

<b>UNITED STATES BANKRUPTCY COURT FOR DISTRICT OF DELAWARE</b>		<b>PROOF OF CLAIM</b>
Name of Debtor: <b>Graceway Pharma Holdings Corp., et al.</b>		Case Number: 11-13037
NOTE: <i>This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.</i>		
Name of Creditor (the person or other entity to whom the debtor owes money or property): <b>National Union Fire Insurance Company of Pittsburgh, Pa., and certain other subsidiaries of Chartis Inc.</b>		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.
Name and address where notices should be sent: Chartis Inc. Michelle A. Levitt, Authorized Representative 175 Water Street, 18 <sup>th</sup> Floor New York, New York 10038 Telephone number: (212) 458-6777		Court Claim Number: _____ <i>(If known)</i>  Filed on: _____
RECEIVED  DEC 07 2011  BMC GROUP		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Name and address where payment should be sent (if different from above):    Telephone number:		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed:      \$ <u>Unliquidated</u> *Subject to Adjustment (See Attachment). If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.  If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.  Specify the priority of the claim.
2. Basis for Claim: <u>Other- See Attachment.</u> (See instruction #2 on reverse side.)		<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).
3. Last four digits of any number by which creditor identifies debtor: <u>See Attachment.</u>  3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		<input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier -- 11 U.S.C. § 507 (a)(4).
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.  Nature of property or right of setoff:    [ ] Real Estate    [ ] Motor Vehicle    [X] Other Describe: <u>Right of Setoff- See Attachment.</u>  Value of Property: \$ _____ Annual Interest Rate ____ %  Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____  Amount of Secured Claim: \$ <u>Unliquidated</u> * Amount Unsecured: \$ <u>Unliquidated</u> *  * Subject to Adjustment (See Attachment).		<input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use -- 11 U.S.C. § 507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units -- 11 U.S.C. § 507 (a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. §507 (a)( ).
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		Amount entitled to priority:  \$ _____
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		<i>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>
Date: 12/6/2011	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.   Ryan G. Foley, Authorized Representative	<b>FOR COURT USE ONLY</b>  Graceway Pharmaceuticals LLC  00084

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

Original

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----: :  
**In re:** : :  
 : : **Chapter 11**  
 : :  
**GRACEWAY PHARMACEUTICALS,** : :  
**LLC, et al.** : : **Case No. 11-13036**  
 : :  
 : : **DEBTORS.** : : **JOINTLY ADMINISTERED**  
-----:

**ATTACHMENT TO PROOF OF CLAIM OF NATIONAL UNION FIRE INSURANCE  
COMPANY OF PITTSBURGH, PA., AND CERTAIN OTHER  
ENTITIES RELATED TO CHARTIS INC.**

1. This proof of claim is filed on behalf of National Union Fire Insurance Company of Pittsburgh, Pa., and certain other entities related to Chartis Inc. (collectively, "Claimant") that provide or provided insurance, insurance services and/or surety bonds to Graceway Pharmaceuticals, LLC, et al. ("Debtors") (see the List of Debtors attached hereto).
2. As of September 29, 2011 (the "Petition Date"), the Debtors are indebted to Claimant for premiums, deductibles, and other related fees, expenses and obligations for, among other things, insurance coverages and services provided and to be provided by Claimant to the Debtors as more fully described below.
3. **The Insurance Program.** Claimant provided the Debtors with certain insurance coverages, including, without limitation, directors and officers, and other services (the "Insurance Program") for varying periods commencing March 9, 2006 and ending on March 31, 2012. Attached hereto is a list of the policies issued by Claimant to the Debtors and certain related documentation. Claim is made for all obligations of the Debtors arising under the Insurance Program whether or not the relevant insurance policies and related agreements are specifically listed or described in the attached list or documents. Moreover, the documents which evidence the Insurance Program are voluminous and it is not practical to attach and/or list all of them. Nothing in this description of the Insurance Program or any of the attached documents is intended to vary, amend or alter in any way the terms, conditions, coverages, limitations, exclusions or dates of coverage of any policy or coverage.
4. **Fidelity and Surety Bonds.** Claimant may have provided the Debtors with various surety, fidelity and other bonds for the account of the Debtors. Claim is asserted for all such bonds issued or outstanding and for all premiums, fees and expenses due thereunder, whether or not specifically listed or described in the attached documents. Nothing in this description of the bond programs is intended to vary, amend or alter in any way the terms, conditions, coverages, limitations, exclusions or dates of coverage of any bond. Should

Claimant be called upon to pay on any such bond, Claimant may amend this proof of claim to assert a claim on account of such payment.

