

**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 (MFW)

Jointly Administered

Hearing Date: N/A

Objection Deadline: N/A

**MOTION PURSUANT TO DEL. BANKR. L.R. 9006-1(e) FOR AN ORDER
SHORTENING THE TIME FOR NOTICE OF THE HEARING TO CONSIDER
THE DEBTORS' MOTION, PURSUANT TO SECTIONS 105 AND 363 OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, FOR AN ORDER
AUTHORIZING THE DEBTORS TO ENTER INTO AN AGREEMENT WITH
EDWARDS WILDMAN PALMER LLP**

The above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) hereby move (the “**Motion to Shorten**”) this Court, pursuant to Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), for entry of an order shortening the time for notice of the hearing to consider the *Debtors’ Motion, Pursuant to Sections 105 and 363 of the Bankruptcy Code and Bankruptcy Rule 9019, for an Order Authorizing the Debtors to Enter Into an Agreement with Edwards Wildman Palmer LLP* (the “**9019 Motion**”),² filed concurrently

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 (MFW); Graceway Holdings, LLC, a Delaware limited liability company (2502), Case No. 11-13038 (MFW); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (MFW); Chester Valley Holdings, LLC, a Delaware limited liability company (9457), Case No. 11-13039 (MFW); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713), Case No. 11-13041 (MFW); Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (MFW); and Graceway International, Inc., a Delaware corporation (2399), Case No. 11-13043 (MFW). 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 Terms used but not defined herein shall have the meanings ascribed in the 9019 Motion.

herewith, so that the relief requested in the 9019 Motion may be heard on December 28, 2011 at 11:30 a.m. (ET) (the "**Hearing**").

1. The Federal Rules of Bankruptcy Procedure require twenty-one (21) days' notice prior to the hearing date for approval of a settlement or compromise. Pursuant to Local Rule 9006-1(e), however, such period may be shortened by Order of the Court upon written motion specifying the exigencies supporting shortened notice. The Debtors submit that there is sufficient cause to justify shortening the notice period so that this Court may consider the 9019 Motion at the Hearing.

2. As described more fully in the 9019 Motion, the Debtors seek entry of an order approving an Agreement (the "**Agreement**") by and among the Debtors, Edwards Wildman Palmer LLP ("**EWP**") and the First Lien Agent. Approval of the Agreement is in the best interest of the Debtors, their estates and creditors. Specifically, the Agreement sets forth the final resolution and agreement of the Debtors, EWP and the First Lien Agent regarding application of a retainer held by EWP, without the need for the Debtors to expend further time and money litigating such issue. Moreover, the Agreement authorizes the Debtors to distribute \$300,000 of Cash Collateral to the First Lien Agent for application to the First Lien Obligations, which reduces the Debtors' debt.

3. The Debtors seek approval of the 9019 Motion at the next regularly scheduled omnibus hearing date to avoid increased interest obligations associated with the \$300,000 in Cash Collateral. Furthermore, as the Agreement was fully executed on December 14, 2011, the Debtors were not in a position to seek entry of an order approving the Agreement earlier.

4. The Debtors will serve the 9019 Motion by hand delivery or overnight

courier on the parties set forth in the notice section of the 9019 Motion on the date hereof, thereby providing fourteen (14) days' notice of the hearing. A copy of the 9019 Motion is also available on the Court's website: www.deb.uscourts.gov. Additional copies of the 9019 Motion are available for free on the website of the Debtors' claims, noticing, soliciting and balloting agent, 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 if calling from outside the United States. Given the nature of the relief requested by the 9019 Motion, the Debtors submit that the proposed notice period is sufficient and provides parties in interest an opportunity to review and respond to the 9019 Motion, if necessary. Moreover, the Debtors submit that shortening the notice period so that the Motion can be heard on December 28, 2011 at 11:30 a.m. (ET), is appropriate and will not unfairly prejudice any party.


5. Accordingly, the Debtors respectfully request that a hearing on the 9019 Motion be scheduled for December 28, 2011 at 11:30 a.m. (ET). The Debtors further request that objections to the 9019 Motion be made on or before 4:00 p.m. (ET) on December 23, 2011.

6. Based on the foregoing, the Debtors submit (a) that cause exists to justify shortening the notice period for the hearing on approval of the relief requested in the 9019 Motion and (b) that notice to the parties identified in the preceding paragraphs will be adequate and sufficient.

WHEREFORE, the Debtors respectfully request the Court to enter an order, substantially in the form attached hereto as Exhibit A, scheduling a hearing on the 9019 Motion for December 28, 2011 at 11:30 a.m. (ET) and requiring that any responses to the 9019 Motion be made on or before 4:00 p.m. (ET) on December 23, 2011.

Dated: December 14, 2011
Wilmington, Delaware

Respectfully Submitted,



Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
Morgan L. Seward (No. 5388)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

-and-

David S. Heller
Josef S. Athanas
Matthew L. Warren
LATHAM & WATKINS LLP
Suite 5800
233 South Wacker Drive
Chicago, IL 60606
Telephone: (312) 876-7700
Facsimile: (312) 993-9767

ATTORNEYS FOR DEBTORS
AND DEBTORS-IN-POSSESSION