

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE		PROOF OF CLAIM
Name of Debtor: Graceway Pharmaceuticals, LLC	Case Number: 11-13036 (PJW)	
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 toll U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Cardinal Health		
Name and address where notices should be sent: Cardinal Health ATTN: Debra Willet 7000 Cardinal Place Dublin, OH 43017		COURT USE ONLY
Telephone number: 614.757.3428 email: debra.willet@cardinalhealth.com		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (if known)
Name and address where payment should be sent (if different from above):		Filed on: _____
Telephone number: _____ email: _____		<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.
1 Amount of Claim as of Date Case Filed: \$5,683,557.36 *See Attached Addendum 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: Rejection Damage Claim (See instruction #2)		
3 Last four digits of any number by which creditor identifies debtor:	3a. Debtor may have scheduled account as: Cardinal _____ (See instruction #3a)	3b. Uniform Claim Identifier (optional): _____ (See instruction #3b)
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. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ _____ Basis for perfection: Right of set-off under Section 553(a) and applicable non-bankruptcy law. Cardinal Health intends to file a motion for relief from the automatic stay to allow for set-off. Amount of Secured Claim: \$ _____ 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 employee benefit 11 U.S.C. § 507(a)(5)
<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 11 U.S.C. § 507(a)(____).
*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)		

RECEIVED
FEB 02 2012
BMC GROUP

Graceway Pharmaceuticals LLC

00215

Amount entered to priority: \$ _____

FILED
2012 JAN 30 PM 3:41
CLERK
U.S. BANKRUPTCY COURT
DISTRICT OF DELAWARE

83813738.1

BMC

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: Amy Calvert
Title: Director, General Accounting
Company: Cardinal Health

Address and telephone number (if different from notice address above): _____

Amy Calvert
(Signature)

1/25/12
(Date)

Telephone number: _____ email: _____

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!! 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

INFORMATION

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.

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.

GRACEWAY PHARMACEUTICALS, LLC

Case 11-13036 (PJV)

Addendum to Proof of Claim filed by Cardinal Health*

On or about January 1, 2011, Cardinal Health and debtor Graceway Pharmaceuticals, LLC (the "Debtor") entered into: (a) a Distribution Services Agreement; (b) a National Logistics Center Agreement; and (c) a Wholesale Purchase Agreement (collectively referred to herein as the "Agreements"), pursuant to which Cardinal Health serves as an authorized distributor of the Debtor's products, and provides certain services to the Debtor in exchange for certain fees. Copies of the Agreements are not being attached to this proof of claim because of certain confidentiality clauses contained in each of the Agreements, but they may be made available upon request and conditioned upon an appropriate waiver by the Debtor of the confidentiality provisions, or they will be made available for *in camera* inspection upon an order of this Court.

Pursuant to the *Order Authorizing the Debtors to (I) Reject Certain Unexpired Leases of Nonresidential Real Property, (II) Sell Certain Property Outside the Ordinary Course of Business, (III) Abandon Certain Expendable Property and (IV) Reject Certain Executory Contracts* dated December 28, 2011, the Debtor rejected the Agreements with Cardinal Health, effective December 31, 2011 (the "Rejection Effective Date"). Cardinal Health has certain amounts still due and owing to it as a result of the rejection of the Agreements and submits this claim to provide for the damages.

Cardinal Health has inventory on hand (the "Inventory") valued at approximately \$454,790, which Inventory was purchased after the Debtor filed bankruptcy. Cardinal Health anticipates it will be unable to sell approximately fifty percent (50%) of the Inventory. In addition, Cardinal Health has \$52,387 in Inventory that won't be able to be sold due to regulatory issues. Accordingly, Cardinal Health has a rejection damage claim in the approximate amount of \$279,783 (the "Unsold Inventory Claim") on account of product that it would have returned to the Debtor for credit. Attached hereto and incorporated herein as Exhibit A is an analysis of the Unsold Inventory Damage Claim.

In addition to the Unsold Inventory Damage Claim, the Debtor owes to Cardinal Health the sum of \$5,403,774.36 for certain Distribution Services Agreement Fees (the "DSA Fees") agreed upon in the Distribution Services Agreement dated January 1, 2011 (the "DSA Agreement"). The DSA Fees represent amounts owed to Cardinal Health by the Debtor through December 31, 2013, the expiration date of the DSA Agreement. The DSA Fees consist of \$67,519.60 for September 29, 2011 – September 30, 2011; (ii) \$527,075.25 for October 1, 2011 through and including the Rejection Effective Date; and (iii) estimated fees for the unexpired term of January 1, 2012 through December 31, 2013 in the amount of \$4,809,179.51. The estimated fees, in the amount of \$200,382.48 per month, are based upon an average historical monthly fee amount from July 1, 2010 through November 30, 2011. Attached hereto and incorporated herein as Exhibit B is an analysis of the DSA Fees.

In sum, Cardinal Health files this rejection damage claim in the aggregate sum of \$5,683,557.36 (the "Rejection Damage Claim") consisting of (i) \$279,783 on account of the Unsold Inventory Claim and (ii) \$5,403,774.36 on account of DSA Fees.

Cardinal Health expressly reserves the right to amend this proof of claim and this addendum as may be necessary to supplement this proof of claim in any way, including, but not limited to, to seek interest, attorneys fees, and costs as may be allowed pursuant to 11 U.S.C. §§ 502 and 506, and/or to file a request for payment of administrative expenses relating to this matter.

