


UNITED STATES BANKRUPTCY COURT District of Delaware		PROOF OF CLAIM
Name of Debtor: Graceway Pharmaceuticals, LLC, et al. (Jointly Administered)		Case Number: 11-13036 (PJW)
NOTE: 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.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Edwards Wildman Palmer LLP		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.
Name and address where notices should be sent: Charles L. Glerum, Esq. Edwards Wildman Palmer LLP 111 Huntington Avenue, Boston MA 02199 Telephone number: (617) 239-0100		Court Claim Number: _____ (If known)
RECEIVED DEC 28 2011 BMC GROUP		Filed on: _____
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 Claims as of Date Case Filed: \$301,155.51* see attached 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>See Attached</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: _____ 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: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: <u>See attached</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>See attached</u> Amount Unsecured: \$ _____		<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).
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 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 instruction 7 and 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:		<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____). Amount entitled to priority: \$ _____ *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.
Date: 12-19-2011	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. Peter J. Manso, Esq.	FOR COURT USE ONLY Graceway Pharmaceuticals LLC  00164

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

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

**ATTACHMENT TO PROOF OF CLAIM
FILED BY EDWARDS WILDMAN PALMER LLP**

I. NOTICES RESPECTING THIS CLAIM

All notices respecting this claim must be served upon the following persons (the “**Notice Parties**”):

Charles L. Glerum, Esq.
Edwards Wildman Palmer LLP
111 Huntington Avenue
Boston, MA 02199

II. NATURE AND DETAIL OF CLAIM

Claimant Edwards Wildman Palmer LLP (“**EWP**” or “**Claimant**”) submits this secured proof of claim in relation to legal services performed, and expenditures made, on behalf of the Debtors on or before September 29, 2011 (the “**Petition Date**”).

a. EWP’s Representation of Debtors

From 2006 to approximately December 2011, EWP provided legal services to the Debtors including but not limited to the filing and enforcing of the Debtors’ patents and other intellectual property. During that time, on behalf of the Debtors, EWP has prepared and prosecuted numerous patents to issuance by the United States Patent Office and other patent

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 500, 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.

offices through-out the world. In addition, EWP provided legal services by way of enforcement of Debtors' patents in an effort to avoid abandonment, loss of rights, in and to the Debtors' respective patents, all in an effort to maximize the value of the Debtors' assets.

As a compliment to providing legal services, EWP has expended significant sums by way of third party expenditures. A more complete recitation of EWP's services and expenditures on behalf of the Debtors is found in the *Debtors' Application for an Order Pursuant to 11 U.S.C. Section 327(e) of the Bankruptcy Code Authorizing the Debtors to Retain and Employ Edwards Wildman Palmer LLP as Special Intellectual Property Counsel for the Debtors Nunc Pro Tunc to the Petition Date* (the "**Retention Application**"), filed in these cases on October 21, 2011 [Dkt. No. 149]².

b. Secured Claim

On November 22, 2011, the United States Bankruptcy Court for District of Delaware, entered the *Order Authorizing (A) The Sale of Certain Assets of the Debtors Free and Clear of All Claims, Liens, Liabilities, Rights, Interests and Encumbrances; (B) The Debtors to Enter Into and Perform Their Obligations Under the Asset Purchase Agreement; (C) The Debtors to Assume and Assign Certain Executory Contracts and Unexpired Leases; And (D) Granting Related Relief* (the "**Sale Order**") [Dkt. No. 306]. Pursuant to the Sale Order, the Debtors were authorized to sell, among other things, its patents and other intellectual property rights for a purchase price of at least \$455,000,000, which number represents the Cash Consideration under the APA.

Pursuant to M.G.L. c. 221 § 50 (the "**Statute**"), to the extent EWP's services and payment of expenses qualify under the Statute, EWP has a lien for its reasonable fees and expenses on the proceeds of the patents, and on any judgments obtained or decree's or other order entered in favor of the Debtors as a result of EWP's services.

c. Proof of Claim

As of the Petition Date, EWP was owed approximately \$201,722.90 in fees and \$99,432.61³ in expenses, for a total pre-petition amount due and owing of \$301,155.51.

III. RESERVATION OF RIGHTS

Claimant is currently investigating the elements of the claims asserted herein and this proof of claim is being filed, in part, as a protective proof of claim, and is filed to protect Claimant from the potential forfeiture of any and all rights against the Debtors. The filing of this proof of claim shall not constitute: (a) a waiver or release by Claimant of the rights of Claimant against the Debtors or any other person or property; (b) a waiver by Claimant to contest the

² The Retention Application was approved by Bankruptcy Court Order dated November 7, 2011 [Dkt. No. 221].

³ Pursuant to the Debtor's *Motion Seeking Authorization to Enter Into and Agreement with Edwards Wildman Palmer LLP* (the "**Fee Motion**"), filed on December 14, 2011 [Dkt. No. 364], Debtor sought approval, among other things, to have \$67,000.00 of EWP's pre-petition expenses paid from a retainer held by EWP. Upon approval of the Fee Motion and application of the \$67,000.00 to EWP's pre-petition expenses, EWP's pre-petition expenses will be reduced and will total approximately \$32,432.61.

jurisdiction of this Court with respect to the subject matter of the claims asserted in this proof of claim, any objection or other proceeding commenced with respect thereto or any other proceeding commenced in this case against or otherwise involving Claimants; (c) a waiver or relinquishment of rights with respect to the automatic stay that currently is in force and effect in the chapter 11 case of Claimant pursuant to section 362 of the Bankruptcy Code; or (d) an election of remedies or choice of law.

Claimant reserves the right to amend and/or supplement this proof of claim at any time and in any manner, and to file proofs of claim for additional claims which may be based on the respective rights and obligations arising under the relationship described herein or the same events and circumstances described herein. In addition, Claimant reserves the right to attach or bring forth additional documentation supporting their claims and additional documents that may become available after further investigation and discovery.

IV. SETOFF, RECOUPMENT, SUBROGATION, ETC.

To the extent Claimant has certain equitable rights or other rights, including without limitation, the rights of recoupment, setoff and subrogation, such rights are expressly asserted hereby, and Claimants reserve all of its rights and preserves all defenses in connection therewith. Claimant additionally reserves its rights with respect to any provision of any Order setting bar dates for filing proofs of claim in this case, which may purport to discharge Claimant's setoff, recoupment, or other equitable rights.

Paul J. Labov
212.912.2874
fax 866.877.2677
plabov@capdlaw.com

December 28, 2011

Via Federal Express Overnight Delivery

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

Re: Graceway Pharmaceuticals, LLC, et al., Case No. 11-13036(PJW)

Dear Sir or Madam:

Enclosed is the original and two copies of Edwards Wildman Palmer LLP's Proof of Claim and Proof of Claim Attachment in the above-referenced case. Please date stamp a copy of this Proof of Claim and return it to us in the self-addressed Federal Express envelope we have provided.

Very truly yours,



Paul J. Labov

PJL:dp

Enclosures

Cc: Charles L. Glerum, Esq. (via interoffice, w/Encl.)
David Fischer, Esq. (via interoffice, w/Encl.)

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