

**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. 651

**ORDER AUTHORIZING THE DEBTORS
TO ENTER INTO AN AGREEMENT WITH CVS**

Upon consideration of the motion (the "Motion")² 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, CVS Caremark Corporation, CVS Caremark Part D Services, L.L.C., CaremarkPCS Health, L.L.C., and Caremark, L.L.C. (collectively, "CVS"); 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

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.

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 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. CVS shall be allowed, without counterclaim or offset of any kind or nature, an administrative priority claim of \$438,000 against Graceway Pharmaceuticals, LLC to be paid from the CCR Account (as defined in the Plan), which claim shall not be subject to disallowance, subordination, recharacterization, or the like. The CVS Administrative Claim shall be allocated as follows: (a) an amount of \$49,697.48 to CaremarkPCS Health, L.L.C.; (b) an amount of \$47,734.05 to CVS Caremark Part D Services, L.L.C.; (c) an amount of \$34,056.85 to Caremark, L.L.C.; and (d) an amount of \$306,511.62 to CVS Caremark Corp. The CVS Administrative Claim shall be paid within five days of the Settlement Effective Date.
4. CVS shall be allowed, without counterclaim or offset of any kind or nature, a general non-priority unsecured claim of \$7,000,000 against Graceway Pharmaceuticals, LLC, which claim shall not be subject to disallowance, subordination, recharacterization, or the like and shall be deemed an Allowed General Unsecured Claim as defined in the Plan (the “CVS Unsecured Claim”). The CVS Unsecured Claim shall be allocated as follows: (a) an amount of \$56,256.98 to CaremarkPCS Health, L.L.C.; (b) an amount of \$61,510.58 to CVS Caremark Part D Services, L.L.C.; (c) an amount of \$67,019.43 to Caremark, L.L.C.; and (d) an amount of \$6,815,213.01 to CVS Caremark Corp.

5. Except as set forth in paragraphs 3 and 4, all claims, including any and all administrative claims, of CVS against the Debtors shall be, and hereby are, deemed withdrawn and denied and CVS shall waive in full any and all claims against the Debtors including, but not limited to, any claims for any administrative claims and unsecured claims; *provided, however*, that such waiver shall not waive or modify the rights of third parties against the Debtors or their estates including, without limitation, any Wholesale Drug Distributors.

6. The Debtors and CVS are authorized and directed to perform their obligations under the Agreement.

7. The Debtors' claims and noticing agent shall be authorized to mark the CVS Proofs of Claim as withdrawn and make such other changes to the official claims register in the Chapter 11 Cases as necessary to effectuate the terms of the Agreement and make such other changes to the official claims register in the Chapter 11 Cases as necessary to effectuate the terms of the Agreement.

8. This Order and the Agreement shall be binding upon the Debtors and CVS, 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.

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

Dated: April 12, 2012
Wilmington, Delaware


PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE