

**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. 364

**ORDER AUTHORIZING THE DEBTORS TO ENTER INTO
AN AGREEMENT WITH EDWARDS WILDMAN PALMER LLP**

Upon consideration of the motion (the "Motion")² the above-captioned debtors and debtors in possession in these chapter 11 cases (collectively, the "Debtors"), seeking entry of an order pursuant to Sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), and Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), to enter an Agreement by and among the Debtors, the First Lien Agent and Edwards Wildman Palmer LLP ("EWP"); and the Court being satisfied based on the representations made in the Motion and the Agreement; and it appearing that the Agreement and the relief requested in the Motion are in the best interests of the Debtors, their creditors and estates; and it appearing that proper and adequate notice has been given and

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.

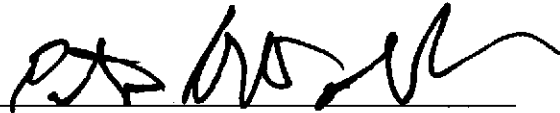
² Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion or the Agreement, as applicable.

that no other or further notice is required; and upon the record herein; and after due deliberation thereon; and sufficient cause appearing therefore; it is hereby ORDERED that:

1. The Motion is GRANTED.
2. The Agreement, attached as Exhibit B to the Motion, is approved pursuant to Sections 105 and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019(a).
3. The Debtors are authorized to distribute \$300,000 of Cash Collateral to the First Lien Agent for application to the First Lien Obligations.
4. EWP is hereby authorized to apply \$67,000 of the Retainer to pay fees and expenses incurred by third party vendors and paid by EWP for the Debtors' benefit prior to the Petition Date.
5. Notwithstanding anything contained herein or in the Agreement, the "Estimated Carve-Out" for the fees and expenses of EWP in the amount of \$600,000 as set forth in the Revised Budget shall remain the same.
6. This Order and the Agreement shall be binding upon the Debtors, the First Lien Agent and EWP, any trustees appointed in these proceedings, any trustees appointed in any subsequent proceedings under the Bankruptcy Code relating to the Debtors, and all other parties-in-interest.
7. The Debtors are authorized and empowered to take all steps necessary and appropriate to carry out and otherwise effectuate the terms conditions and provisions of the Agreement.

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

Dated: Dec 28, 2011
Wilmington, Delaware



Peter J. Walsh
United States Bankruptcy Judge