

UNITED STATES BANKRUPTCY COURT		District of Delaware	PROOF OF CLAIM
Name of Debtor: Graceway Pharmaceuticals, LLC	Case Number: 11-13036	<p style="font-size: small;">NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.</p>	
Name of Creditor (the person or other entity to whom the debtor owes money or property): Franklin Pharma Services, LLC			
Name and address where notices should be sent: Franklin Pharma Services, LLC, c/o Stephanie P. Union, Kegler, Brown, Hill & Ritter, 65 East State Street, Suite 1800, Columbus, Ohio 43215		COURT USE ONLY	
Telephone number: (614) 462-5487 email: sunion@keglerbrown.com		<input checked="" type="checkbox"/> Check this box if this claim amends a previously filed claim.	Court Claim Number: <u>81</u> <i>(If known)</i>
Name and address where payment should be sent (if different from above):		Filed on: <u>12/05/2011</u>	
Telephone number: email:		<div style="text-align: center; font-weight: bold; font-size: 1.2em;"> RECEIVED DEC 19 2011 BMC GROUP </div>	
1. Amount of Claim as of Date Case Filed: \$ <u>19,086.53</u>		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.	
If all or part of the claim is secured, complete item 4.			
If all or part of the claim is entitled to priority, complete item 5.			
<input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.			
2. Basis for Claim: <u>services prepetition and rejection damages</u> <i>(See instruction #2)</i>			
3. Last four digits of any number by which creditor identifies debtor:	3a. Debtor may have scheduled account as: <i>(See instruction #3a)</i>	3b. Uniform Claim Identifier (optional): <i>(See instruction #3b)</i>	
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ _____	
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe:		Basis for perfection: _____	
Value of Property: \$ _____		Amount of Secured Claim: \$ _____	
Annual Interest Rate _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount Unsecured: \$ _____	
5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.			
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier - 11 U.S.C. § 507 (a)(4).	<input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507 (a)(5).	Amount entitled to priority: \$ _____
<input type="checkbox"/> Up to \$2,600* 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)(____).	Graceway Pharmaceuticals LLC 00113
*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.			
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			

7. Documents: Attached are 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. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted".)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

8. Signature: (See instruction #8)

Check the appropriate box.

- I am the creditor. I am the creditor's authorized agent (Attach copy of power of attorney, if any.) I am the trustee, or the debtor, or their authorized agent (See Bankruptcy Rule 3004.) I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Stephanie P. Union
 Title: Attorney for Franklin Pharma Services, LLC
 Company: Kegler, Brown, Hill & Ritter
 Address and telephone number (if different from notice address above):
65 East State Street, Suite 1800
Columbus, Ohio 43215

Stephanie P. Union 12/14/11
 (Signature) (Date)

Telephone number: (614) 462-5487 email: sunion@keglerbrown.com

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.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).

If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:

The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is a person, corporation, or other entity to whom debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101 (10).

Claim

A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. § 506 (a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien.

A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. § 507 (a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

Mail to:

United States Bankruptcy Court
Attn: Claims
824 Market Street, 3rd Floor
Wilmington, DE 19801

Proof of Claim Explanation for Franklin Pharma Services, LLC

This Proof of Claim is being amended herein to account for Rejection Damages.

Attached hereto are the following documents:

1. Statement showing pre-petition amount due in the amount of \$12,556.26 (further detail of the services and out of pocket expenses is provided in the individual invoices that follow);
2. Invoice #6850 for pre-petition work completed in the amount of \$6,491.58; and
3. Invoice #6890 for both pre-petition and post-petition work. Graceway Pharmaceuticals, LLC (“Debtor”) already paid for the post-petition work, as seen by the \$433.19 credit applied towards the amount due on this invoice. Therefore, Franklin Pharma Services, LLC seeks recovery herein only for pre-petition work completed, in the amount of \$6,064.68.
4. Invoice #6968 in the amount of \$6,549.02 for post-petition work completed in November, 2011 pursuant to §356(g) (for rejection damages).
5. Franklin Pharma Services, LLC is also claiming an additional \$12,700.00 in rejection damages. This amount accounts for the 60 day termination provision provided for in the contract between Debtor and Franklin¹, and is the measure of services that would have been provided in these 60 days after receiving notice to terminate the contract had Graceway complied with such provision.

