

Exhibit A

Proposed Interim Order

**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 (____)

Joint Administration Pending

Reference Doc. No. ____

INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION EMPLOYEE OBLIGATIONS, AND (B) CONTINUE EMPLOYEE BENEFITS PLANS AND PROGRAMS POSTPETITION; (II) CONFIRMING THAT DEBTORS ARE ABLE TO PAY WITHHOLDING AND PAYROLL-RELATED TAXES; AND (III) DIRECTING ALL BANKS TO HONOR PREPETITION CHECKS FOR PAYMENT OF EMPLOYEE OBLIGATIONS

("Interim Employee Obligations Order")

Upon consideration of the motion (the "**Motion**")² of the Debtors for the entry of an order (the "**Order**") under 11 U.S.C. §§ 105, 363, 364, 507(a)(3), and 507(a)(4), (a) authorizing, but not directing, the Debtors to (i) pay or otherwise honor various employee-related prepetition obligations of the Debtors to, or for the benefit of, employees, and (ii) continue postpetition certain of the employee benefits plans and programs in effect immediately prior to the filing of these bankruptcy cases; (b) confirming that the Debtors are permitted to pay any and all local, state and federal withholding and payroll-related or similar taxes relating to prepetition periods; and (c) directing all banks to honor prepetition checks for payment of the Debtors' prepetition employee obligations; and it appearing that the relief requested is in the best interests of the

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.

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 on an interim basis as set forth herein.
2. The Debtors are authorized, but not directed, to honor their Employee Obligations, including, without limitation, paying certain prepetition amounts owed to their Employees, in each case subject to the terms of, and limitations set forth in, the Motion, in an aggregate amount not to exceed \$445,000. Any funds in excess of the amounts set forth in 11 U.S.C. §§ 507(a)(4) and 507(a)(5) owed to any Employee shall not be paid unless and until entry of a final order on the Motion authorizing such payments; provided, however, that the Debtors are permitted, but not required, to pay all Reimbursable Business Expenses in the ordinary course of business.
3. The Debtors are authorized, but not directed, to pay prepetition amounts owed to Independent Contractors in an amount not to exceed \$80,000 in the aggregate.
4. The Debtors are authorized, but not directed, to pay prepetition Reimbursable Business Expenses, including Reimbursable Business Expenses owed to the Debtors' directors and Employees, without regard to whether the Reimbursable Business Expenses exceed \$11,725 per Employee, in an amount not to exceed \$300,000 in the aggregate.

5. The Debtors are authorized, but not directed, to continue the Employee Benefits Plans described in the Motion and in effect immediately prior to the filing of these cases during the postpetition period in the ordinary course of business, including payment of prepetition obligations under the Employee Benefits Plans, in each case subject to the terms of, and limitations set forth in, the Motion, in an aggregate amount not to exceed \$25,000; provided, however, that the Debtors shall not make any payments under the Severance Plan until the entry of the Final Order.

6. The Debtors are authorized, but not directed, to forward the Miscellaneous Payroll Deductions, which include the amounts that the Debtors withhold from their Employees' paychecks to make payments on behalf of Employees for, among other things, state disability, automobile allowances, garnishments and charitable contributions, and other pre-tax and after-tax deductions payable pursuant to certain miscellaneous employee benefits plans, to the appropriate third-party recipients, in an aggregate amount not to exceed \$15,000.

7. The Debtors are authorized, but not directed, to pay any and all accrued and unpaid Payroll Tax Obligations relating to prepetition periods, including but not limited to, all withholding taxes, Social Security taxes, Medicare taxes, and other Employee contributions, whether withheld from Employees' wages or paid directly by the Debtors to governmental authorities, as set forth in the Motion, in an amount not to exceed \$25,000 in the aggregate.

8. Any party receiving payment from the Debtors is authorized and directed to rely upon the representations of the Debtors as to which payments are authorized by this Order.

9. The financial institutions upon which any checks are drawn in payment of the Employee Obligations, either before, on, or after the date on which the Debtors filed these Chapter 11 Cases, are hereby authorized and directed to (a) honor, upon presentation, any such

checks and (b) rely upon the representations of the Debtors as to which checks are in payment of the Employee Obligations.

10. The Debtors shall be and hereby are authorized, but not directed, to reissue payment on account of the Employee Obligations to replace any inadvertently dishonored or rejected payments.

11. Nothing in the Motion or the requested relief (including any actions taken or payments made by the debtors pursuant to the requested relief) shall (a) be construed as a request for authority to assume any executory contract under Section 365 of the Bankruptcy Code; (b) waive, affect, or impair any of the debtors' rights, claims, or defenses including, but not limited to, those arising from Sections 365, 1113, and 1114 of the Bankruptcy Code, among others, other applicable law, and any agreement; (c) grant any additional rights to any third party; or (d) be enforceable by any third party.

12. Neither the provisions of this Order, nor any payments made by the Debtors pursuant to the Motion or this Order, shall be deemed to change the classification of any claim or to in any way change the rights or create new rights of any Employee or other person, including without limitation, the creation of any right to payment entitled to administrative expense priority pursuant to Sections 503 and 507 of the Bankruptcy Code.

13. Authorizations given to the Debtors in this Order empower but do not direct the Debtors to effectuate the payments specified herein, said Debtors retaining the business judgment to make or not make said payments, and in all instances are subject to the condition that funds are available to effect any payment. In no event shall any person (Debtor, officer, director or otherwise) be personally liable for any amounts authorized for payment herein but not paid.

14. Nothing herein shall be deemed to (1) authorize the payments of any amounts in satisfaction of any prepetition bonus, including under the Sales Programs, or obligations under the Severance Plan, or which are otherwise subject to Section 503(c) of the Bankruptcy Code; or (2) authorize the Debtors to pay in cash any PTO Obligations upon termination of an Employee; provided, however, in the case of clauses (1) and (2) of this paragraph 14, the Debtors' shall be permitted to make such payment if required by applicable state law.

15. The Debtors shall serve a copy of this Order, the Motion and the proposed Final Order on the Notice Parties no later than five (5) business days following the date of entry of this Order.

16. The final hearing to consider entry of an order granting the relief requested in the Motion on a final basis shall be held on _____, 2011, at _____ (Eastern Time) (the "**First Omnibus Hearing**").

17. Any objection to the relief requested in the Motion on a permanent basis must be (a) filed in writing with the Court, at 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, by 4:00 p.m. (Eastern Time) on October __, 2011 (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, 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 Office of the United States Trustee for the District of Delaware, 844 King Street, J. Caleb Boggs Federal Building, Room 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Juliet Sarkessian, Esq.).

18. If no objections are received by the Objection Deadline, the Debtors may present a final order with respect to this matter to the Court at the First Omnibus Hearing.

19. 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.

20. 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.

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

22. Notwithstanding the provisions of Bankruptcy Rule 6004 and Bankruptcy Rule 6006 or any applicable provisions of the Local Rules, this Order shall not be stayed for 14 days after the entry hereof, but shall be effective and enforceable immediately upon entry, and the 14

day stay provided in such rules is hereby expressly waived and shall not apply.

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

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

Dated: _____, 2011

United States Bankruptcy Judge