or employment of process) any judicial, administrative, or other action or proceeding against the Debtors that was or could have been commenced before the commencement of the Debtors' chapter 11 cases or recovering a claim against the Debtors that arose before the commencement of the Debtors' Chapter 11 Cases;
- (b) enforcing, against the Debtors or against property of their estates, a judgment or order obtained before the commencement of the Debtors' Chapter 11 Cases;
- (c) taking any action to obtain possession of property of the Debtors' estates or to exercise control over property of the estates;
- (d) taking any action to create, perfect, or enforce any lien against property of the Debtors' estates;
- (e) taking any action to create, perfect, or enforce against property of the Debtors any lien to the extent that such lien secures a claim that arose prior to the commencement of the Debtors' Chapter 11 Cases;
- (f) taking any action to collect, assess, or recover a claim against the Debtors that arose prior to the commencement of the Debtors' Chapter 11 Cases;
- (g) offsetting any debt owing to the Debtors that arose before the commencement of the Debtors' Chapter 11 Cases against any claim against the Debtors subject to the provisions of Section 553 of the Bankruptcy Code; and

- (h) commencing or continuing any proceeding before the United States Tax Court concerning a tax liability of a Debtor that is a corporation for a taxable period the Court may determine.

3. Pursuant to Sections 362 and 365 of the Bankruptcy Code, and subject to any relevant provisions of the Bankruptcy Code, notwithstanding any provision in a contract ("Contract") or lease ("Lease") or any applicable law, all persons are hereby stayed, restrained and enjoined from terminating or modifying any and all Contracts and Leases to which the Debtors are party or signatory, at any time after the commencement of these cases, solely because of a provision in such Contract or Lease that is conditioned on the (i) insolvency or financial condition of the Debtors at any time before the closing of these cases; or (ii) commencement of these cases under the Bankruptcy Code.

4. Nothing in this Order or the Motion shall constitute a rejection or assumption by the Debtors, as debtors-in-possession, of any executory contract or unexpired lease.

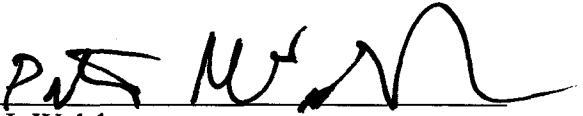
5. In accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and applicable law, upon request of a party in interest, and after notice and a hearing, this Court may grant relief from the restraints imposed herein in the event that it is necessary, appropriate and warranted to terminate, annul, modify or condition the injunctive relief herein.

6. Nothing in this Order shall be construed to expand or modify applicable law.

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

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

Dated: September 30, 2011
Wilmington, Delaware


Peter J. Walsh
United States Bankruptcy Judge