

EXHIBIT 3

Contract Notice

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

Sale Hearing: November 22, 2011 at 11 a.m.
(ET)

Objection Deadline: November 4, 2011 at
4:00 p.m. (ET)

**NOTICE OF (I) CURE AMOUNT WITH RESPECT TO EXECUTORY CONTRACTS
TO BE ASSUMED AND ASSIGNED AND (II) POTENTIAL ASSUMPTION AND
ASSIGNMENT OF EXECUTORY CONTRACTS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Pursuant to the *Order Approving and Authorizing (A) Bidding Procedures in Connection with the Sale of Certain Assets of the Debtors, (B) Stalking Horse Bid Protections, (C) Form and Manner of Notice of the Sale Hearing and (D) Related Relief* [Docket No. ____] (the "**Bidding Procedures Order**") entered by the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") on [____], 2011, the above-captioned debtors and debtors-in-possession (collectively, the "**Debtors**") hereby provide notice that they are a party to various executory contracts and unexpired leases as set forth on Exhibit 1 attached hereto (individually, a "**Contract**", collectively the "**Contracts**") and they intend to seek to assume and assign some or all of the Contracts (individually, a "**Potentially Assumed**"),

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).

Contract", collectively, the "**Potentially Assumed Contracts**") to the Successful Bidder² in connection with the proposed sale of certain of the Debtors' assets.

2. You have been identified as a party to a Potentially Assumed Contract. If your Contract is **actually** to be assumed or assigned, a separate notice of such assumption and assignment will be provided.

3. The Potentially Assumed Contract with respect to which you have been identified as a non-Debtor counterparty, and the corresponding proposed amount the Debtors' records reflect is owing to cure any and all defaults under such Potentially Assumed Contract so as to permit the assumption and assignment of such Potentially Assumed Contract (if designated for assumption and assignment by the Successful Bidder) pursuant to 11 U.S.C. § 365 (the "**Cure Amount**"), have been set forth on Exhibit 1, as attached hereto. The Debtors' records reflect, as of the date hereof, that all postpetition amounts owing under your Potentially Assumed Contract have been paid and will continue to be paid and that there are no other defaults under the Potentially Assumed Contract. Amounts due and owing under the Contracts with respect to the period after the petition date and after the closing date of the Sale are not included in the calculation of the Cure Amounts.

4. Objections, if any, to the proposed Cure Amount, or to the possible assumption and assignment of any Potentially Assumed Contract, must be made in writing, filed with the United States Bankruptcy Court for the District of Delaware, at: 824 North Market Street, 6th Floor, Wilmington, Delaware 19801, and served so as to be **actually received** on or before 4:00 p.m. on November 11, 2011 (the "**Objection Deadline**"). Service should be made by mail to:

² Capitalized terms not otherwise defined in this notice shall have the meanings set forth in the Bidding

Debtors	Counsel to Debtors
<p>Graceway Pharmaceuticals, LLC 340 Martin Luther King Jr. Blvd. Suite 500 Bristol, Tennessee 37620 Attn: John Bellamy (john.bellamy@gracewaypharma.com)</p>	<p>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)</p> <p>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)</p>
Special Bankruptcy and Restructuring Counsel to the Agent for the First Lien Lenders	United States Trustee
<p>Wachtell, Lipton, Rosen & Katz 51 West 52nd Street New York, NY 10019 Attn: Scott K. Charles, Esq. and Michael S. Benn, Esq. (SKCharles@wlrk.com and MSBenn@wlrk.com)</p> <p>DLA Piper LLP 919 North Market Street, 15th Floor Suite 1500 Wilmington, DE 19801 Attn: Stuart M. Brown, Esq. (stuart.brown@dlapiper.com)</p>	<p>Office of the United States Trustee for the District of Delaware 844 King Street J. Caleb Boggs Federal Building Room 2207, Lockbox 35 Wilmington, DE 19801 Attn: Juliet Sarkessian, Esq. (Juliet.M.Sarkessian@usdoj.gov)</p>
Financing Counsel to the Agent for the First Lien Lenders	Counsel to the Creditors' Committee
<p>Morgan Lewis 225 Franklin Street, 16th Floor Boston, Massachusetts 02110 Attn: Sula Fiszman, Esq. (sfiszman@morganlewis.com)</p>	<p>Lowenstein Sandler PC 65 Livingston Avenue Roseland, New Jersey 07068 Attn: S. Jason Teele, Esq. (steele@lowenstein.com)</p> <p>Elliott Greenleaf 1105 Market Street, Suite 1700 Wilmington, DE 19801 Attn: Rafael X. Zahralddin-Aravena (rxza@elliottgreenleaf.com)</p>
Counsel to the Agent for the Second Lien Lenders	Counsel to the Stalking Horse Bidder

Procedures approved as part of the Bidding Procedures Order.

