

**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. 14

**INTERIM 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**

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

Upon consideration of the motion (the “Motion”)² of the Debtors for the entry of an interim order (the “Interim 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 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

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 otherwise defined herein shall have the meaning set forth in the Motion.

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 on an interim basis.
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, in the case of Wholesale Chargebacks, Channel Management Commissions, Product Returns, and McKesson Co-Pay Coupons, to the aggregate dollar amounts specified, and the other terms and conditions set forth in the Motion; 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 past 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 Interim Order.

6. Any payment made pursuant to this Interim 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. 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.

8. 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.

9. 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 Interim 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.

10. Any objection to the relief requested in the Motion on a permanent basis must be (a) filed in writing with the Court, at October 13, 2011, by 12:00 p.m. (Eastern Time) (the "**Objection Deadline**") and (b) served so as to be actually received by the following parties by the Objection Deadline: (i) the Debtors, c/o John A. A. Bellamy, Executive Vice President & General Counsel, Graceway Pharmaceuticals, LLC, 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620, (ii) proposed co-counsel to the Debtors, Latham & Watkins, LLP, 233 South Wacker Drive, Chicago, IL 60606 (Attn: Josef S. Athanas, Esq. and Matthew L. Warren, Esq., josef.athanas@lw.com and matthew.warren@lw.com) and Young Conaway Stargatt & Taylor, LLP, 1000 West Street, 17th Floor, Wilmington, Delaware 19801 (Attn: Michael R. Nestor, Esq. and Kara Hammond Coyle, Esq., mnestor@ycst.com and kcoyle@ycst.com), (iv) financing counsel to the First Lien Agent, Morgan, Lewis & Bockius LLP, 225 Franklin Street, 16th Floor, Boston, Massachusetts 02110, Attn: Jonathan K. Bernstein, jbernstein@morganlewis.com, (v) special restructuring and bankruptcy counsel to the First Lien Agent, Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019, Attn: Scott K. Charles and Michael S. Benn, SKCharles@wlrk.com and MSBenn@wlrk.com, (vi) counsel to any Committee, (vii) counsel to the Second Lien Agent, Sidley Austin LLP, One South Dearborn, Chicago, Illinois 60603, Attn: Larry J. Nyhan, lnyhan@sidley.com and (viii) the U.S. Trustee for the District of Delaware, 844 King Street, J. Caleb Boggs Federal Building, Room 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Juliet Sarkessian).

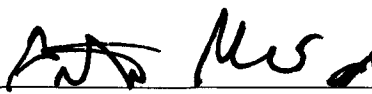
11. The final hearing to consider entry of an order granting the relief requested in the Motion on a final basis shall be held on October 17, 2011, at 4:00pm (Eastern Time).

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 Interim 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 Interim Order.

Dated: September 30, 2011
Wilmington, Delaware


Peter J. Walsh
United States Bankruptcy Judge

15. The Debtors shall serve the motion and this Interim order within five (5) days of entry on the notice parties identified in the motion, as well as (i) the U.S. Public Health Service; (ii) the Centers for Medicare and Medicaid Services; and (iii) the wholesalers.