

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

Ref. No. 627

**ORDER AUTHORIZING THE DEBTORS
TO ENTER INTO AN AGREEMENT WITH HUMANA INC.**

Upon consideration of the motion (the "**Motion**")² of 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 into an Agreement by and among the Debtors and Humana Inc. ("**Humana**"); 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 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 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.

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

1. The Motion is GRANTED.
2. The Agreement, attached as Exhibit B to the Motion, including, without limitation, the releases set forth therein, is hereby approved pursuant to Sections 105 and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019(a).
3. Within five (5) days of the Settlement Effective Date, the Debtors shall pay Humana \$45,000 on account of and in final satisfaction of the Humana Administrative Claim.
4. Effective on the Settlement Effective Date, but subject to Humana's receipt of the Settlement Payment, all claims of Humana against the Debtors shall be, and hereby are, deemed withdrawn and denied and Humana shall, and hereby does, waive in full any and all claims against the Debtors; provided, however, that if the recovery to general unsecured claimants exceeds 15% of the aggregate amount of general unsecured claims, the Humana Unsecured Proof of Claim shall be reinstated and shall no longer be deemed withdrawn and denied, and shall instead be allowed in full as a general unsecured nonpriority claim.
5. The Debtors and Humana are authorized and directed to perform their obligations under the Agreement.
6. Upon the Settlement Effective Date, the Debtors' claims and noticing agent shall be authorized to mark the Humana Unsecured Proof of Claim as withdrawn on the official claims register in the Chapter 11 Cases.
7. This Order and the Agreement shall be binding upon the Debtors and Humana, 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.

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

Dated: April 10, 2012
Wilmington, Delaware



PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE