

**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

Hearing Date: Not Applicable

Objection Deadline: February 9, 2012 at 4:00 p.m.

NOTICE OF CLAIMS PREVIOUSLY SATISFIED

TO: HOLDERS OF FILED CLAIMS LISTED ON ATTACHED EXHIBIT A AND OTHER
NECESSARY PARTIES-IN-INTEREST

PLEASE TAKE NOTICE:

1. On September 29, 2011 (the "Petition Date"), the debtors in the above-captioned cases (collectively, the "Debtors") filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

2. On October 31, 2011, the Debtors filed Schedules of Assets and Liabilities and Statements of Financial Affairs (the "Schedules and Statements").

3. On October 17, 2011, the Court entered an order (i) establishing the date that is sixty days after the Debtors filed the Schedules and Statements, December 30, 2011 at 4:00 p.m. (prevailing Eastern Time), as the final date and time for all persons and entities, other than governmental entities, holding or asserting prepetition claims against the Debtors to file proofs of claim (the "Proofs of Claim") in these chapter 11 cases (the "General Bar Date"); (ii) establishing March 27, 2012 at 4:00 p.m. (prevailing Eastern Time) as the final date and time for all governmental units holding or asserting prepetition claims against the Debtors to file Proofs of Claim (the "Governmental Bar Date," and together with the General Bar Date, the "Bar Dates"); and (iii) approving the form and manner of notice of the Bar Dates [Docket No. 328].

4. On October 17, 2011, the Court entered an order establishing December 16, 2011 as the final date and time for all persons and entities holding or asserting prepetition claims based on Section 503(b)(9) of the Bankruptcy Code to file Proofs of Claim in these chapter 11 cases (the "503(b)(9) Bar Date") [Docket No. 122].

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.

5. Notice of the General Bar Date was mailed to all known creditors on November 4, 2011. In addition, on November 7, 2011, the Debtors published notice of the General Bar Date in the Wall Street Journal (national edition). Notice of the 503(b)(9) Bar Date was mailed to all vendors known to have sold goods to any of the Debtors within the twelve months preceding the Petition Date on October 18, 2011.

6. On November 17, 2011, the Debtors conducted an auction pursuant to Section 363 of the Bankruptcy Code at which an offer from Medicis Pharmaceutical Corporation (the "Purchaser") was determined to be the highest and best offer. The Debtors entered into an Asset Purchase Agreement (the "APA") with the Purchaser on November 18, 2011, pursuant to which the Debtors agreed to sell the Acquired Assets (as defined in the APA) to the Purchaser and the Purchaser agreed to assume certain liabilities of the Debtors.

7. On November 22, 2011, the Court entered the *Order Authorizing (A) the Sale of Certain Assets of the Debtors Free and Clear of All Claims, Liens, Liabilities, Rights, Interests and Encumbrances; (B) the Debtors to Enter into and Perform Their Obligations Under the Asset Purchase Agreement; (C) the Debtors to Assume and Assign Certain Executory Contracts and Unexpired Leases; and (D) Granting Related Relief* [Docket No. 306] (the "Sale Order"), which approved the sale of substantially all of the Debtors' assets to the Purchaser in accordance with the terms of the APA (the "Asset Sale"). The Asset Sale was consummated on December 2, 2011.

8. To date, 201 Proofs of Claim have been filed in these chapter 11 cases.

9. In connection with their review of certain claims filed to date against the Debtors' estates, the Debtors have identified numerous claims, listed on Exhibit A hereto, that were satisfied in full after the Petition Date (the "Satisfied Claims"). Certain of the Satisfied Claims were satisfied pursuant to the *Final Order (I) Authorizing, But Not Directing, the Debtors to (A) Pay Prepetition Employee Obligations, and (B) Continue Employee Benefits Plans and Programs Postpetition; (II) Confirming that Debtors Are Able to Pay Withholding and Payroll-Related Taxes; and (III) Directing All Banks to Honor Prepetition Checks for Payment of Employee Obligations* [Docket No. 139]. The remaining Satisfied Claims were satisfied pursuant to the APA and the Sale Order, which required that all amounts due and owing under agreements to be assumed and assigned to the Purchaser be cured in accordance with Section 365 of the Bankruptcy Code prior to such assumption and assignment of such agreements.

10. The Debtors have reviewed their books and records and have determined that the Satisfied Claims set forth on Exhibit A have been satisfied by payments made after the Petition Date. Accordingly, the Debtors intend to designate the Satisfied Claims on their claims register as having been satisfied in full so that their records are accurate.

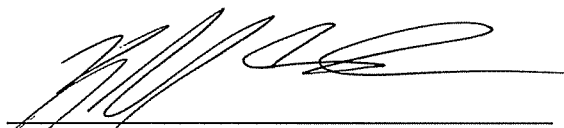
11. Out of an abundance of caution, however, the Debtors are providing this notice to the holders of the Satisfied Claims listed on Exhibit A so that the holders are provided with an opportunity to object to the Debtors' position that their claims have been satisfied.²

² The addresses of individuals have been redacted to protect the privacy of those individuals. Unredacted copies of this Notice have been provided to the Court, the United States Trustee for the District of Delaware, and the official committee of unsecured creditors, subject to the terms of the confidentiality agreement between the Debtors and the committee.

12. Thus, if the holder of a claim identified as a Satisfied Claim on Exhibit A disputes the Debtors' position that such claim has been satisfied, the holder must file a written response (an "Objection") with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 and serve such Objection upon the undersigned counsel for the Debtors, on or before **February 9, 2012 at 4:00 p.m. (Eastern Time)** (the "Objection Deadline"), setting forth the party's position that the claim should not be designated as a Satisfied Claim. If no objection is filed with respect to a Satisfied Claim prior to the Objection Deadline, the Debtors will designate such Satisfied Claim on their claims register as having been satisfied.

13. The Debtors will make every effort to review the Satisfied Claims with the holders of the claims in an effort to reach a consensual resolution. In the event that the parties are unable to reach a resolution, a hearing will be held on the matter on a date to be separately noticed.

Dated: Wilmington, Delaware
January 10, 2012



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