

**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

Related Docket No. 333

**ORDER AUTHORIZING THE DEBTORS TO (I) REJECT CERTAIN
UNEXPIRED LEASES OF NONRESIDENTIAL REAL PROPERTY,
(II) SELL CERTAIN PROPERTY OUTSIDE THE ORDINARY COURSE OF
BUSINESS, (III) ABANDON CERTAIN EXPENDABLE PROPERTY AND
(IV) REJECT CERTAIN EXECUTORY CONTRACTS**

Upon consideration of the motion (the "**Motion**")² of the Debtors for entry of an order authorizing the Debtors to (a) reject certain unexpired leases of nonresidential real property identified on Schedule 1 attached hereto (the "**Leases**"), effective as of December 31, 2011; (b) sell property related to the Leases outside the ordinary course of business in accordance with the Sale Procedures; (c) abandon Expendable Property related to the Lease; and (d) reject certain executory contracts identified on Schedule 2 attached hereto (the "**Contracts**"), effective as of December 31, 2011; and it appearing that the relief requested is in the best interests of the 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

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.

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 as provided herein.
2. The Leases identified on Schedule 1 attached hereto are hereby rejected, effective as of December 31, 2011.
3. The Debtors are authorized to sell and transfer the Personal Property listed on Schedule 3 attached hereto to each of the respective buyers listed on Schedule 3 (the "**Buyers**"), in accordance with the Sale Procedures set forth in the Motion, free and clear of any liens, claims or encumbrances on the Personal Property. Any liens, claims or encumbrances on the Personal Property shall attach to the proceeds of the sale of such Personal Property.
4. The Buyers are good faith purchasers of the Personal Property and are entitled to all of the protections afforded by Section 363(m) of the Bankruptcy Code.
5. Pursuant to Section 554 of the Bankruptcy Code, the Debtors are authorized to abandon the Expendable Property, which abandonment shall be deemed effective, "as is, where is," to the Landlord as of December 31, 2011. The Expendable Property shall include all property remaining at the Exton Property as of December 31, 2011.
6. The Contracts identified on Schedule 2 attached hereto are hereby rejected, effective as of December 31, 2011.

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

7. The Debtors do not waive any claims they may have against the counterparties to the Leases and Contracts, whether or not such claims arise under, are related to the rejection of, or are independent of the Leases and Contracts.

8. Nothing herein shall be deemed an admission that any of the Leases or Contracts constitutes an executory contract.

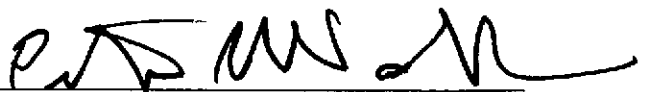
9. The counterparties to the Leases and Contracts shall be required to file a rejection damages claim, if any, relating to the rejection of the Leases and Contracts by the later of (a) the claims bar date established in the Debtors' Chapter 11 Cases or (b) thirty (30) days after notice of the entry of this Order is provided to the counterparties to the Leases and Contracts.

10. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

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

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

Dated: December 28, 2011
Wilmington, Delaware


Peter J. Walsh
United States Bankruptcy Judge