¹ The contract between Debtor and Franklin Pharma is available upon request from Debtor but is not attached herewith due to the confidential nature of certain provisions contained therein.

Statement

Franklin Pharma Services
 500 Atrium Drive
 4th Floor
 Somerset, NJ 08873
 Phone: 732-584-5371

Date
11/28/2011

To:
Graceway Pharmaceuticals LLC Attn: Accounts Payable 340 MLK Blvd, Suite 400 Bristol, TN 37620

		Amount Due	Amount Enc.		
		\$12,556.26			
Date	Transaction	Amount	Balance		
08/31/2011	PAP- INV #6850. Due 10/30/2011. Orig. Amount \$6,491.58. August 2011	6,491.58	6,491.58		
09/30/2011	INV #6890. Due 11/29/2011. Orig. Amount \$6,497.87. September 2011	6,064.68	12,556.26		
CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
0.00	0.00	6,064.68	6,491.58	0.00	\$12,556.26

Franklin Pharma Services

500 Atrium Drive
 4th Floor
 Somerset, NJ 08873
 Phone: 732-584-5371

Invoice

Phone #	732-584-5371
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Bill To

Graceway Pharmaceuticals LLC
 Attn: Accounts Payable
 340 MLK Blvd, Suite 400
 Bristol, TN 37620

Account #

Date	Invoice #
8/31/2011	6850

Project	Contact	Due Date	P.O. Number	Service Date
PAP		10/30/2011		August 2011

Quantity	Description	Price Each	Serviced	Amount
63	Re-Order	11.35		715.05
69	Re-Enrollment	11.35		783.15
75	Initial Application	11.35		851.25
1	Project Management Fees	2,500.00		2,500.00
1	Monthly Minimum	1,500.55		1,500.55
1	Postage	76.80		76.80
1	Telephone Expense	62.86		62.86
1	Fax Expense	1.92		1.92

MAIL PAYMENT REMITTANCE ADDRESS
 Franklin Pharma Services
 PO BOX 415191
 Boston, MA 02241-5191

Thank you for your business.

Total	\$6,491.58
Payments/Credits	\$0.00
Balance Due	\$6,491.58

Franklin Pharma Services

500 Atrium Drive
 4th Floor
 Somerset, NJ 08873
 Phone: 732-584-5371

Invoice

Phone #	732-584-5371
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Bill To

Graceway Pharmaceuticals LLC Attn: Accounts Payable 340 MLK Blvd, Suite 400 Bristol, TN 37620
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Account #

Date	Invoice #
9/30/2011	6890

Project	Contact	Due Date	P.O. Number	Service Date
PAP		11/29/2011		September 2011

Quantity	Description	Price Each	Serviced	Amount
81	Initial Application - Request and Yearly Qualification	11.35		919.35
48	Re-Order	11.35		544.80
58	Re-Enrollment	11.35		658.30
1	Project Management Fees	2,500.00		2,500.00
1	Monthly Minimum	1,727.55		1,727.55
1	Postage	74.92		74.92
1	Telephone Expense	68.40		68.40
1	Fax Expense	4.55		4.55

MAIL PAYMENT REMITTANCE ADDRESS
Franklin Pharma Services PO BOX 415191 Boston, MA 02241-5191

Thank you for your business.

