

**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 (PJW)

Jointly Administered

Related Docket No. 358

**ORDER AUTHORIZING THE DEBTORS TO REJECT AN EXECUTORY  
CONTRACT BETWEEN THE DEBTORS AND CAPITAL RETURNS, INC.**

Upon consideration of the motion (the "Motion")<sup>2</sup> of the Debtors for entry of an order authorizing the Debtors to reject an executory contract with Capital Returns, Inc., 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 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:

---

<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), 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.

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

1. The Motion is granted as provided herein.
2. The Capital Returns, Inc. Contract is hereby rejected, effective as of December 31, 2011.
3. The Debtors do not waive any claims they may have against the counterparties to the Capital Returns, Inc. Contract, whether or not such claims arise under, are related to the rejection of, or are independent of the Capital Returns, Inc. Contract.
4. Nothing herein shall be deemed an admission that the Capital Returns, Inc. Contract constitutes an executory contract.
5. The counterparties to the Capital Returns, Inc. Contract shall be required to file a rejection damages claim, if any, relating to the rejection of the Capital Returns, Inc. Contract by the later of (a) the claims bar date established in the Debtors' Chapter 11 Cases or (b) thirty (30) days after the entry of this Order.
6. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
7. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.
8. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: Dec 28, 2011  
Wilmington, Delaware

  
Peter J. Walsh  
United States Bankruptcy Judge