

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
) Chapter 11
Graceway Pharmaceuticals, LLC, et al.¹) Case No. 11-13036 (PJW)
) (Jointly Administered)
Debtors.)

RE: Docket No. 164

**ORDER AUTHORIZING RETENTION OF
FTI CONSULTING, INC. AS FINANCIAL ADVISOR
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Upon the application (the "Application")² of the Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for an order pursuant to section 1103 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), authorizing them to retain FTI Consulting, Inc., together with its wholly owned subsidiaries and employees, and those agents and independent contractors who hereinafter file appropriate declarations consistent with section 1103(b) of the Bankruptcy Code (collectively, "FTI"), as financial advisor; and upon the Affidavits of Samuel Star in support of the Application; and due and adequate notice of the Application having been given; and it appearing that no other notice need be given; and it appearing that FTI is not representing any adverse interests in connection with this case; and it appearing that the relief requested in the Application is in the best interest of the Committee; after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the Application be, and it hereby is, granted, as set forth herein; and it is

¹The 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)

²Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Application.

further

ORDERED that the capitalized terms not defined herein shall have the meanings ascribed to them in the Application; and it is further

ORDERED that in accordance with sections 328(a) and 1103 of the Bankruptcy Code, Bankruptcy Rule 2014 and Rule 2014-1 of the Local Rules, the Committee is authorized to employ and retain FTI as of October 13, 2011 as their financial advisor on the terms set forth in the Application and as set forth in the affidavits of Samuel Star dated October 27, 2011 and November ~~17~~¹⁹ 2011; and it is further

ORDERED that FTI shall be compensated and reimbursed for actual and necessary expenses upon the filing and approval of interim and final applications in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules and Local Rules of this Court, as may then be applicable, from time to time, and such applicable orders entered by this Court in respect of compensation of professionals.

ORDERED that FTI is entitled to reimbursement of actual and necessary expenses, including any reasonable legal fees incurred for FTI's defense of its retention and fee applications in this matter, subject to Court approval, provided that FTI shall attach to its fee applications those invoices of its counsel for which it seeks to be reimbursed, which invoices shall include the information required by the Bankruptcy Code and such Bankruptcy Rules and Local Rules of this Court, as may then be applicable from time to time, and such applicable orders entered by this Court in respect of compensation of professionals.

ORDERED that the following indemnification provisions are hereby approved:

a. subject to the provisions of subparagraphs (b) and (c) below, the Debtors are authorized to indemnify and hold harmless, and shall indemnify and hold harmless, FTI for any claims, liabilities, costs or expenses (including the reasonable fees and expenses

of its attorneys) arising from, related to, or in connection with any of the Debtors having furnished to FTI any false, inaccurate or misleading documents, reports, information (financial or otherwise), records, projections, books of record or financial statements, in each case, that FTI in turn distributes to or shares with the Committee or upon which FTI relied in providing advice to the Committee in connection with these Chapter 11 cases; and in furtherance of the foregoing the Debtors shall promptly pay reasonable expenses (including the reasonable fees and expenses of its attorneys) incurred by FTI in defending, participating in, or settling any action, proceeding or investigation in which FTI is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement authorized herein, upon submission of invoices therefore, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise, provided that FTI undertakes to repay any and all such amounts so advanced if it shall ultimately be determined that FTI is not entitled to be indemnified therefore pursuant to the terms hereof; and

b. the Debtors shall have no obligation to indemnify or to hold FTI harmless for any such claim, liability, cost or expense that is either (i) judicially determined (the determination having become final) to have arisen primarily from FTI's bad faith, gross negligence or willful misconduct; or (ii) settled prior to a judicial determination as to FTI's bad faith, gross negligence or willful misconduct, but determined by this Court, after notice and a hearing pursuant to subparagraph (c) infra, to be a claim, liability, cost or expense for which FTI is not entitled to receive indemnity or to be held harmless under the terms of the Application as modified by this Order; and

c. if, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, FTI believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification and hold harmless obligations, including, without limitation, the advancement of defense costs, FTI must file an application therefore in this Court, and the Debtors may not pay any such amounts to FTI before the entry of an order by this Court approving the

payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by FTI for said indemnification and hold harmless, and not as a provision limiting the duration of the Debtors' obligation to indemnify and hold FTI harmless; and it is further

ORDERED that this court shall retain jurisdiction with respect to all matters arising or related to the implementation of this order.

Dated: November 7, 2011


HONORABLE PETER J. WALSH