



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

In re:	)	Chapter 11
	)	
GRACEWAY PHARMACEUTICALS, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 11-13036 (PJW)
	)	
	)	Jointly Administered
	)	
Debtors.	)	
	)	

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**ADDENDUM TO GTCR GOLDER RAUNER II, L.L.C.'S PROOF OF CLAIM**

1. On September 29, 2011 (the "Petition Date"), each of the above-captioned debtors (collectively, the "Debtors") filed a voluntary petition with under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Court"). The first meeting of the creditors was held on November 7, 2011 pursuant to section 341 of the Bankruptcy Code [Docket No. 83]. The Court established December 30, 2011, as the date by which creditors of the Debtors must file claims against the Debtors' estates.

2. This proof of claim (this "Proof of Claim") is made by GTCR Golder Rauner II, L.L.C. ("GTCR") against each of the following Debtors: Graceway Pharma Holding Corp.; Graceway Holdings, LLC; Chester Valley Pharmaceuticals, LLC; Graceway Canada Holdings, Inc.; and Graceway International, Inc. This Proof of Claim is based on account of certain claims against the Debtors arising under that certain Amended and

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<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); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy).

Restated Professional Services Agreement, dated as of December 29, 2006, by and among Graceway Pharmaceuticals, LLC, Chester Valley Holdings, LLC, and GTCR (the “Amended and Restated Professional Services Agreement”), under which Graceway Pharmaceuticals, LLC agreed to compensate GTCR for providing certain financial and management consulting services to Graceway Pharmaceuticals, LLC, as well as certain fees and expenses incurred in providing such services. A copy of the Amended and Restated Professional Services Agreement is attached hereto as **Exhibit A**.

3. To the extent any of the claims set forth herein, in whole or in part, or any component thereof, arise or relate in any manner to the period on or after the Petition Date, Claimants assert that such claims (or any portions thereof) are entitled to priority pursuant to sections 503 and 507 of the Bankruptcy Code.

**Total Amount of GTCR’s Claims under the  
Amended and Restated Professional Services Agreement**

4. Subject to the reservation of rights and remedies provided herein, the total amount of GTCR’s claim against the Debtors related to the Amended and Restated Professional Services Agreement is \$2,000,000. A break down of this amount, showing the dates incurred, for these amounts, is attached hereto as **Exhibit B**.

**Reservation of Rights**

4. GTCR does not waive, and expressly reserves, all rights and remedies at law or in equity that GTCR has or may have against the Debtors and any of its respective affiliates or subsidiaries, or any other person or entity.

5. GTCR reserves the right to amend, update, and/or supplement this Proof of Claim at any time and in any respect and to assert any and all other claims of whatever kind or nature that GTCR has, or may have, against the Debtors that comes to its attention or arises

after the filing of this proof of claim, including, without limitation, any claims incurred prior to and after the filing date of the Debtors' chapter 11 cases and for interest charges, attorneys' fees and costs, expenses, fees, and other charges not itemized herein.

6. The filing of this Proof of Claim shall not be deemed or construed as: (a) a waiver or release of any such claims or GTCR's rights against any person, entities, or property, an election of remedy, or waiver of any past, present, or future defaults or events of default; (b) a waiver of the right to compel the Debtors to return property of GTCR currently in the possession of the Debtors; (c) a consent by GTCR to the jurisdiction of this Court or any other court with respect to proceedings, if any, commenced in any case against or otherwise involving GTCR; (d) a waiver or release of GTCR's right to trial by jury in this Court or any other court in any proceeding as to any and all matters so triable herein, whether or not designated legal or private rights or in any case, controversy, or proceeding related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the United States Constitution; (e) a consent by GTCR to a jury trial in a Bankruptcy Court or any other court in any proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (f) a waiver or release of GTCR's right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* review by a United States District Court Judge; (g) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Proof of Claim, any objection thereto or other proceeding that may be commenced in this case against or otherwise involving GTCR; (h) a waiver of any administrative expense claims that GTCR may have against the Debtors; or (i) any setoff or recoupment rights GTCR has

with respect to any claims or causes of action asserted against it by the Debtors.

6. This Proof of Claim is filed without prejudice to the filing of additional proofs of claim by GTCR with respect to any other liability or indebtedness.

**Notices**

7. All notices concerning this Proof of Claim should be sent to:

GTCR Golder Rauner II, L.L.C.  
300 North LaSalle, Suite 5600  
Chicago, Illinois 60654  
Attn: Christian McGrath  
Tel: (312) 382-2200  
Fax: (312) 382-2201

with copy to:

Paul M. Basta  
KIRKLAND & ELLIS LLP  
601 Lexington Avenue  
New York, New York 10022-4611  
paul.basta@kirkland.com  
Telephone: (212) 446-4800  
Facsimile: (212) 446-4900

- and -

Jeffrey D. Pawlitz  
KIRKLAND & ELLIS LLP  
300 North LaSalle  
Chicago, Illinois 60654  
jeffrey.pawlitz@kirkland.com  
Telephone: (312) 862-2000  
Facsimile: (312) 862-2200

**EXHIBIT A**

**AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT**

AMENDED AND RESTATED  
PROFESSIONAL SERVICES AGREEMENT

THIS AMENDED AND RESTATED PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is made as of December 29, 2006, between GTCR Golder Rauner II, L.L.C., a Delaware limited liability company ("GTCR"), Chester Valley Holdings, LLC, a Delaware limited liability company and formerly known as Chester Valley Holdings, Inc. ("CVHLLC"), and Graceway Pharmaceuticals, LLC, a Delaware limited liability company and formerly known as Graceway Pharmaceuticals, Inc. (the "Company").

WHEREAS, the Company is a wholly owned subsidiary of Graceway Holdings, LLC, a Delaware limited liability company (the "Parent");

WHEREAS, this Agreement amends and restates that certain Professional Services Agreement (the "Prior Graceway Agreement"), dated as of January 30, 2006, by and among the Company and GTCR and that certain Professional Services Agreement (the "Prior Chester Valley Agreement" and, together with the Prior Graceway Agreement, the "Prior Agreements"), dated as of December 6, 2004, by and among CVHLLC and GTCR;

WHEREAS, GTCR has purchased Class B Preferred Units of Parent ("Class B Preferred Units") and Class A Common Units of Parent ("Class A Common Units") pursuant to that certain Unit Purchase Agreement (the "Initial Purchase Agreement"), dated as of January 30, 2006 between the Parent and GTCR (such purchase, the "Initial Investment");

WHEREAS, GTCR has sold the Initial Investment to certain investment funds or special purpose investment vehicles controlled by GTCR pursuant to that certain Purchase, Assignment and Assumption Agreement, dated as of the date hereof, among GTCR, GTCR Fund IX/A, L.P., a Delaware limited partnership ("Fund IX/A"), Fund IX/B Graceway Splitter, L.P., a Delaware limited partnership ("Fund IX/B"), and GTCR Co-Invest III, L.P., a Delaware limited partnership (together with Fund IX/A and Fund IX/B, "Fund IX");

WHEREAS, (i) CVHLLC wishes to assign its rights and obligations under the Prior Chester Valley Agreement to the Company (the "Assignment"), (ii) the Company desires to assume such rights and obligations and (iii) GTCR consents to the Assignment;

WHEREAS, the parties hereto desire to amend and restate the Prior Agreements in connection with a reorganization and recapitalization of the Company and CVHLLC, pursuant to which (i) Chester Valley Holdings, Inc. and Graceway Pharmaceuticals, Inc. were converted into limited liability companies, (ii) the issued and outstanding equity interests of CVHLLC were contributed to Parent in exchange for certain equity interests of Parent pursuant to that certain Contribution Agreement, dated as of the date hereof, among Parent and the members of CVHLLC signatory thereto, (iii) the issued and outstanding equity interests of CVHLLC were subsequently contributed by the Parent to the Company in the form of a capital contribution, and (iv) additional