5. **Components of this Claim.**

(a) **Unliquidated Claim for the Insurance Program.** Pursuant to the Insurance Program, the Debtors entered into certain agreements and are obligated to pay to Claimant, among other things, certain premiums, deductibles, self-insured retention, reimbursement obligations, fees, expenses and related costs. Such amounts constitute the Claimant's unliquidated claim. When the amount of premiums, deductibles, fees, expenses and other costs due under the Insurance Program, including, without limitation, damages that may arise from the rejection of the Insurance Program or any part thereof, are liquidated or determined, such amounts shall become a liquidated claim. Claimant reserves the right to amend this proof of claim as such amounts become liquidated.

(b) **Other Insurance or Services.** To the extent Claimant provides or provided any other or different insurance (including excess coverages or renewals of the Insurance Program), or other services to the Debtors, either included within or in addition to the Insurance Program, Claimant hereby asserts a claim for all obligations of the Debtors to Claimant arising thereunder, including, without limitation, premiums, deductibles, self-insured retention, reimbursement obligations, fees, expenses and other costs arising from such transactions, or from funds advanced or to be advanced on the Debtors' behalf. Additionally, Claimant reserves the right to amend this proof of claim to assert further amounts due or particulars in connection therewith.

(c) **Bond Obligations.** To the extent of any bonds outstanding, the Debtors agreed to pay to Claimant, among other things, any and all loss and expense, including, without limitation, attorneys' fees, incurred by Claimant by reason of having issued any such bonds, and losses incurred as a result of the issuance of any bonds. The amount presently due Claimant with respect to any bonds is unliquidated and untabulated.

(d) **Quantum Meruit.** To the extent any Debtor received a benefit from insurance or from bonds provided by Claimant, such Debtor is obligated to pay Claimant for the value of the benefits received.

(e) **Joint Liability.** Should it be established in these bankruptcy cases or otherwise that any of the Debtors have liability for the obligations of any of the other Debtors, then this claim asserts the same claim as Claimant asserted against each such Debtor against such other Debtor.

(f) **Indemnity Obligations.** In the event Debtors have entered into any agreement with Claimant pursuant to which Debtors have a duty to indemnify Claimant, claim is made herein for such right to indemnity.

(g) **Other.** In connection with the foregoing, the Debtors also may be liable

to Claimant by virtue of relevant principles of contract and common law relating to, among other things, subrogation, suretyship, indemnification or contribution.

6. **Right of Recoupment.** Claimant asserts the right to use funds paid to it on account of, among other things, the Insurance Program to recoup obligations of the Debtors arising from, among other things, the Insurance Program.

7. **Security.** To the extent Claimant holds any cash or other collateral as security for its claim, regardless of whether such cash or collateral is property of the Debtors' estates, Claimant asserts a secured claim and/or a right of setoff and reserves its rights to collect against same by recoupment and/or setoff. Alternatively or in addition, to the extent Claimant holds an interest in any property of the Debtors, Claimant asserts a security interest in same.

8. **Interest.** Claimant claims all rights to claim interest to the extent permitted by law, including post-petition interest to the extent such interest is secured. To the extent this claim is unliquidated, appropriate interest (if any) remains unliquidated at this time. In preparing any attached tabulation of a liquidated claim, we will endeavor to include a tabulation of applicable interest to the extent dates of accrual of obligations can be readily ascertained. Claimant reserves the right to amend such calculations and to claim additional interest as facts are learned, data compiled, and/or unliquidated claims become liquidated.

9. As indicated above, supporting documents for this claim are voluminous and certain such documents, including policies of insurance, are not attached.

10. Claimant also asserts an administrative expense claim for all services provided, risks insured or occurrences occurring after the Petition Date, all or a portion of which may be set forth in this proof of claim. To the extent any amounts set forth herein are entitled to administrative expense status, Claimants reserve the right to assert such status.

11. The filing of this Proof of Claim is not intended to waive any right to arbitration. Claimant(s) expressly reserve the right to seek arbitration of any dispute arising in connection with this claim. To the extent of any pre-existing arbitration agreement, this court's jurisdiction to resolve disputes should be limited to referring such disputes to arbitration and enforcing any arbitration award.