*The term "Cardinal Health" means the following affiliated operating companies: Cardinal Health 3, LLC; Cardinal Health 104 LP; Cardinal Health 107, Inc.; Cardinal Health 110, Inc.; Cardinal Health 112, LLC; Cardinal Health 113, LLC; Cardinal Health 411, Inc.; and any other subsidiary of Cardinal Health, Inc., an Ohio corporation ("CHI"), as may be designated by CHI.

EXHIBIT A

Graceway
Inventory Analysis 1/27/12

<u>Item</u>	<u>Total Inventory (including Morque) *</u>	<u>Comments</u>
ALDARA 5% 12X0.25GM CRM	25,961	
ALDARA 5% 24X0.25GM CRM	1,476	
ATOPICLAIR 100GM NSTR TOP	17,386	
CALC DISOD VERS 200/ML10X2.5ML	22,800	
ESTRASORB 56X1.74GM EM	5,818	
MAXAIR AUTOHALER 0.2MG 14GM	10,013	
METROGEL-VAG 0.75% 70GM W/APL	9,750	
MINITRAN 0.1MG/HR 30	4,760	
MINITRAN 0.2MG/HR 30	4,404	
MINITRAN 0.4MG/HR 30	4,586	
MINITRAN 0.6MG/HR 30	5,350	
NORFLEX 30MG/ML 6X2ML	38,208	
ZYCLARA 3.75% 28X0.25GM CRM	304,278	
Total Saleable Inventory	<u>454,790</u>	
TAMBOCOR 100MG 100	27,995	Product quarantined by Cardinal Regulatory
TAMBOCOR 150MG 100	15,034	Product quarantined by Cardinal Regulatory
TAMBOCOR 50MG 100	9,359	Product quarantined by Cardinal Regulatory
Total Unsaleable Inventory	<u>52,387</u>	

Estimated Damages

Total Saleable	227,395	Assume sell 50% of current inventory level
Total UnSaleable	<u>52,387</u>	
Total Estimated Damages	<u>279,783</u>	

* The inventory value as of 1/27/12 was estimated based upon inventory at 1/26/12 less 1/27/12 sales.

EXHIBIT B

**Graceway
DSA Fees
Estimated Damages**

<u>Description</u>		<u>Amount</u>
FY12 Q1 (9/29/11-9/30/11)		67,519.60
FY12 Q2 (10/1/11-12/31/11)		527,075.25
FY12 Q3 - FY13 Q2 (1/1/12-12/31/13)	(1)	<u>4,809,179.51</u>
Total Estimated DSA Fees	(2)	<u><u>5,403,774.36</u></u>

(1) Calculation is based upon an average of DSA fees from 7/1/10-11/30/11

(2) Calculation covers post petition time period through the expiration of the DSA

FedEx® US Airbill
Express

FedEx Tracking Number

8726 8134 8872

0200 Form 10 No.

FedEx Retrieval Copy

To: 11/18 Sender's FedEx Account Number 278178190

Sender's Name FMC Phone

Company FMC

Address 16150 Rockefeller East

City Washington State MD ZIP 20037

Your Internal Billing Reference

To: FMC Recipient's Name Phone

Company FMC

Address Dept./Room/Suite

Address Use this line for the HQ/D location address or for continuation of your shipping address.

City Washington State MD ZIP 20037



8726 8134 8872

4a Express Package Service *To meet conditions.

01 FedEx Priority Overnight
Next business morning delivery unless SATURDAY Delivery is selected.

05 FedEx Standard Overnight
First business afternoon, Saturday Delivery NOT available.

06 FedEx First Overnight
Earliest next business morning delivery to select locations.*

Packages up to 150 lbs.

03 FedEx 2Day
Second business day unless SATURDAY Delivery is selected.

20 FedEx Express Saver
Third business day, Saturday Delivery NOT available.

4b Express Freight Service **To meet conditions.

Packages over 150 lbs.

70 FedEx 1Day Freight
Next business morning unless SATURDAY Delivery is selected.

FedEx 1Day Freight Booking No.

80 FedEx 2Day Freight
Second business day unless SATURDAY Delivery is selected.

Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

83 FedEx 3Day Freight
Third business day, Saturday Delivery NOT available.

06 FedEx Envelope*

02 FedEx Pak*
Includes FedEx Small Pak and FedEx Large Pak.

03 FedEx Box

04 FedEx Tube

01 Other

6 Special Handling and Delivery Signature Options

03 SATURDAY DELIVERY

No Signature Required
Package may be left without obtaining a signature for delivery.

10 Direct Signature
Someone at recipient's address may sign for delivery. Fee applies.

34 Indirect Signature
If no one is available at recipient's address, someone at a neighboring residential address may sign for delivery. Fee applies.

Does this shipment contain dangerous goods?

01 No
One box must be checked.

04 Yes
As per attached Shipper's Declaration, not required.

06 Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or packed in a FedEx Express Drop Box.

06 Dry Ice, 3 UN 1845
 Cargo Aircraft Only

7 Payment Bill to:

1 Sender
Acct. No.

2 Recipient

3 Third Party

4 Credit Card

5 Cash/Check

Obtain recp. Acct. No.

Total Packages Total Weight lbs.

Credit Card Acct. No.

Our liability is limited to \$100 unless you declare a higher value. See the current FedEx Services Guide for details.

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