

**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 (MFW)

Joint Administration Pending

Docket Ref. No. 9

**ORDER UNDER 11 U.S.C. §§ 105(a), 361 AND 363(b) AUTHORIZING THE DEBTORS TO (I) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL POLICY PREMIUMS AND BROKERS' FEES ARISING IN CONNECTION THEREWITH; (II) CONTINUE HONORING SURETY BOND OBLIGATIONS; (III) CONTINUE HONORING WORKERS' COMPENSATION OBLIGATIONS AND INSURANCE PREMIUM FINANCE AGREEMENT; (IV) CONTINUE GRANT OF SECURITY INTEREST TO AN INSURANCE PREMIUM FINANCE COMPANY; AND (V) ENTER INTO NEW INSURANCE POLICIES**

("Insurance Financing Order")

Upon consideration of the motion (the "Motion")<sup>2</sup> of the Debtors for entry of an order authorizing, but not directing, the Debtors to (i) maintain their existing insurance policies and pay all policy premiums and brokers' fees arising thereunder or in connection therewith; (ii) continue honoring surety bond obligations; (iii) continue honoring their obligations pursuant to workers' compensation programs and the insurance premium financing agreement for the purpose of financing the purchase of several forms of insurance coverage; (iv) continue the grant of a security interest to the Insurance Premium Financing Company; and (v) as and only if

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<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); 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).

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

necessary, renew their current Insurance Policies and workers' compensation policies and programs, or obtain replacement coverage, in the ordinary course of business and consistent with prepetition practice; 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 provided herein.
2. Pursuant to Sections 105(a), 361 and 363(b) of the Bankruptcy Code, the Debtors are authorized, but not directed, to pay brokers' fees and claims administrators' fees arising under or in connection with the Insurance Policies as they become due.
3. The Debtors are authorized, but not directed, to pay their regular insurance premiums and installment payments under the Finance Agreement as they become due in the ordinary course of business, regardless of whether attributed to the prepetition period or the postpetition period.
4. The Debtors are authorized, but not directed, to continue to grant the IPFC Security Interest to the Insurance Premium Finance Company.
5. The Debtors are authorized, but not directed, to continue honoring, in the ordinary course of business, their surety bond obligations under applicable law, whether through the prepetition letter of credit, entering into new letters of credit, or through cash deposits, in a

collective aggregate amount (or, with respect to letters of credit, available amount) not to exceed \$825,000, provided to state boards of pharmacy.

6. The Debtors are authorized, but not directed, to continue honoring, in the ordinary course of business, their workers' compensation obligations as required by applicable law.

7. The Debtors are authorized, but not directed, to continue honoring, in the ordinary course of business, their Finance Agreement, and renew or enter into new financing arrangements as the terms of the existing arrangements expire and consistent with prepetition practice, without further order of the Court.

8. The Debtors are authorized, but not directed, as and only if necessary, to renew their current Insurance Policies and workers' compensation policies and programs, or to obtain replacement coverage, in the ordinary course of business and consistent with prepetition practice.

9. The financial institutions with which the Debtors maintain accounts are authorized, when requested by the Debtors, to receive, process, honor and pay any and all checks or wire transfer requests in respect of the Insurance Policies and surety bonds

10. Neither the provisions contained herein, nor any actions or payments made by the Debtors under this Order, shall be deemed an assumption of any executory contract arising out of an existing financing program, agreement or contract, or otherwise shall constitute a waiver of the Debtors' rights under Section 365 of the Bankruptcy Code or an admission by the Debtors that any such financing program, agreement or contract constitutes an executory contract within the meaning of Section 365 of the Bankruptcy Code.

11. Neither the provisions contained herein, nor any actions or payments made by the Debtors under this Order, shall 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.

12. All time periods set forth in this Order shall be calculated in accordance with Rule 9006(a) of the Federal Rules of Bankruptcy Procedure.

13. 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.


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

15. 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.

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

17. 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