

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

Re D.I.: 1022 & 1026

**ORDER GRANTING MOTION OF THE LIQUIDATING TRUSTEE
FOR APPROVAL OF STIPULATION FOR REMOVAL OF RELATED
PROCEEDING BETWEEN THE LIQUIDATING TRUSTEE AND LORI KASNER**

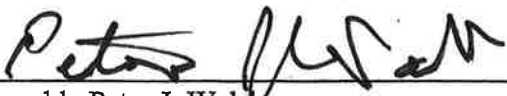
Upon consideration of the *Motion of the Liquidating Trustee for Approval of Stipulation for Removal of Related Proceeding Between the Liquidating Trustee and Lori Kasner* (the "Motion")²; and it appears that the Stipulation is in the best interests of the Debtors' estates, their creditors and other parties interested; 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 matter 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 or resolved, 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), 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 All capitalized terms used, but not otherwise defined, herein shall have the meaning assigned to such terms by the Stipulation.

1. The Stipulation, attached hereto as Exhibit 1 is APPROVED.
2. Any objections or other responses to the Motion not settled or withdrawn are OVERRULED.
3. The Parties are authorized and directed to execute and deliver the Stipulation and take such actions as are contemplated by the Stipulation or otherwise reasonably necessary in order fully to implement its terms.
4. This Court shall retain jurisdiction over any disputes concerning the implementation of the Stipulation.

Dated: 5/1/14, 2014
Wilmington, Delaware



Honorable Peter J. Walsh
United States Bankruptcy Judge

EXHIBIT 1
(Stipulation)

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

STIPULATION FOR REMOVAL OF RELATED PROCEEDING
BETWEEN THE LIQUIDATING
TRUSTEE AND CLAIMANT LORI KASNER

On this _____ day of _____, 2014, for and in consideration of the mutual promises, covenants, and agreements set forth herein, Kip Horton, in his capacity as Liquidating Trustee (the "Liquidating Trustee") for the Graceway Liquidating Trust (the "Liquidating Trust"), and Claimant Lori Kasner ("Kasner"), together with the Liquidating Trust, the "Parties") have reached an agreement with respect to the proof of claim filed by Kasner as claim No. 184, and in connection therewith stipulate and agree as follows:

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. 43

RECITALS

WHEREAS, on August 15, 2011, Kasner commenced a lawsuit against Graceway Pharmaceuticals, LLC, et al. in Minnesota State Court, County of Washington, Tenth Judicial District (the "Minnesota litigation"); and

WHEREAS, on September 29, 2011, the debtors in the above captioned cases (the "Debtors"), each filed a voluntary petition in the United States Bankruptcy Court for the District of Delaware (the "Court") for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 1152, as amended (the "Bankruptcy Code") which stayed proceedings in the Minnesota litigation against the Debtors; and

WHEREAS, on or about December 29, 2011, Kasner filed a general unsecured claim, in the amount of \$1,998,500.00, designated Claim No. 184 (Kasner's "Unsecured Claim"); and

WHEREAS, on or about April 2, 2012, Kasner file an objection to the Debtors' Chapter 11 Plan; and

WHEREAS, on April 20, 2012, the Court entered its *Findings of Fact, Conclusions of Law and Order Confirming the Debtors' First Amended Joint Plan of Liquidation* (the "Plan") [D.I. #722] (the "Confirmation Order"); and

WHEREAS, the Effective Date of the Plan was May 4, 2012 and pursuant to the Plan, the Debtors and the Liquidating Trustee executed that certain Liquidating Trust Agreement, dated May 4, 2012 (the "Liquidating Trust Agreement"), which established the Liquidating Trust for the purpose of liquidating the Debtors' assets and distributing

the proceeds thereof; and

WHEREAS, under the terms of the Liquidating Trust Agreement, the Liquidating Trustee is authorized to investigate, prosecute, compromise, settle or otherwise deal with objections to Claims² filed against the Debtors' estates and Causes of Action; and

WHEREAS, in order to settle; compromise or otherwise resolve a Claim or Cause of Action, the Liquidating Trustee is required to obtain either (i) the prior written consent of the Approving Majority First Lien Lenders, or (ii) an Order of the Bankruptcy Court approving such compromise, settlement or other resolution. Upon satisfaction of the First Lien Facility Claims, the Liquidating Trustee must obtain (i) the prior written consent of the Second Lien Facility Agent, or (ii) an Order of the Bankruptcy Court approving such compromise, settlement or other resolution; and

WHEREAS, if Kasner recovered any monies from the Bankruptcy estate, under Minnesota law she would still be entitled to pursue her claims and seek recovery from the Debtors' insurer(s)³; and

WHEREAS, given the facts and circumstances, the Parties agree to enter into this Stipulation to request removal of Kasner's claim from this Bankruptcy action so that she may proceed with the Minnesota litigation against the Debtors' insurer(s).

NOW, THEREFORE, in consideration of the foregoing, the Parties agree and stipulate (the "Stipulation";), subject to entry of an order (the "Order") substantially in the form attached hereto as Exhibit A, as follows:

² Capitalized terms not defined in this Stipulation shall have the meaning as defined in the Plan.

³ See Minn. Stat. § 60A.08.

STIPULATION

1. The parties agree in the vein of judicial efficiency and economy, Kasner's Unsecured Claim should be removed from this Bankruptcy action to allow her to prosecute the Minnesota litigation and to seek to recover relief on her claims through the Debtors' insurer(s).

2. Upon entry of an Order approving the Stipulation, the Parties agree to modification of the automatic stay pursuant to Bankruptcy Code section 362(d) to the extent necessary to allow Kasner to proceed with the Minnesota litigation to pursue Debtors' insurers for payment of damages she sustained during her employment with Debtors.

3. Upon entry of an Order approving the Stipulation, Kasner will be deemed to release and waive any and all other claims that she may have against the Debtors, their estates, the Liquidating Trust and its successors or assigns and agrees not to assert any additional claims against the Liquidating Trust or its successors or assigns.

4. The transfers, reductions, releases and waivers set forth herein and other provisions of this Stipulation are conditioned upon the entry of an Order approving the Stipulation on a final, non-appealable basis. The Liquidating Trustee represents and warrants that upon entry of an Order on a final, non-appealable basis, no further, additional or other consents are necessary to the effectiveness of this Stipulation.

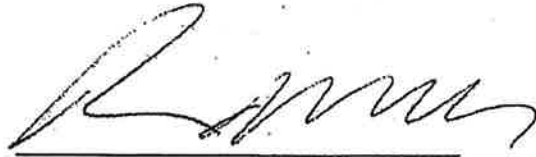
5. The Stipulation constitutes the entire agreement and understanding between the Parties and no Party has made any other promises to or agreements with any Party other than those contained in the Stipulation. No waiver or modification of any term or condition contained herein shall be valid or binding unless in writing and executed by the Parties hereto.

Dated: _____

By:



Kip Horton
RPA ADVISORS, LLC
45 Eisenhower Drive
Paramus, NJ 07652
Telephone: 201.527.6653



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12 South Sixth Street, Suite 1230
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*Liquidating Trustee to the Graceway
Liquidating Trust.*

Counsel to Claimant Lori Kasner