

**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. 15, 52, 219 & 330

NOTICE OF FILING

PLEASE TAKE NOTICE that on November 7, 2011, the Court entered the *Final Order (I) Authorizing Debtors to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (II) Granting Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362 and 363; and (III) Authorizing Debtors to Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 364* (the “**Final DIP Order**”) [D.I. 219]. The Final DIP Order established an Approved Budget which may be amended or modified from time to time with the consent of the First Lien Agent and the Approving Majority First Lien Lenders. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Final DIP Order.

PLEASE TAKE FURTHER NOTICE that on or about December 2, 2011, the Debtors, Graceway Canada Company, the First Lien Agent and certain First Lien Lenders executed Amendment No. 1 pursuant to which Graceway Canada Company, the First Lien Agent and certain First Lien Lenders consented to the terms of

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.

the Amended Approved Budget (as defined therein), a copy of which was attached thereto as Exhibit A (“**Amendment No. 1**”). Amendment No. 1 was filed by the Debtors on December 2, 2011 [D.I. 330].

PLEASE TAKE FURTHER NOTICE that the Debtors have executed Amendment No. 2 pursuant to which the First Lien Agent and certain First Lien Lenders have consented to the terms of the Amended Approved Budget (as defined therein), a copy is attached hereto as Exhibit A.

Dated: January 6, 2012
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) 576-3279
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