

**EXHIBIT 1**

**Disclosure Statement Hearing Notice**

**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

**NOTICE OF DISCLOSURE STATEMENT HEARING**

**TO: ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF EQUITY INTERESTS IN, GRACEWAY PHARMACEUTICALS, LLC AND ITS AFFILIATES AND ALL OTHER PARTIES-IN-INTEREST IN THE ABOVE-CAPTIONED CHAPTER 11 CASES**

**PLEASE TAKE NOTICE THAT:**

On February 28, 2012, the above captioned debtors and debtors-in-possession (the "**Debtors**") filed their First Amended Joint Plan of Liquidation of Graceway Pharmaceuticals, LLC, et al. [Docket No. 551] (the "**Plan**"). On March 1, 2012, the Debtors filed their Disclosure Statement for the Plan [Docket No. 566] (the "**Disclosure Statement**"). On January 25, 2012, the Debtors have filed the Motion of the Debtors for Entry of an Order (a) Approving the Disclosure Statement, (b) Establishing the Voting Record Date, Voting Deadline and Other dates, (c) Approving Procedures for Soliciting, Receiving and Tabulating Votes on the Plan and for Filing Objections to the Plan and (d) Approving the Manner and Forms of Notices and Other Related Documents [Docket No. 485] (the "**Disclosure Statement Motion**").<sup>2</sup>

A hearing will held before the Honorable Peter J. Walsh, United States Bankruptcy Judge, on **March 1, 2012 at 11:00 a.m. prevailing Eastern Time**, in the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, Delaware 19801-3024 (the "**Disclosure Statement Hearing**"), to consider the entry of an order

<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 400, 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 otherwise defined herein shall have the meanings set forth in the Plan, Disclosure Statement and Disclosure Statement Motion, as applicable.

approving the Disclosure Statement Motion. Please be advised that the Disclosure Statement Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on such parties as the Bankruptcy Court may order.

If you would like to obtain a copy of the Disclosure Statement, the Plan or related documents, you should contact BMC Group, Inc., the voting and claims agent retained by the Debtors in these Chapter 11 Cases (the "**Voting and Claims Agent**"), by: (i) calling the BMC Call Center at (888) 909-0100; (ii) visiting BMC's website at: [www.bmcgroup.com/graceway](http://www.bmcgroup.com/graceway) and/or (iii) writing to BMC Group, Inc., attn: Graceway Pharmaceuticals Solicitation Requests, PO Box 3020, Chanhassen, MN 55317-3020. You may also obtain copies of any pleadings filed in these Chapter 11 Case for a fee at: <http://www.deb.uscourts.gov> or free of charge at [www.bmcgroup.com/graceway](http://www.bmcgroup.com/graceway).

Objections, if any, to the adequacy of the Disclosure Statement or the relief sought in connection therewith **must**: (i) be made in writing; (ii) conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedures of the United States Bankruptcy Court for the District of Delaware; (iii) state with particularity the legal and factual basis for the objection; and (iv) be filed with the Bankruptcy Court (contemporaneously with a proof of service), and be served upon the following parties so as to be **actually received** by each of them on or before **4:00 p.m. prevailing Eastern Time on February 23, 2012** (the "**Objection Deadline**"):

- a) Counsel to the Debtors, Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800, Chicago, IL 60606 (Attn: Josef S. Athanas, Esq. and Matthew L. Warren, Esq.) (josef.athanas@lw.com and matthew.warren@lw.com) (fax: 312-993-9767) and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 (Attn: Michael R. Nestor, Esq. and Kara Hammond Coyle, Esq.) (mnestor@ycst.com and kcoyle@ycst.com) (fax: 302-576-3472);
- b) Counsel to the Creditors' Committee, Elliott Greenleaf, 1105 North Market Street, Suite 1700, P.O. Box 2327, Wilmington, DE 19801 (Attn: Rafael Xavier Zahralddin-Aravena) (rxza@elliottgreenleaf.com) (fax: 302-384-9399) and Lowenstein Sandler, 919 65 Livingston Avenue, Roseland, NJ 07068 (Attn: S. Jason Teele, Esq.) (steale@lowenstein.com) (fax: 973-597-2347);
- c) Special Bankruptcy and Restructuring Counsel to the Agent for the First Lien Lenders, Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, NY 10019 (Attn: Scott K. Charles, Esq. and Michael S. Benn, Esq.) (SKCharles@wlrk.com and MSBenn@wlrk.com) (fax: 212-403-2158) and DLA Piper LLP, 919 North Market Street, 15th Floor, Suite 1500, Wilmington, DE 19801 (Attn: Stuart M. Brown, Esq.) (stuart.brown@dlapiper.com) (fax: 302-778-7913);

- d) Financing Counsel to the Agent for the First Lien Lenders, Morgan Lewis, 225 Franklin Street, 16th Floor, Boston, MA 02110 (Attn: Sula Fiszman, Esq.) (sfiszman@morganlewis.com) (fax: 617-341-7701);
- e) Counsel to the Agent for the Second Lien Lenders, Sidley Austin LLP, One South Dearborn, Chicago, IL 60603 (Attn: Larry Nyhan, Esq. and Jeffrey E. Bjork, Esq.) (lnyhan@sidley.com and jbjork@sidley.com) (fax: 213-896-6600);
- f) Agent for the Mezzanine Lenders, Goldman Sachs Credit Partners L.P., 30 Hudson Street, 5th Floor, Jersey City, NJ 07302 (Attn: Michelle Latzoni) (gsd.link@gs.com) (fax: 212-357-4597);
- g) Receiver for Graceway Canada Company, Duff & Phelps Canada Restructuring Inc., 200 King Street West, Suite 1002, Toronto, ON M5H 3T4 (Attn: Robert Kofman and David Sieradzki) (bobby.kofman@duffandphelps.com and david.sieradzki@duffandphelps.com) (fax: 647-497-9490);
- h) Counsel to the Receiver for Graceway Canada Company, Davies Ward Phillips & Vineberg LLP, 1 First Canadian Place, Suite 4400, P.O. Box 63, Toronto, ON M5X 1B1 (Attn: Jay Swartz) (jswartz@dwpv.com) (fax: 416-863-0871);
- i) Counsel to Graceway Canada Company, Goodmans LLP, Bay Adelaide Centre, 333 Bay Street, Suite 3400, Toronto, ON M5H 2S7 (Attn: Fred Myers, Joe Latham, and Caroline Descours) (fmyers@goodmans.ca, jlatham@goodmans.ca, and cdescours@goodmans.ca) (fax: 416-979-1234);
- j) The Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2213, Lockbox 35, Wilmington, DE 19801 (Attn: Juliet Sarkessian, Esq.) (Juliet.M.Sarkessian@usdoj.gov) (fax: 302-573-6497).

Only those objections made in writing and timely filed and received by the Objection Deadline will be considered by the Bankruptcy Court during the Disclosure Statement Hearing. If no objections to the Disclosure Statement Motion are timely and properly filed and served in accordance with the procedures set forth herein, the Bankruptcy Court may enter an order granting the Disclosure Statement Motion without further notice.

NO PERSON, INCLUDING THE VOTING AND CLAIMS AGENT, HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, INCLUDING LEGAL ADVICE, OR TO MAKE ANY REPRESENTATION, REGARDING THE DEBTORS OR THIS PLAN.

Wilmington, Delaware  
\_\_\_\_\_, 2012

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