

**Exhibit A**  
**Proposed Order**

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 11-13036 (MFW)

Joint Administration Pending

**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE  
BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO RETAIN  
AND EMPLOY LAZARD FRERES & CO. LLC AS INVESTMENT BANKER FOR THE  
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

("Lazard Retention Order")

Upon the application (the "**Application**")<sup>2</sup> of the above-captioned debtors (collectively, the "**Debtors**") for entry of an order pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016 and Local Rule 2014-1 authorizing the Debtors to employ and retain Lazard Frères & Co. LLC ("**Lazard**") as investment banker to the Debtors *nunc pro tunc* to the Petition Date on the terms set forth in the engagement letter between Debtors and Lazard, dated as of March 12, 2010 (the "**Engagement Letter**"), and the related indemnification agreement (the "**Indemnity Agreement**") and, together with the Engagement Letter, the "**Lazard Agreement**"; and upon consideration of the Declaration of Daniel M. Aronson, a Managing Director of Lazard in support of the Application; and the Court being

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<sup>1</sup> 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).

<sup>2</sup> Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Application.

satisfied that the relief requested herein and the employment of Lazard is necessary and in the best interests of the Debtors' estates, their creditors, and other parties in interest; and the Court being satisfied that the terms of the Lazard Agreement are reasonable terms for purposes of Section 328(a) of the Bankruptcy Code; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being satisfied that notice of this Application and opportunity for a hearing on this Application was appropriate under the particular circumstances and that no other or further notice need be given; and the Court being satisfied that Lazard neither holds nor represents any interest adverse to the Debtors' estates with respect to the matters upon which it is to be employed; and the Court being satisfied that Lazard is a "disinterested person," as that term is defined in Bankruptcy Code Section 101(14) of the Bankruptcy Code; and after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED, ADJUDGED, AND DECREED that:

1. The Application is GRANTED.
2. In accordance with Bankruptcy Code Sections 327(a) and 328(a), Bankruptcy Rules 2014 and 2016, and Local Rule 2014-1, the Debtors are authorized to employ and retain Lazard in accordance with the terms and conditions set forth in the Lazard Agreement, as modified herein, effective *nunc pro tunc* to the Petition Date.
3. All of Lazard's compensation as set forth in the Lazard Agreement, including, without limitation, the Monthly Fee, the Restructuring Fee, the Sale Transaction Fee, the Financing Fee and the Designated Amendment Fee (each as defined in the Lazard Agreement), are approved pursuant to Bankruptcy Code Section 328(a).

4. Lazard shall file fee applications for monthly, interim and final allowance of compensation and reimbursement of expenses pursuant to the procedures set forth in Bankruptcy Code Sections 330 and 331, the Bankruptcy Rules, the Local Rules, and any other applicable procedures and orders of the Court; provided, however, that Lazard shall be compensated and reimbursed pursuant to Bankruptcy Code Section 328(a) and that Lazard's fees and expenses shall not be evaluated under the standard set forth in Bankruptcy Code Section 330.

5. Notwithstanding anything in this Order to the contrary, the United States Trustee for the District of Delaware shall retain all rights to object to any Monthly Fee, Restructuring Fee, Sale Transaction Fee, Financing Fee or Designated Amendment Fee requested by Lazard based on the reasonableness standard provided for in Section 330 of the Bankruptcy Code.

6. The Debtors are authorized to pay Lazard's fees and to reimburse Lazard for its costs and expenses as provided in the Lazard Agreement, in accordance with the monthly, interim and final fee application process approved by this Court, and none of the fees payable to Lazard shall constitute a "bonus" or fee enhancement under applicable law.

7. Notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, orders of this Court, or any guidelines regarding submission and approval of fee applications, in light of services to be provided by Lazard and the structure of Lazard's compensation pursuant to the Engagement Letter, Lazard and its professionals shall be excused from maintaining time records as set forth in Local Rule 2016-2 and the United States Trustee Fee Guidelines in connection with the services to be rendered pursuant to the Engagement Letter, and shall instead submit time records in one-half hour increments.

8. The provisions set forth in the Indemnity Agreement are approved, subject during the pendency of these cases to the following:

- a. subject to the provisions of subparagraph (d), infra, the Debtors are authorized to indemnify, and to provide contribution and reimbursement to, and shall indemnify, and provide contribution and reimbursement to, the Indemnified Persons (as defined in the Indemnity Agreement) in accordance with the Indemnity Agreement for any claim arising from, related to, or in connection with the services provided for in the Engagement Letter;
- b. notwithstanding any provisions of the Indemnity Agreement to the contrary, the Debtors shall have no obligation to indemnify Lazard or provide contribution or reimbursement to Lazard (i) for any claim or expense that is judicially determined (the determination having become final) to have arisen from Lazard's bad faith, self-dealing, breach of fiduciary duty (if any), willful misconduct or gross negligence, (ii) for a contractual dispute in which the Debtors allege the breach of Lazard's contractual obligations if the Court determines that indemnification, contribution, or reimbursement would not be permissible pursuant to In re United Artists Theatre Company, et. al., 315 F.3d 217 (3d Cir. 2003), or (iii) for any claim or expense that is settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by the Court, after notice and a hearing pursuant to subparagraph (d), infra, to be a claim or expense for which Lazard should not receive indemnity, contribution or reimbursement under the terms of the Indemnification Letter, as modified by this Order;
- c. if, during the pendency of the Debtors' cases, the indemnification is held unenforceable by reason of the exclusions set forth in subparagraph (b) above and Lazard makes a claim for the payment of any amounts by the Debtors on account of the Debtors' contribution obligations, then the proviso set forth in the second sentence of the contribution provisions in the Indemnity Agreement shall not apply; and
- d. 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 cases, Lazard believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution, and/or reimbursement obligations under the Indemnity Agreement, as modified by this Order, including without limitation the advancement of defense costs, Lazard must file an application therefor in this Court, and the Debtors may not pay any such amounts to Lazard before the entry of an order by this Court approving the payment. This subparagraph (d) is intended only to specify the period of time during which the Court shall have jurisdiction over any request for compensation and expenses by Lazard for indemnification, contribution, or reimbursement and is not a provision limiting the duration of the Debtors' obligation to indemnify Lazard.

9. The defined term “Sale Transaction” stated in footnote 2 of the Engagement Letter, attached as Exhibit B to the Application, is modified to remove the phrase “for the purpose of a Restructuring” from the introductory clause of the definition.

10. The Debtors are authorized, empowered and directed to take all actions necessary to implement the relief granted pursuant to this Order.

11. During the pendency of these cases, this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2011  
Wilmington, Delaware

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United States Bankruptcy Judge