

**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

Docket Ref. No. 304

NOTICE OF FINAL GRACEWAY CANADA VALUE

1. On October 17, 2011, Graceway Pharmaceuticals, LLC and its affiliates, debtors and debtors-in-possession (collectively, the “**Debtors**”)² in the above captioned proceedings, filed the *Debtors’ Motion for Entry of an Order Determining the Value of the Assets of Graceway Canada Company Proposed to be Purchased Under the Stalking Horse Agreement* [Docket No. 134]. On October 25, 2011, the Debtors filed the *Supplement to Debtors’ Motion for Entry of an Order Determining the Value of the Assets of Graceway Canada Company Proposed To Be Purchased Under the Stalking Horse Agreement* [Docket No. 153] (the “**Supplement**”).
2. On November 22, 2011, the Bankruptcy Court for the District of Delaware (the “**Court**”) entered the *Order Determining the Value of the Assets of Graceway Canada Company*

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 Capitalized terms not defined herein shall have the meaning defined in the Valuation Motion or Supplement, as applicable.

Proposed to be Purchased Under the Stalking Horse Asset Purchase Agreement [Docket No. 304] (the “**Valuation Order**”) requiring that no later than five (5) days prior to the closing of the Sale, the Debtors file and post on their bankruptcy website, at www.bmcgroup.com/Graceway, a notice that details (i) the Final Graceway Canada Value, (ii) the final amount of the inventory of Graceway Canada based on the results of the true-up described in the Supplement and (iii) the Revised Three Month EBITDA Calculation (for the avoidance of doubt, adjusted to exclude extraordinary or non-recurring gains and/or losses).

3. Please take notice that the Final Graceway Canada Value is \$4,253,828.76.

4. Please take further notice that the final amount of the inventory of Graceway Canada based on the results of the true-up described in the Supplement is \$1,501,775.01.

5. Please take further notice that the Revised Three Month EBITDA Calculation is \$1,945,307.00.

6. This Notice, and all documents filed with the Court in connection with these Chapter 11 Cases, including orders of the 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.

November 27, 2011

Respectfully,

/s/ Kara Hammond Coyle

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