Total	\$6,497.87
Payments/Credits	\$-433.19
Balance Due	\$6,064.68

Franklin Pharma Services

500 Atrium Drive
 4th Floor
 Somerset, NJ 08873
 Phone: 732-584-5371

Invoice

Phone #	732-584-5371
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Bill To

Graceway Pharmaceuticals LLC Attn: Accounts Payable 340 MLK Blvd, Suite 400 Bristol, TN 37620
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Account #

Date	Invoice #
11/30/2011	6968

Project	Contact	Due Date	P.O. Number	Service Date
		1/14/2012		November 2011

Quantity	Description	Price Each	Serviced	Amount
89	Initial Application - Request and Yearly Qualification	11.35		1,010.15
72	Re-Order	11.35		817.20
67	Re-Enrollment	11.35		760.45
1	Project Management Fees	2,500.00		2,500.00
1	Monthly Minimum	1,262.20		1,262.20
1	Postage	82.68		82.68
1	PO Box Renewal	48.00		48.00
1	Telephone Expense	66.90		66.90
1	Fax Expense	1.44		1.44

MAIL PAYMENT REMITTANCE ADDRESS
 Franklin Pharma Services
 PO BOX 415191
 Boston, MA 02241-5191

Thank you for your business.

Total	\$6,549.02
Payments/Credits	\$0.00
Balance Due	\$6,549.02

STEPHEN C. BARSOTTI
DANIEL J. BENNETT
MARY F. BRENNING
JOHN P. BRODY
ERIN C. CLEARY
ROBERT G. COHEN
KENNETH R. COOKSON
KACIE N. DAVIS
ERIC D. DUFFEE
CATHRYN R. ENSIGN**
BRENDAN P. FEHELEY
LAWRENCE F. FEHELEY
KATHERINE C. FERGUSON
LORIAN E. FUHRER
DONALD W. GREGORY
ALLEN L. HANDLAN
PAUL R. HESS
THOMAS W. HILL

TIM JOCHIM
CHARLES J. KEGLER
TODD M. KEGLER
TIMOTHY A. KELLEY
RASHEEDA Z. KHAN
MARGEAUX KIMBROUGH
MICHAEL J. MADIGAN
DAVID M. McCARTY
LARRY J. McCLATCHEY
TRACI A. McGUIRE
VINITA B. MEHRA
JAMES J. PINGOR**
BRIAN C. POLS**
JEFFREY D. PORTER
REBECCA R. PRINCE
CHRISTY A. PRINCE
MARK R. RITZ
PAUL D. RITTER, JR.
JEFFREY D. ROBERTS

KEGLER BROWN
HILL & RITTER
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THOMAS J. SIGMUND
S. MARTIJN STEGER
GEOFFREY STERN
JEFFREY W. STILTNER
ROGER P. SUGARMAN
KEVIN L. SYKES
JEREMIAH E. THOMAS
ERIC B. TRAVERS
STEVE TUGEND
TIMOTHY T. TULLIS
STEPHANIE P. UNION
CHRISTOPHER J. WEBER
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NICHOLAS E. WILKES
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RANDALL W. MIKES
S. MICHAEL MILLER
ANEEZAL H. MOHAMED
ANDREW J. SONDERMAN

*Resident in Marion Office
**Resident in Cleveland Office

December 14, 2011

BMC Group, Inc.
Attn: Graceway Pharmaceuticals Claims Processing
P.O. Box 3020
Chanhassen, MN 55317-3020

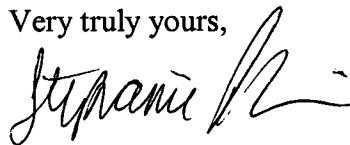
In re: Graceway Pharmaceuticals, LLC
Bankr. District of Delaware, Case No. 11-13036

Dear Sir or Madam:

Enclosed please find an executed Proof of Claim form on behalf of Franklin Pharma Services, LLC in the Graceway Pharmaceuticals, LLC bankruptcy. Please file same and return a time-stamped copy to our office in the enclosed, self-addressed, stamped envelope.

Thank you for your cooperation concerning this matter. If you have any questions or require additional information, please do not hesitate to contact me at the number listed below.

Very truly yours,



Stephanie P. Union

SPU/eao
Enclosure
cc (w/enc.): Ms. Heather Cordes