Class B Preferred Units and Class A Common Units were purchased by the members of Parent (the "Additional Investment", and together with the Initial Investment, the "Investments") pursuant to that certain Amended and Restated Unit Purchase Agreement (the "Purchase Agreement"), dated as of the date hereof, among Parent, Fund IX, GTCR Fund VIII, L.P., a Delaware limited partnership ("Fund VIII/A"), Fund VIII/B Graceway Splitter, L.P., a Delaware limited partnership ("Fund VIII/B"), and GTCR Co-Invest II, L.P., a Delaware limited partnership ("Co-Invest II" and, together with Fund VIII/A and Fund VIII/B, "Fund VIII", and Fund VIII and Fund IX are collectively referred to herein as the "Investors");

WHEREAS, the Company desires to receive financial and management consulting services from GTCR, and obtain the benefit of the experience of GTCR in business and financial management generally and its knowledge of the Company and the Company's financial affairs in particular; and

WHEREAS, in connection with the Investments, GTCR is willing to provide financial and management consulting services to the Company and the compensation arrangements set forth in this Agreement are designed to compensate GTCR for such services.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, (i) the parties to the Prior Agreements hereby amend and restate the Prior Agreements effective as of the date hereof and (ii) the parties to this Agreement hereby agree as follows:

1. Engagement. The Company hereby engages GTCR as a financial and management consultant, and GTCR hereby agrees to provide financial and management consulting services to the Company, all on the terms and subject to the conditions set forth below.

2. Services of GTCR. GTCR hereby agrees during the term of this engagement to consult with the board of managers of the Company (the "Board"), the boards of managers (or similar governing body) of the Company's affiliates, including the Parent, and the Company's management and its affiliates, including the Parent, in such manner and on such business and financial matters as may be reasonably requested from time to time by the Board, including, but not limited to:

- (a) company strategy;
- (b) budgeting of future company investments;
- (c) acquisition and divestiture strategies; and
- (d) debt and equity financings.



3. Personnel. GTCR shall provide and devote to the performance of this Agreement such partners, employees and agents of GTCR as GTCR shall deem appropriate for the furnishing of the services required thereby.

4. Placement Fees.

- (a) At the time of any purchase of equity by the Investors and/or their affiliates (as defined in the Purchase Agreement) pursuant to Section 1 of the Purchase Agreement, the Company shall pay to GTCR a placement fee in immediately available funds in an amount equal to one percent (1.0%) of the amount paid to the Parent in connection with such purchase. In addition, on the date hereof, the Company shall pay to GTCR all placement fees owed by the Company or any of its subsidiaries prior to the date hereof pursuant to the Prior Agreements.
- (b) At the time of any other equity or debt financing of the Parent, the Company or any of their respective subsidiaries prior to a Public Offering (as defined in the Parent's Limited Liability Company Agreement), the Company shall pay to GTCR a placement fee in immediately available funds in an amount equal to one percent (1.0%) of the gross amount of such financing (including the committed amount of any revolving credit facility); provided that the Company will not be obligated pursuant to this Section 4(b) to pay GTCR a placement fee as the result of any purchase of securities of the Parent by Gracetree Investments, LLC ("Gracetree") or by any executive of the Parent, the Company or any of their respective subsidiaries.

If any individual payment to GTCR pursuant to this Section 4 would be less than \$10,000, then such payment shall be held by the Company until the first to occur of (i) such time as the aggregate of such payments equals or exceeds \$10,000, and (ii) the effective date of the termination of this Agreement.

5. Management Fee. Commencing as of the date hereof, the Company shall pay to GTCR an annual management fee equal to \$1,000,000 payable in equal monthly installments beginning on the first day of the month following the date hereof; provided that the Company shall pay to GTCR on the date hereof a pro rata amount of such installment reflecting the number of days remaining from the date hereof to the end of the month. In addition, on the date hereof, the Company shall pay to GTCR an amount equal to \$700,000, representing accrued but unpaid management fees under the Prior Agreements.

6. Expenses. The Company shall promptly reimburse GTCR for such reasonable travel expenses, legal fees and other out-of-pocket fees and expenses as have been or may be incurred by GTCR, its directors, officers and employees in connection with the Closing (as defined in the Purchase Agreement), in connection with any financing of the Parent, the Company or any of

their respective subsidiaries, and in connection with the rendering of any other services hereunder (including, but not limited to, fees and expenses incurred in attending Parent or Company-related meetings).