12. In executing and filing this proof of claim, Claimant: (i) does not submit itself to the jurisdiction of this Court for any purpose other than with respect to said claim; (ii) does not waive any right or rights that it has or may have against any other persons liable for all or part of the claim set forth herein; (iii) expressly reserves the right to the extent permitted by law to amend or supplement this proof of claim in any respect; (iv) expressly reserves the right to assert all claims, causes of action, defenses, offsets or counterclaims; and (v) expressly reserves the right to contest insurance coverage in the event of each or any claim that may be tendered by Debtors for Coverage.

Dated: December 6, 2011

**PENALTY FOR PRESENTING FRAUDULENT CLAIMS: Fine of not more than \$500,000.00 or imprisonment for not more than five years, or both. Title 18, U.S.C. §§152 and 3571.**

DEBTORS LIST

Graceway Pharmaceuticals, LLC	11-13036
Aka Duromine	
Aka Norflex	
Aka Aldara	
Aka MetroGel Vaginal	
Aka Atopiclair	
Aka Minitran	
Aka Zyclara	
Aka Calcium Disodium Versenate	
Aka Norgesic	
Aka Theolair	
Aka Estrasorb	
Aka Benziq	
Aka Norgesic Forte	
Aka Tambocor	
Aka Maxair	
Graceway Pharma Holding Corp.	11-13037
Jointly Administered	
Graceway Holdings, LLC	11-13038
Jointly Administered	
Chester Valley Holdings, LLC	11-13039
Jointly Administered	
Chester Valley Pharmaceuticals	11-13036
Jointly Administered	
Graceway Canada Holdings, Inc.	11-13042
Jointly Administered	
Graceway International, Inc.	11-13043
Jointly Administered	

GRACEWAY PHARMACEUTICALS, LLC

Petition Date: 9/29/2011

Policy List Date: 10/21/2011

Policy #	Profit Center	Branch	MLOB	Insured Name	Writing Company	Effective	Expiration
00006262129	39 - PRIVATE AND NON PROFIT MGI07	ATLA	DO	GRACEWAY PHARMACEUTICALS INC	NATIONAL UNION FIRE INS.CO.	2006-03-09	2007-03-09
00009669397	39 - PRIVATE AND NON PROFIT MGI07	ATLA	DO	GRACEWAY HOLDINGS, LLC	NATIONAL UNION FIRE INS.CO.	2007-03-09	2008-03-09
00003451811	39 - PRIVATE AND NON PROFIT MGI25	NAS1	DO	GRACEWAY HOLDINGS, LLC	NATIONAL UNION FIRE INS.CO.	2008-03-09	2009-03-31
00017012861	39 - PRIVATE AND NON PROFIT MGI02	CHIC	DO	GRACEWAY PHARMACEUTICALS, LLC	NATIONAL UNION FIRE INS.CO.	2010-02-26	2011-03-31
00016860349	39 - PRIVATE AND NON PROFIT MGI02	CHIC	DO	GRACEWAY PHARMA HOLDINGS CORP., INC	NATIONAL UNION FIRE INS.CO.	2011-03-31	2012-03-31

Chartis  
Law Department  
175 Water Street, 18th Floor  
New York, NY 10038



**Emily E. Holley**  
Litigation Paralegal

Tel: (212) 458-7064  
Fax: (212) 458-2697

Emily.holley@chartisinsurance.com

December 5, 2011

**VIA OVERNIGHT MAIL**

BMC Group, Inc.  
Attn: Graceway Claims Processing  
18750 Lake Drive East  
Chanhassen, MN 55137

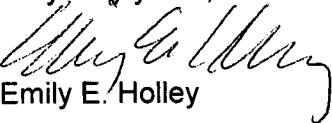
Re: Graceway Pharmaceuticals, LLC, et al., Debtors  
Case #: 11-13036, et al.

Dear Sir/Madam,

Enclosed please find one original and one copy of each Proof of Claim to be filed in connection with the above-mentioned cases. Please file the originals, kindly have the copies stamped "Filed", and return the copies in the enclosed self-addressed stamped envelope.

If you have any questions, please do not hesitate to contact me at (212) 458-7064.  
Thank you for your cooperation in this matter.

Very truly yours,



Emily E. Holley

*Enclosures*