<p>Sidley Austin LLP One South Dearborn, Chicago, IL 60603 Attn: Larry Nyhan, Esq. (lnyhan@sidley.com)</p>	<p>Debevoise & Plimpton LLP 919 Third Avenue New York, NY 10022 Attn: My Chi To, Esq. and Kevin A. Rinker, Esq. (mcto@debevoise.com and karinker@debevoise.com)</p> <p>Morris, Nichols, Arsht & Tunnell LLP 1201 North Market Street, 18th Floor Wilmington, DE 19801 Attn: Gregory W. Werkheiser, Esq. (gwerkheiser@mnat.com)</p>
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5. An objection to any Cure Amount must (i) be in writing; (ii) conform to the applicable provisions of the Bankruptcy Rules and the Local Rules for the United States Bankruptcy Court for the District of Delaware; and (iii) state with particularity the legal and factual basis for the objection and the specific grounds therefor.

6. If an objection to the Cure Amount, or the possible assumption and assignment, is timely filed and cannot be resolved by the Debtors and the counterparty to the Potentially Assumed Contract, a hearing with respect to the objection will be held before the Honorable Judge Walsh, United States Bankruptcy Judge for the Bankruptcy Court for the District of Delaware, at: 824 North Market Street, 6th Floor, Wilmington, Delaware 19801, on November 22, 2011 at 4:00 p.m. prevailing Eastern Time or at a later hearing, as determined by the Debtors. A hearing regarding objections to a Cure Amount, if any, may be continued at the sole discretion of the Debtors.

7. Regardless of whether a Potentially Assumed Contract will be assumed and assigned at the closing of the Sale as provided for in the APA, unless a non-debtor party to any Potentially Assumed Contract files an objection to the Cure Amount or the assumption and assignment of the Potentially Assumed Contract by the Objection Deadline, then such counterparty shall be (i) forever barred from objecting to the Cure Amount or the assumption and assignment of such Potentially Assumed Contract; and (ii) forever barred and estopped from

asserting or claiming any amounts under the Contracts outstanding as of the effective date of assumption and assignment to the Successful Bidder, other than the Cure Amount on Exhibit 1, against the Debtors, any Successful Bidder or any other assignee of the relevant contract; provided, however, that any objection to a Successful Bidder other than the Stalking Horse Bidder based solely on issues of adequate assurance concerning contracts to be assumed and assigned to such Stalking Horse Bidder may be filed at or prior to the Sale Hearing.

8. The Debtors will file and serve a further notice that identifies any Successful Bidder and provides notice of the particular Potentially Assumed Contracts that the Debtors will seek to assume and assign at the Sale Hearing (the “Assumption Notice”).

9. Within one (1) day after the closing of the Auction, the Debtors shall file with the Bankruptcy Court and serve upon all Qualified Bidders and entities that have requested notice in the Bankruptcy Cases a notice identifying the Successful Bidder (the “Notice of Successful Bidder”), which notice shall also be posted on the website of the Debtors’ claims, noticing, soliciting and balloting agent, BMC Group, Inc., at www.bmcgroup.com/graceway. No later than 24 hours after the Successful Bidder is identified, the Debtors shall serve the Notice of Successful Bidder by fax or email on any party in interest that submits a written request for such service to: (i) Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800, Chicago, Illinois 60606, Attn: Josef Athanas and Matthew Warren (josef.athanas@lw.com and matthew.warren@lw.com) and (ii) Young Conaway Stargatt & Taylor, LLP, 1000 West Street, 17th Floor, Wilmington, Delaware 19801, Attn: Michael R. Nestor and Kara Hammond Coyle, mnestor@ycst.com and kcoyle@ycst.com.

10. At the Sale Hearing, the Debtors shall present evidence necessary to demonstrate adequate assurance of future performance by the Successful Bidder. At the Sale Hearing, you

will have the opportunity to evaluate and, if necessary, challenge, the ability of the Successful Bidder to provide adequate assurance of future performance under the Assumed Contracts.

11. The presence of a contract, lease or other agreement on Exhibit 1, as attached hereto, does not constitute an admission that such contract, lease or other agreement is an executory contract or unexpired lease or that such contract or lease will be assumed by the Debtors and assigned to any Successful Bidder. The Debtors reserve all of their rights, claims and causes of action with respect to the contracts, leases and other agreements listed on Exhibit 1, as attached hereto.

12. All documents filed with this Court in connection with these Chapter 11 Cases, including orders of this Court, are available for free on the website of the Court-appointed claims, noticing, soliciting and balloting agent in these Chapter 11 Cases, 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 from outside the United States.

Dated: _____, 2011
Wilmington, Delaware

Respectfully Submitted,

Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
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-and-

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PROPOSED ATTORNEYS FOR DEBTORS AND
DEBTORS-IN-POSSESSION