7. Term. This Agreement will continue from the date hereof until the Investors and their affiliates cease to own at least 10% of the Investor Securities (as defined in the Purchase Agreement). No termination of this Agreement, whether pursuant to this paragraph or otherwise, shall affect the Company's obligations with respect to the fees, costs and expenses incurred by GTCR in rendering services hereunder and not reimbursed by the Company as of the effective date of such termination.

8. Liability. Neither GTCR nor any of its affiliates, partners, employees or agents shall be liable to the Parent, the Company, CVHLLC or any of their subsidiaries or affiliates for any loss, liability, damage or expense arising out of or in connection with the performance of services contemplated by this Agreement, unless such loss, liability, damage or expense shall be proven to result directly from the gross negligence or willful misconduct of GTCR.

9. Allocation. Any fees paid to GTCR, including any placement fees and any management fees, shall be deemed to have been paid to GTCR with respect to Fund VIII's investment and Fund IX's investment in the Company based upon the fair market value of all securities owned by Fund VIII and Fund IX (after giving effect to any additional investment by any of the Investors) as determined by GTCR in its sole discretion.

10. Indemnification. The Company agrees to indemnify and hold harmless GTCR, its partners, affiliates, officers, agents and employees against and from any and all loss, liability, suits, claims, costs, damages and expenses (including attorneys' fees) arising from their performance hereunder, except as a result of their gross negligence or intentional wrongdoing.

11. GTCR an Independent Contractor. GTCR and the Company agree that GTCR shall perform services hereunder as an independent contractor, retaining control over and responsibility for its own operations and personnel. Neither GTCR nor its directors, officers, or employees shall be considered employees or agents of the Company as a result of this Agreement nor shall any of them have authority to contract in the name of or bind the Company, except as expressly agreed to in writing by the Company.

12. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) sent to the recipient by reputable express courier service (charges prepaid), (iii) mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, or (iv) telecopied to the recipient (with hard copy sent to the recipient by reputable overnight courier service (charges prepaid) that same day) if telecopied before 5:00 p.m. Chicago, Illinois time on a business day, and otherwise on the next business day. Such notices, demands and other communications shall be sent to GTCR,

CVHLLC and to the Company at the addresses indicated below (or at such other address as shall be given in writing by one party to the others):

If to GTCR:

GTCR Golder Rauner II, L.L.C.  
6100 Sears Tower  
Chicago, Illinois 60606-6402  
Attention: Edgar D. Jannotta, Jr.  
Constantine S. Mihas  
Telephone: (312) 382-2200  
Facsimile: (312) 382-2201

Kirkland & Ellis LLP  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attention: Kevin R. Evanich, P.C.  
Jeffrey A. Fine, Esq.  
Telephone: (312) 861-2000  
Facsimile: (312) 861-2200

If to the Company or CVHLLC:

Graceway Pharmaceuticals, LLC  
340 Edgemont Avenue, Suite 500  
Bristol, Tennessee 37620  
Attention: Chief Executive Officer  
Facsimile: (423) 968-3940

with copies to:

GTCR Golder Rauner II, L.L.C.  
6100 Sears Tower  
Chicago, Illinois 60606-6402  
Attention: Edgar D. Jannotta, Jr.  
Constantine S. Mihas  
Telephone: (312) 382-2200  
Facsimile: (312) 382-2201

Kirkland & Ellis LLP  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attention: Kevin R. Evanich, P.C.  
Jeffrey A. Fine, Esq.  
Telephone: (312) 861-2000  
Facsimile: (312) 861-2200

13. Entire Agreement; Modification. This Agreement, those documents expressly referred to herein and other documents of even date herewith (a) contain the complete and entire understanding and agreement of GTCR and the Company with respect to the subject matter hereof and (b) supersede all prior and contemporaneous understandings, conditions and agreements, oral or written, express or implied, respecting the engagement of GTCR in connection with the subject matter hereof; provided however, that no party hereto shall be relieved of any liability for any breach of the Prior Graceway Agreement or Prior Chester Valley Agreement occurring prior to the date hereof. The provisions of this Agreement may be amended, modified and/or waived only with the prior written consent of the Company and GTCR.

14. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of that provision or any other provision hereof.

15. Assignment. Pursuant to the Prior Chester Valley Agreement (i) CVHLLC hereby assigns, and the Company hereby accepts and assumes, all of CVHLLC's rights and obligations under the Prior Chester Valley Agreement and (ii) GTCR hereby consents to the Assignment. Neither GTCR nor the Company may assign its rights or obligations under this Agreement without the express written consent of the other, except that GTCR may assign its rights and obligations to an affiliate of GTCR (which shall include GTCR Golder Rauner, L.L.C.).

16. Successors. This Agreement and all the obligations and benefits hereunder shall inure to the successors and permitted assigns of the parties.

17. Counterparts. This Agreement may be executed and delivered by each party hereto in separate counterparts (including by means of facsimile), each of which when so executed and delivered shall be deemed an original and both of which taken together shall constitute one and the same agreement.

18. Choice of Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

19. MUTUAL WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THIS AGREEMENT AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY.

20. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

21. Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa. The use of the word "including" in this Agreement shall be, in each case, by way of example and without limitation. The use of the words "or," "either," and "any" shall not be exclusive. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and, if applicable, hereof.

\* \* \* \* \*

IN WITNESS WHEREOF, the undersigned have caused this Amended and Restated Professional Services Agreement to be duly executed and delivered on the date and year first above written.

GTCR GOLDBERGER RAUNER II, L.L.C.

By: \_\_\_\_\_  
Name: Edgar D. Jannotta, Jr.  
Its: Principal

CHESTER VALLEY HOLDINGS, LLC

By: \_\_\_\_\_  
Name: Robert J. Moccia  
Its: President

GRACEWAY PHARMACEUTICALS, LLC

By: \_\_\_\_\_  
Name: Jefferson J. Gregory  
Its: Chief Executive Officer

**EXHIBIT B**

**FEES AND EXPENSES OUTSTANDING UNDER THE AMENDED AND RESTATED  
PROFESSIONAL SERVICES AGREEMENT**

**Exhibit B:**

**Breakdown of Fees and Expenses Outstanding under  
the Amended and Restated Professional Services Agreement**

<b>Date Incurred<sup>2</sup></b>	<b>Amount</b>
January 1, 2010 through December 31, 2010	\$1,000,000
January 1, 2011 through September 30, 2011	\$750,000
<b>Prepetition Total:</b>	<b>\$1,750,000</b>
October 1, 2011 through December 31, 2011	\$250,000
<b>Administrative Expense Total:</b>	<b>\$250,000</b>
<b>Proof of Claim Total:</b>	<b>\$2,000,000</b>

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<sup>2</sup> Pursuant to the terms of the Amended and Restated Professional Services Agreement, the annual management fee is payable in equal monthly installments beginning on the first day of each month.



**KIRKLAND & ELLIS LLP**

AND AFFILIATED PARTNERSHIPS

300 North LaSalle Street  
Chicago, Illinois 60654

Nicole Murphy  
To Call Writer Directly:  
(312) 862-2542  
nicole.murphy@kirkland.com

(312) 862-2000

www.kirkland.com

Facsimile:  
(312) 862-2200

December 20, 2011

**Via UPS Next Day Air**

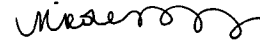
BMC Group, Inc.  
Attn: Graceway Claims Processing  
18750 Lake Drive East  
Chanhassen, MN 55317-9384

Re: Graceway Pharmaceuticals, LLC, *et al.*  
Case No. 11-13036, Chapter 11  
Jointly Administered

Dear BMC Group, Inc.:

Enclosed please find fourteen proofs of claims together with a copy of each proof of claim. Please stamp the copy provided with the date and claim number and return the fourteen copies in the provided self-addressed, postage-paid envelope. Please contact me at your earliest convenience if you have any questions.

Sincerely,



Nicole Murphy

NM /mp

Enclosures (28)